Screening of customers on ESG risks in the insurance industry

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Management summary

This thesis project is carried out at Rabo Assurantie Makelaardij (RAM). RAM is part of the Insurance & Pensions (I&P) segment within Rabobank and acts as an insurance broker. The main topics that are discussed in this research are Environmental, Social, and Governance (ESG) risks. Effective ESG screening of customers is necessary within the insurance industry, due to the increasing regulatory guidelines, such as the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). However, it is identified that there is no standardised ESG risk screening framework for insurers or insurance brokers to screen their customers on ESG risks. This could lead to risks of greenwashing and compliance issues, as well as uncertainty about whether to do business with a particular customer or not. The main research question to tackle the mentioned problem is:

How can a customer of an insurance broker be screened on ESG risks, and how does it impact the overall screening operations of RAM?

This main research question was divided into five sub-research questions. These questions focused on existing literature, the current screening process of RAM, the opinions of experts, and the solution for tackling this problem. The literature review revealed that there is a lack of literature available on ESG screening techniques and methods specifically for insurance brokers. It is also identified that the existing ESG grading agencies mostly concentrate on publicly listed companies and have measurement differences. The literature review revealed a list of key ESG criteria from Tajani et al. (2024).

After the literature review, RAM's current screening process was analysed. This analysis showed that RAM relies on Rabobank's screening procedures. An additional screening procedure is carried out as an outsourced activity of insurers who participate as carriers on insurance contracts that are procured by RAM. The existing client screening procedures carried out by Rabobank currently in place aim to reduce financial crime risk and guarantee adherence to financial legislation. Rabobank investigates how clients can be screened and classified for ESG risks. This research by Rabobank does not address the specific requirements regarding client classification and screening from the broker's perspective. This thesis provides that perspective, which can serve as input for Rabobank on behalf of RAM in framing the ESG qualifications and screenings for clients. To be able to screen the customers of an insurance broker, the most relevant ESG criteria had to be identified. With the help of a two-step Delphi method, a survey followed by interviews, the most relevant ESG criteria were identified. From each ESG pillar, three key ESG criteria were identified as most relevant for screening customers within the insurance industry.

These ESG criteria were translated into measurable qualitative or quantitative indicators using the Global Reporting (GRI) standards. The GRI standards provide a framework that enables all types of companies, whether large or small, public or private, to understand and report on their impacts on the environment, economy, and people in a comparable and realistic manner. The GRI standards increase transparency in sustainable development (GRI, 2025). These indicators form the basis of the screening process that screens the customers of RAM on their ESG risks. This gives insights into the ESG performance of their customers, which results in the situation where RAM can compare their customers transparently. The screening format can lower compliance ESG risk and support sustainability goals/objectives. The screening format can be found in Appendix J.

The results of this research indicate that the ESG screening format is useful and relevant to the insurance industry. The solution was designed with RAM in mind, but the screening format should also work for other insurance brokers or insurance companies. However, the research indicates some

limitations, for example, that the solution could not be tested in real-world situation, there was no available data from customers of Rabobank/RAM, there was no available literature on ESG screening within the insurance industry, there was a small group of experts participating in the survey/interview, and there is a fast changing ESG environment. The solution format itself also has its limitations, including privacy restrictions at Rabobank and RAM, as well as challenges related to data quality from customers.

Preface

Dear reader,

At the moment, you are reading the report that I wrote for my Financial Engineering and Management (FEM) master's thesis at the University of Twente. The research was conducted at Rabobank Netherlands, specifically at Rabo Assurantie Makelaardij (RAM), Rabobank's insurance broker. RAM is located in Utrecht. The goal of this thesis was to develop a structured Environmental, Social, and Governance (ESG) screening method for RAM to evaluate and compare its customers on their ESG risks.

I am grateful for all the help I got as well as the chances I was given at RAM. RAM provided me with the opportunity to conduct this master's thesis research and gain valuable professional experience. I want to thank all of the staff members from RAM for their time, support, and excitement to help me with my research. They also helped me in order to understand the complexities and most important factors within the insurance industry. I also got the opportunity to experience some practical aspects of the insurance industry, including attending certain meetings and events. I want to especially thank Hans Pels Rijcken for serving as my first company supervisor and providing continuous guidance and help throughout the process. I also want to thank him for his enthusiastic attitude towards the research.

Additionally, the university provided me with valuable support. I want to thank Laura Spierdijk for serving as my first supervisor. Her insightful feedback and helpful conversations enabled me to take the right steps when I had difficulties during the research. In addition, I want to thank Berend Roorda for serving as my second supervisor and providing helpful feedback at the end stage of my master's thesis.

Finally, I want to thank all the people around me who supported me throughout the time of this master's thesis.

Have fun reading this thesis!

Stijn Korfage

July 2025

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Chapter 1 – Introduction

This chapter introduces the research. It starts by explaining some background information about the company and ESG risks in Section 1.1. In Section 1.2, the problem context is given, and in Section 1.3, the problems that need to be researched are identified and explained. Furthermore, the research objective and scope are explained in Section 1.4. The research questions are presented in Section 1.5, and the research design is presented in Section 1.6. In Section 1.7, the academic contribution is highlighted.

1.1 Background

1.1.1 Rabobank and RAM

Farmers created several small credit unions that ultimately became Rabobank. It began when Dutch gardeners and farmers wanted to modernise at the end of the 19th century, but had difficulties obtaining loans. So, they decided to establish credit cooperatives. The success of these cooperative banks was significant. In the 1950s, non-agricultural business owners and private citizens were also accepted by the farmers' lending banks (Rabobank, 2025). Rabobank was founded in 1972 by a merger between the cooperative Raiffeisen and Central Boerenleen Bank. From then on, Rabobank started growing even faster and later also started growing worldwide. Rabobank now operates in 38 countries, with over 43,000 employees. In the Netherlands, they are also one of the biggest banks in the country, with around 9.1 million customers in the Netherlands (Rabobank, 2025). Over the years, more financial services have been added to their scope. Rabobank is now also the largest intermediary and insurance broker in the Netherlands.

This research is conducted for the Rabo Assurantie Makelaardij (RAM), which was founded in 2020. RAM is the insurance broker of Rabobank and is part of Rabobank's Insurance & Pensions (I&P) segment. As an insurance broker, RAM brings the risks of bank clients to the co-insurance market if the risks are too complicated or too big for one insurer alone. In this co-insurance market, several insurers can sign up for a part of the coverage of a complex or large risk until the entire risk is 100% covered. So in this way, multiple insurers share the risks of one insurance policy (Rabobank, 2025). RAM negotiates and purchases the insurance capacity from the insurer on behalf of the client. RAM receives a commission that the client pays as a percentage of the insurance premium. So on the one hand there is the client who wants insurance for the risks that they have, and the broker purchases that insurance/policy for this client. On the other hand, there is the insurer that the broker asks to provide capacity and set their price to insure the risks of the client. The broker acts as an intermediary between insurers and customers. RAM is organised in specific lines of business: Engineering & Marine, Property, and Liability & Financial Lines. In addition, RAM has its own claims department.

1.1.2 ESG risk

ESG risk stands for Environmental, Social, and Governance risk. ESG establishes social and environmental responsibilities on companies that are used to prioritise revenues and profits above all other corporate objectives and missions. This ensures a company's long-term viability by combining social and environmental responsibilities, financial earnings, and environmental protection. ESG investment is a set of international rules developed under the United Nations (UN) direction that requires investment managers to give information on their approach to responsible investing and take ESG considerations into account when making investment decisions (Cohen, 2023).

Environmental issues like carbon emissions, energy and resource efficiency, recycling, water resources, renewable energy, forest preservation, and marine resources are all included when incorporating ESG elements. Diversity in the workplace, working conditions throughout the supply chain, forced labour, and modern slavery are examples of social issues. Since customers, stakeholders, business employees, and governments are now aware of growing risks to humanity, including inequality in wealth and climate change, regulations that were once thought of as extra cost elements are now being viewed differently (Kawaguchi, 2017).

Critical problems regarding how ESG performance influences organisational results have been brought up by the growing concern over sustainable development. The negative impact of low ESG performance on corporate risk has been made worse by environmental unpredictability. These results show how important ESG performance is in reducing corporate risk and have relevance for businesses, investors, and policymakers looking to match business strategies with the objectives of sustainable economic development (Liu & Song, 2025).

It is expected that the financial and insurance industry will play a significant role in the transition to a more environmentally friendly economy. Through asset management and ethical operations, they can influence change (Sood & Özen, 2024). Insurance businesses are also unique in the financial industry, through this dual role as asset managers and risk managers (Junsen, 2021).

The importance of insurers in sustainable investments, the integration of sustainability standards into insurance products, and policyholders' preferences for environmentally and socially responsible businesses are some of the factors contributing to the insurance industry's increased sensitivity to ESG downgrades. The increased vulnerability of the insurance industry to ESG downgrades emphasises the importance of extensive ESG risk assessment and proactive management to reduce any potential negative effects (Jareno et al., 2024).

1.2 Problem context

As mentioned in the previous section, the insurance industry will play a significant role in the transition to a more environmentally friendly economy (Sood & Özen, 2024) and it is important to have an extensive ESG risk assessment and proactive management to reduce any potential negative effects within the insurance industry (Jareno et al., 2024). There are guiding methods/ frameworks that help the insurance sector to improve or organise their ESG management, such as the guide of the Dutch Central Bank, and the Principles for Sustainable Insurance (see Appendix A for a complete list with explanation). There are also quite a few guidelines and regulations/laws that stimulate and push the use of ESG management, such as the Paris Agreement on Climate Change, and the Sustainable Development Goals (see Appendix B for a complete list with explanation). One of the regulations is the Corporate Sustainability Due Diligence Directive (CSDDD). The goal of this directive is to promote responsible and sustainable organisational behaviour throughout their global value chains. The main aspect of this directive is to identify and resolve any actual or possible negative effect on human rights and the environment in the company's activities, its subsidiaries, and those of its business partners (European Commission, 2024). The insurance market parties, mainly insurers (and insurance brokers), must also identify possible negative effects on human rights and the environment for their customers according to this directive. To do this, effective ESG screening of the customers is needed.

Another key regulation (that is also mentioned in Appendix B) is the Corporate Sustainability Reporting Directive (CSRD). By 2025, the CSRD requires that all larger companies use the European Sustainability Reporting Standards (ESRS) and report in greater detail on their sustainability information. Transparency on how companies affect social and environmental factors, and their financial impact has grown in importance and is now also covered by the CSRD (AFM, 2025).

With significant developments currently taking place in the ESG field, sustainability and ESG have become increasingly important topics. The European Commission approved a plan in February 2025 to significantly lower the EU's sustainability reporting standards. It postpones the CSDDD's implementation until 2028. Additionally, it lowers the number of companies required by CSRD to submit sustainability reports. The European Parliament has not yet approved the idea, but the Council of the European Union has (Forbes, 2025). If this plan of delay gets approved by the European Parliament, it remains essential for companies to prepare for the implementation of these directives, as it will have significant implications for companies soon. Another big development currently is the appointment of Trump as America's president. He has expressed his ambition to stop wind power very often, pump more fossil fuels and reduce rules for oil and gas companies. Trump has also dropped out of the Paris climate agreement in his first days in office. This move also has a lot of influence on the rest of the world (Time Magazine, 2025).

As mentioned, effective ESG screening of customers is needed within the insurance industry. However, ESG rating agencies and data product suppliers lack involvement and transparency with the companies during the data assessment and review process. Companies can not always understand how the ESG ratings and data product suppliers came to their conclusions, which can result in difficulties for companies (IOSCO, 2021). So do insurance brokers who have limited understanding of their customers' ESG scores due to the lack of transparency in rating agencies' assessment methods and review processes. This makes it difficult to evaluate ESG-related risks because it is not always clear which ESG score is the most accurate or which rating agency is most appropriate to use in which situation. RAM also has clients that are not publicly listed, these clients are not assessed on their ESG rating by agencies at all.

This challenge in customers' ESG screening can lead to incorrect or misinterpreted ESG scores, which increases the risk of working with customers that engage in greenwashing. Greenwashing happens when a company presents itself as more sustainable than it is. Consider an insurer and broker deciding whether to (help) insure a manufacturing company. The company presents itself as a low ESG risk customer by pretending to utilise only renewable energy and having strong labour rules. However, the insurer and broker may be unaware that the firm is overusing water in certain processes because of insufficient ESG screening. The business seems more sustainable than it is through insufficient ESG screening. Finally, this can harm the image of the insurer and insurance broker. Kathan et al. (2025) also mentioned that although ESG ratings offer insightful information, they could not fairly represent a company's actual environmental performance. Greenwashing claims are more likely to be made against businesses with strong ESG scores.

There is also a risk that when customers are not screened appropriately on ESG, that this will give compliance issues for the insurance broker. For example, as mentioned earlier in this section, regulations like CSDDD and CSRD require companies to identify, evaluate, and report on ESG-related risks across their value chains. ESG screening can help insurance brokers achieve these regulatory requirements. Failing to do so can result in the loss of trust of other stakeholders, including investors, clients, and insurers. This loss of trust may lead to a loss of relationships, particularly with stakeholders who prioritise sustainability and regulations in their partnerships.

The difficulty in screening ESG risk of the customers also results in the situation that an insurance broker can have uncertainty in whether to do business with a customer or not. This can be the case when an insurance broker does not have strict guidelines or policies when a customer needs to be excluded based on ESG. There can also be disagreements internally when there is a conflicting understanding of the customers' ESG status. An example is when two colleagues discuss whether to do business with a construction company. One staff member highlights that the company is linked to deforestation, which can cause a bad reputation for the insurance broker. The other staff member mentioned that the rest of the construction company is very sustainable and focused on ESG. They cannot finish this debate on whether to do business with this company or not, because there are no strict rules or guidelines for ESG screening.

Figure 1 represents the problem cluster within this situation to give a better understanding of the problems that are present.

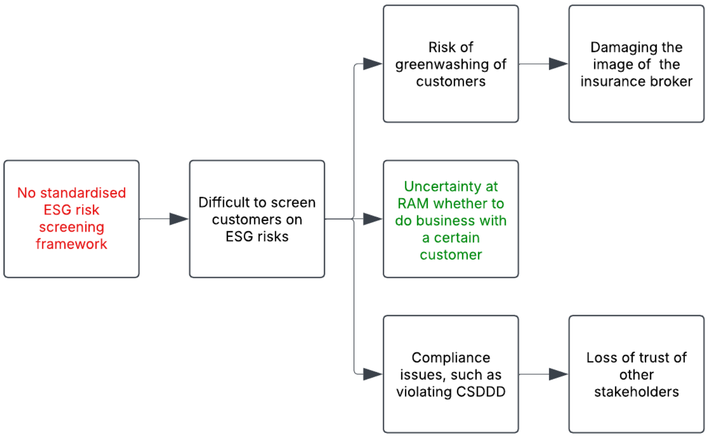

Figure 1 Problem Cluster

1.3 Problem statement

The problem cluster in Figure 1 and the problem context in Section 1.2 reveal that there is no standardised ESG risk screening framework for insurers or insurance brokers, which leads to several problems. The follow-up problem is that it becomes difficult to screen customers on ESG risks. This causes the increasing risk of greenwashing of customers and the risk of compliance issues, such as violating CSDDD. The third problem that occurs from this (in green) is the reason for this assignment, that there is uncertainty at RAM whether to do business with a certain customer or not.

Overall, this leads to the following core problem in this research (in red):

> *There is no standardised ESG risk screening framework for insurers or insurance brokers to screen their customers on ESG*

1.4 Research objective & scope

The objective of this research is to make an ESG screening format that screens an insurance broker's customers on the most important ESG risks. This ESG screening format will be sent to the client, so the client can provide the right ESG information to the insurance broker. The customer will get significant (financial) penalties under the terms of the contract if they give false or misleading ESG information. The result of using this ESG screening format needs to be that the insurance broker gets insights into the most important ESG information from a customer, also to be provided to the insurer. Based on this information, the insurance broker (and the insurer) can compare the different customers based on their ESG performance. So, the main objective of this research is to identify the main ESG criteria and indicators to screen for insurance brokers.

The impact of implementing this ESG screening will be analysed based on RAM's situation. It will be evaluated if the use and implementation of the ESG screening have a positive impact on RAM's way of working. For example, how has the ESG screening affected RAM's decision-making processes and will the implementation lead to increased efficiency or challenges in operations? Finally, recommendations will be made for the use of this ESG screening.

It is important to make clear that the goal of the ESG screening format in this research is different from traditional criminal or compliance screening formats. This type of screening typically yields a pass or fail outcome, based on legal or regulatory violations, such as fraud or money laundering. In those cases, it is directly clear that the broker will not do business with the customer. The main goal of this research's ESG screening format will be to collect structured ESG-related information from the customers during the onboarding process. This enables the consistent and comparable assessment of ESG risks and performance.

Giving weights or ratings to the ESG criteria is out of the scope of this research. However, the collected information can already support the broker in making decisions. For example, when a customer indicates that it does not monitor its emissions, the broker can still decide not to do business with this customer. In the future, this format could be expanded with a rating or scoring model, in which certain aspects are included that can make more supported decisions based on the score on the ESG criteria.

1.5 Research questions

Based on the research objective that is stated in Section 1.4, the following main research question is stated:

How can a customer of an insurance broker be screened on ESG risks, and how does it impact the overall screening operations of RAM?

The main research question is divided into sub-research questions to structure the research.

Chapter 2: Literature review
It is essential to carry out a literature review to explore the existing literature about relevant subjects for this research.

- *Research question 1: What are the key criteria used to assess ESG risks?*
- *Research question 2: Which screening/rating methods on ESG risks exist within the market, and how are the ESG risks quantified in these methods?*

Chapter 3: RAM's current screening process
It is essential to analyse the current screening process of RAM. This will be done through an internal conversation and information from the RAM.

- *Research question 3: How does the current screening method for customers of the RAM look?*

Chapter 4: Survey and interviews
A survey and interviews need to be conducted with experts to receive information about what the most important ESG criteria are for screening customers on ESG in the insurance industry. These surveys and interviews also need to be conducted with experts from Rabobank to receive information about screening ESG risks based on Rabobank's portfolio. Surveys and interviews are the best approaches because they provide direct insights from experts and collect both generally recognised ESG criteria and industry-specific aspects that might not be addressed in the current literature.

- *Research question 4: What are the most important ESG criteria for screening customers on ESG within the insurance industry?*

Chapter 5: Solution for ESG screening
It is necessary to identify the specific indicators that reflect the most important ESG criteria. This is necessary for comparing customers on their ESG risks. Without clear indications, it would be difficult to compare customers in a meaningful way. Therefore, these indicators must be formulated in a way that enables customers to provide appropriate information or answers. The influence of this implementation will be evaluated with the help of the gained knowledge from this research.

- *Research question 5: What indicators should be included in the ESG screening to compare RAM's customers, and how will this inclusion of ESG factors impact RAM's operations?*

Chapter 6: Conclusion
In the conclusion, the main research question will be answered. This question will be answered with the help of all the answers given to the sub-research questions given above. The discussion and limitations will also be discussed within this chapter.

1.6 Research design

1.6.1 Explanation of data gathering methods

The following three data-gathering methods are used in this research:

1. **Literature study**
   In this research, a literature study is used to find scientific information on the research topic. The literature study focuses on what the key indicators/criteria are for assessing ESG risk. In addition, a literature study on existing screening/rating methods for ESG risk will be conducted and how these risks are quantified.
2. **Context analysis**
   A context analysis will be performed to get an idea about the current screening method for customers of RAM. This is important to get an idea about the current situation at RAM and the customers they work with.
3. **Survey and interviews**
   In this research, a survey and interviews are conducted with experts to get insight into what they think are the most important ESG criteria to include within an ESG screening of customers within the insurance industry.

1.6.2 Methods and data collection techniques

In Table 1, an overview of the data collection techniques that are used is given, categorised per research question.

Table 1 Data collection techniques

	Research question	**Method**	**Deliverables**
1	*What are the key criteria used to assess ESG risks?*	Literature review	A starting list of key ESG criteria used for customer screening
2	*Which screening/rating methods on ESG risks exist within the market, and how are the ESG risks quantified in these methods?*	Literature review	Analysis of existing ESG screening/rating models and how they differ from each other
3	*How does the current screening method for customers of the RAM look?*	Context analysis	Overview of RAM's current screening process
4	*What are the most important ESG criteria for screening customers on ESG within the insurance industry?*	Surveys and interviews	Identification of the most relevant ESG criteria
5	*What indicators should be included in the ESG screening to compare RAM's customers, and how will this inclusion of ESG factors impact RAM's operations?*	Literature review and evaluation analysis	List of ESG indicators for comparing customers, and analysis of their impact on operations from RAM

1.7 Academic contribution

There is no specific ESG screening method in the literature for assessing clients of insurance brokers. Also, no standardised ESG risk technique or structure has been developed specifically for insurance brokers. Although several ESG rating agencies exist, their ESG scores vary from one another. This research addresses that gap by creating a systematic ESG screening method that meets the requirements of insurance brokers, thus contributing to both academic knowledge and practical industry applications. The academic contribution is the development of a systematic ESG screening method for insurance brokers, which addresses the lack of a standardised ESG risk screening framework in the current literature. The practical industry application is that insurance brokers can improve their decision-making, competitive advantage, and regulatory compliance by using the ESG screening method.

It is noteworthy that RAM will likely make use of Rabobank's ESG screening in the future and will not perform its own screening. However, other insurance brokers and insurance companies will have to perform a screening and do not have the opportunity to benefit from a screening carried out by a sister company. The results will therefore also be relevant for the screenings carried out by Rabobank.

Chapter 2 – Literature review

To determine what information is currently available in the literature, this chapter concentrates on reviewing existing literature. This chapter's goal is to answer the following sub-research questions:

- *Research question 1: What are the key criteria used to assess ESG risks?*
- *Research question 2: Which screening/rating methods on ESG risks exist within the market, and how are the ESG risks quantified in these methods?*

To do this, Section 2.1 will provide an answer to research question 1. Section 2.2 will give answers to research question 2. In Section 2.3, this chapter will conclude with a discussion about the answers to the given research questions. There was no existing literature on ESG screening for insurance brokers specifically, so this chapter focuses on the available literature. The main focus of this chapter is on the literature about ESG aspects in the insurance broker's value chain.

2.1 The ESG risks

2.1.1 ESG risks within the insurance industry

The various stakeholders involved push insurance firms to apply ESG standards across their value chain. Since customers and investors are becoming more concerned about sustainability, policymakers create specific regulations to measure, regulate, and apply ESG criteria globally. As a result, the insurance industry uses ESG criteria to create a positive social impact (Marti et al., 2024).

As mentioned before, ESG is a set of criteria that investors and companies use to evaluate a company's overall ESG impact. These factors are also used in the insurance industry and will have a big influence on how the insurance industry grows in the future (Arslan & Kekec, 2023). ESG consists out of the following components:

- Environmental (E): This component focuses on how a corporation impacts the environment. It includes assessing a company's efforts to reduce environmental hazards, manage natural resources sustainably, and reduce its carbon footprint. It is essential to evaluate the risks that are associated with climate change to which the insurance products and portfolios are exposed (Kumar et al., 2023).
- Social (S): Social components take into account the business relationships with its employees, customers, communities, and society. Customers nowadays expect insurance businesses to support ethical behaviours, have inclusive and diverse workforces, and support the communities in which they operate.
- Governance (G): Governance principles guide the management and governance of a company. It includes evaluating the company's overall corporate governance procedures, executive compensation, board composition, and transparency. Effective risk management and equal consideration of policyholders are ensured by strong governance in the insurance industry (Najjar, 2013).

The use of ESG criteria will be crucial to the development of the long-term expansion of the insurance sector, which faces both opportunities and problems in the sustainability sector. With a clear focus on risk management, the insurance sector is increasingly integrating ESG principles across its value chain, and the sustainable transformation is proceeding rapidly in the business world (Marti et al., 2024). The literature's recommended methods of action include integrating ESG risks into every procedure (Barrera & Wagner, 2023).

2.1.2 Customers' ESG risks

A company's influence on the environment can be assessed by its environmental performance. This evaluation must involve the complete supply chain as well as the full life cycle of the offered goods and services. Analysing how a company's operations affect society is a way to assess social performance. Since social commitment is generated from the weight given to numerous concerns associated with relationships with the community, defining quantitative criteria is challenging. Effective rules and procedures for a company's management, respect for ethical guidelines, and the adoption of good company practices are all components of governance (Dragomir, 2020). It is widely known that a smaller set of indicators is utilised to evaluate governance than to evaluate the social and environmental aspects of different sectors (IOSCO, 2021).

Tajani et al. (2024) have given an overview of the indicators and assessment techniques applied in the field of ESG performance analysis of the investment and production sectors. To determine which ESG criteria were used within the assessment phases, the study was conducted by examining the relevant academic literature. To identify the primary theme areas that serve as a base for the ESG ratings, a text clustering analysis was conducted using the data gathered between the ESG criteria of the same pillar. The clustering frame can be seen in Figure 2. The ESG criteria were grouped based on topic or name similarity. As a result of this procedure, ten criteria relevant to the environment, nine to the social, and nine to the governance pillar have been defined.

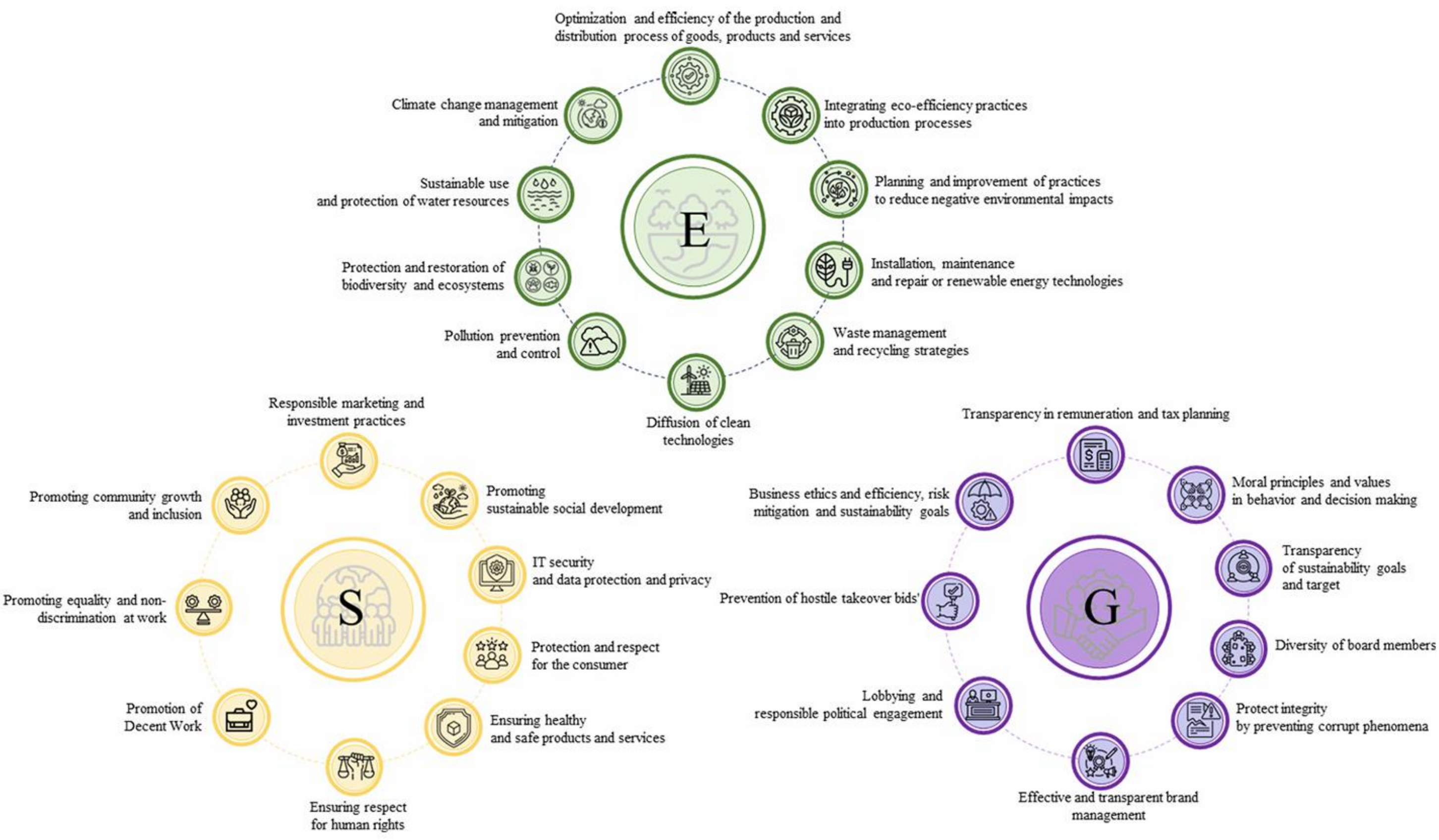

Figure 2 Cluster definition in ESG frame, Tajani et al (2024)

Another research of Berg et al. (2022) analysed a different number of rating agencies: KLD, Sustainalytics, Moody's ESG (Vigeo-Eiris), Refinitiv (Asset4), MSCI, and S&P Global (RobecoSAM). They used a common taxonomy of 46 categories to group all the 709 indicators that were provided by the various agencies mentioned. When at least two indicators from different rating agencies were related to the same attribute, they established a category. The complete list of the 46 categories is included in Appendix C. In this list, it can also be seen how many indicators each rater provides per category. Each rater decides to break down the idea of ESG performance into multiple measures and puts them in different rankings. Moody's ESG, S&P Global, MSCI, and Sustainalytics, for example, have three dimensions, Refinitiv has four, and KLD has even seven (Berg et al., 2022)

2.2 Screening methods

2.2.1 The function of rating agencies

To assist investors who care about society in their investment decision-making, ESG rating organisations become key players in evaluating the sustainability performance of businesses (Hartzmark & Sussman, 2019). Tsang et al. (2024) mentioned that ESG rating agencies focus mainly on large, publicly traded companies, while smaller and private companies often receive less attention. For example, in America the ESG rating agencies focus mainly on companies from large indices, such as the S&P 500.

Before Trump was elected as president, the market for ESG ratings and data providers was expanding fast. This expansion can be explained by two factors. The people in the financial market were receiving more attention from lawmakers and regulators based on the ESG elements of possible investments. And second, there was a growing demand from investors for goods that would reduce the risks that are associated with climate change (IOSCO, 2021). Cosma et al. (2025) investigated how the environmental character of the firms influenced how the market reacted to the election of Trump. They concluded that investors turned their focus to less environmentally dedicated companies in preparation for regulations that would benefit businesses operating in 'brown' industries.

ESG evaluations are conducted by rating agencies using self-reported and publicly available data from corporate reports, specialised websites, open-sourced databases, and even surveys given to the firm's personnel. The data gathered provides the theoretical framework required to identify potential criteria and indicators that can be used to qualitatively and quantitatively express the three dimensions of ESG of businesses (Scalet & Kelly, 2010).

Moldan et al. (2012) highlighted that agencies depend on data from organisations from a range of sources, such as websites, annual reports, news releases, stock market announcements, and business records (Moldan et al., 2012). Rating agencies utilise interviews and questionnaires to get input from stakeholders on the problems at hand when direct information is unavailable (Chatterji et al., 2016).

2.2.2 Different rating agencies

An earlier-mentioned research by Berg et al. (2022) has researched the divergence of ESG ratings. They used data from six different ESG rating providers: KLD, Sustainalytics, Moody's ESG (Vigeo-Eiris), Refinitiv (Asset4), MSCI, and S&P Global (RobecoSAM). Since KLD is the dataset most commonly used in academic research, they included this one. Relevance to the market was the reason for the choice of other ESG raters. They mention that sustainable finance experts are familiar with and utilise all of these providers mentioned in the sample (Berg et al., 2022).

Tajani et al. (2024) concluded from the literature that in the reviewed papers, four repetitive ratings agencies were identified: Refinitiv, Robeco SAM, Vigeo-Eiris, and MSCI. These four rating agencies are also included within the six different rating agencies that Berg et al. (2022) identified.

There are indeed many more research studies where the biggest part of the mentioned rating agencies of Berg et al. (2022) come back. Such as the research of Kurbus & Rant (2024) that compares the ESG scores of Bloomberg, S&P Global, LSEG, MSCI, and Sustainalytics. And the research of Bissoondoyal-Bheenick et al. (2024) investigated the ESG rating disagreements among Sustainalytics, MSCI, and Asset4.

2.2.3 The differences in the rating agencies

Although rating organisations may have similar operational goals, ratings are a topic of discussion among (non-) academics. It is highlighted by Windolp (2011) how ratings are problematic due to their lack of transparency, especially when it comes to the methodology used to account for companies' ESG performance and the list of indicators used in the assessment. Also, the weights given to the indicators are problematic (Windolp, 2011). The earlier-mentioned research of Berg et al. (2022) also highlighted three different problems within their paper about ESG ratings. The first one is scope divergence, which refers to the set of indicators taken into account for ESG rating purposes and often varies between the different rating agencies. The second problem is measurement divergence, which refers to the variation in how a particular indicator is measured. The last one is weight divergence, which refers to the varying weights that agencies assign to the same indicators. For all these differences, measurement is responsible for 56%, scope for 38%, and weight for 6%. They have looked more closely at the causes of measurement divergence, and they found a rater effect, in which the perception of the rater of a company as a whole affects how a certain category is measured. This means that a company that scores highly in one area is more likely to get a good rating from the same rater in every other area. Within this research, they even concluded a negative correlation between certain ESG criteria. The level of disagreement in these cases is so great that rating agencies do not just have differing opinions but opposing ones (Berg et al., 2022).

Furthermore, one of the main concerns that defines the discussion around the measurability of ESG is the validity of the data sources that rating agencies use to gather information. Rating agency bias can result from public information about a company's performance being insufficient or in conflict with the firm's real performance (Yu et al., 2020). Another problem is rating agencies' varying preferences for one or more ESG factors, especially the environmental pillar, which is often given priority over the social and governance pillars (Senadheera, 2021). Also, Escrig-Olmedo et al. (2019) mentioned the problems, including the evaluations' inconsistency, the absence of certain rating agencies' total results, and the failure to include stakeholders in the review process.

Therefore, research on the best ESG criteria for assessing businesses' environmental efforts, social responsibility, and government policies while taking into account different contextual aspects will certainly be advantageous for all kinds of stakeholders (Huang, et al., 2024). Berg et al. (2022) also indicate the problems it gives when there is significant disagreement among ESG ratings from various suppliers:

- It makes assessing the ESG performance of businesses, funds, and portfolios difficult.
- Divergence in ESG ratings reduces the motivation for businesses to enhance their ESG performance. Rating agencies provide businesses with conflicting information about what behaviours are expected and what the market will appreciate.

- It becomes harder to see how ESG performance affects certain asset prices.
- The disagreement highlights how challenging it is to connect CEO pay to ESG success. CEOs may underperform on other crucial ESG issues while optimising for a certain grade for another ESG issue.
- The differences in ratings are a problem for scientific research, as utilising different rating agencies might change the findings and conclusions of certain research.

Divergence in ESG ratings does not mean that evaluating ESG performance is useless. It emphasises just how difficult it is to measure ESG performance, how important it is to pay attention to the underlying facts, and how each application must carefully assess the usage of ESG ratings and the different metrics.

2.3 Conclusion

According to the literature review, it can be concluded that there is no literature available on ESG screening techniques/methods for insurance brokers specifically. While there are several ESG grading agencies, they mostly concentrate on publicly listed companies or general financial institutions, instead of the requirements of insurance brokers. Furthermore, the literature highlights that the biggest challenge in ESG ratings is the measurement differences between rating agencies, which result in differences and possibly even inconsistencies between ESG scores. Measurement differences refer to the variation in how a particular indicator is measured. Sustainalytics, Moody's ESG (Vigeo-Eiris), Refinitiv (Asset4), MSCI, and S&P Global (RobecoSAM) are the most relevant rating agencies in the market, and KLD is the dataset that is most commonly used in academic research (Berg et al., 2022).

Several investigations have been conducted on ESG criteria. This paper highlighted the research of Tajani et al. (2024) and the research of Berg et al. (2022) on ESG criteria. The ESG criteria mentioned by Tajani et al. (2024) will be used as a starting list of the key ESG criteria used for customer screening within this research. The ESG criteria from this research can be seen in a table form in Appendix D. The ESG criteria of Tajani et al. (2024) in comparison with the ESG criteria of Berg et al. (2022) will be used because these criteria are more up-to-date. To make sure that this research reflects the most recent developments, the most recent data have been used. This is due to the rapid changes within the ESG environment.

Chapter 3 – RAM’s current screening process

A context analysis is performed to gain an understanding of the current screening method for RAM’s customers. This is important to get an idea of the current situation at the RAM. This chapter’s goal is to answer the following sub-research question:

- *Research question 3: How does the current screening method for customers of the RAM look?*

To do so, Section 3.1 will elaborate on the current screening method of RAM. Section 3.1.1 will highlight the reason for the screening. Section 3.1.2 will highlight the current steps in the screening process, based on internal information and conversations, and Section 3.1.3 will mention the limitations and effectiveness. In Section 3.2, this chapter will conclude by answering the given research question.

3.1 Current situation at RAM

3.1.1 Reason for current screening

Insurers and other parties involved in the Dutch insurance industry must comply with several regulations and laws, including the Financial Supervision Act (Wft), the Money Laundering and Terrorist Financing Act (Wwft), and the Sanctions Act. The Financial Supervision Act describes the supervision of the entire financial sector in the Netherlands and contains obligations for these financial institutions (Rijksoverheid, 2025). The Money Laundering and Terrorist Financing Act is intended to prevent criminals from laundering money earned through crime and from financing terrorism, and it applies to all reporting institutions (Rijksoverheid, 2025). The Sanctions Act of 1977 requires that people, businesses, and financial institutions comply with national and international sanctions laws (DNB, 2025). These regulations are the reason that it is obligatory to carry out a customer's due diligence before taking out insurance. Without customer due diligence, an application cannot be processed further. In general, it is the insurer’s responsibility to perform this due diligence themselves. Rabobank performs the necessary customer due diligence for all its customers. RAM, as a financial service provider, relies on the screening outcomes performed by Rabobank. However, RAM performs a few additional screenings specifically as an outsourced service of insurers. RAM requests data from customers directly to perform these screenings.

3.1.2 Steps in the current screening process

As mentioned before, RAM is part of Rabobank as their insurance broker. All the clients of RAM are also banking clients of the Rabobank, which means they already have an existing financial relationship with the bank. Based on internal information and conversations, it can be highlighted that Rabobank already does its customer investigation/screening before RAM performs its screening process. However, as described above, RAM carriers out additional screenings on behalf of insurers. These screenings cannot be combined with the general Rabobank screenings and have to be carried out separately. RAM can rely on the same data as provided by customers, but only if the customers have given their approval to do so and if the data is recent enough.

At this point in time, it is unclear if Rabobank utilises a specific ESG framework or rating agency for screening customers regarding ESG/sustainability. It is also unknown for RAM if specific technologies are used for ESG and sustainability screening. Likely, this is currently being worked on, given Rabobank’s position as a bank in the financial system and the requirements placed on Rabobank.

The bank requests ESG or sustainability information from singularly customers in order to meet specific regulations or rules, rather than through a systematic approach. This request may arise from regulations, such as those under the CSRD. Typically, under the CSRD, more information is requested from larger customers. Another example is when the CO_2 emissions of the bank's portfolio need to be calculated, in this case, aspects that significantly influence CO_2 emissions will be screened. For Rabobank, these will probably include mortgages and agriculture.

Rabobank conducts Customer Due Diligence (CDD) and Transaction Due Diligence (TDD) for all its banking clients. This releases the broker RAM from doing this research for RAM customers, as all RAM customers are also customers of the bank. RAM carries out extra CDD and TDD research as an outsourced service on behalf of insurers. The extra CDD looks like the CDD of the bank, but the TDD differs a lot from the TDD of the bank. The CDD research determines the Ultimate Beneficial Owner (UBO) of a client and tests them against the sanction lists. The UBO of a company is someone who has a say in the company based on stocks, asset ownership or position in the company. The TDD research stands for Transaction Due Diligence. When taking out, changing, or renewing the policy, insurers are obliged to check whether the business activities have common ground with countries, goods, or activities that fall under international sanction laws and regulations.

RAM also does not utilise a specific ESG framework or rating agency for screening its customers regarding ESG/sustainability. At the moment, RAM also does not frequently request any ESG-related data from its clients before they do business with this client. It is good to have ESG-related information from the client before you start doing business, because brokers and insurers cannot simply stop working with current customers due to poor sustainability performance. Contracts and policy conditions must specifically address ESG-related risks and terms before the deal is closed. However, banks, insurers, and brokers are not required to do business with potential new customers.

3.1.3 Effectiveness and limitations of current screening

Rabobank's screening procedure and the insurers' screening procedures, as performed by RAM, provide compliance with important financial laws, such as the Financial Supervision Act (Wft), the Money Laundering and Terrorist Financing Act (Wwft), and the Sanctions Act. This offers a strong framework for minimising financial and reputational risks.

As mentioned earlier, there is no standardised/structured ESG screening part within the screening process of Rabobank or RAM (yet), as far as RAM is aware. It is expected that ESG-related information will be requested from the customer in the future. No standardised/structured ESG screening part makes it challenging to regularly assess sustainability risks and incorporate ESG factors into risk assessments. It also makes it difficult to consistently compare clients based on their ESG performance, which could lead to inconsistencies in decision-making.

3.2 Conclusion

Rabobank's existing client screening procedure aims to reduce financial crime risk and guarantee adherence to financial legislation. RAM does not yet request systematically any ESG-related information from customers and barely considers sustainability factors during the screening process. This makes it difficult to gain insights into potential ESG-related risks.

Chapter 4 – Survey and interviews

This chapter focuses on a survey and interviews with internal and external experts to determine the most important ESG criteria for screening customers on ESG within the insurance industry. This method provides direct insights from experts and collects both generally recognised ESG criteria and industry-specific aspects that might not be addressed in the current literature. This chapter's goal is to answer the following sub-research question:

- *Research question 4: What are the most important ESG criteria for screening customers on ESG within the insurance industry?*

To do this, Section 4.1 will introduce this chapter by explaining the purpose of this chapter. Sections 4.2 and 4.3 cover the methodology and results of the survey, respectively. Sections 4.4 and 4.5 cover the methods and results of the interviews, respectively. This chapter will be concluded in Section 4.6.

4.1 Introduction

As mentioned earlier in this research, the ESG criteria mentioned by Tajani et al. (2024) will be used as a starting list of the key ESG criteria used for customer screening on ESG within this research (see Appendix D). This ESG criteria list is not specifically designed for the insurance industry, which is why this chapter aims to indicate the most relevant ESG criteria for screening customers in the insurance industry from this list of Tajani et al. (2024). This is done with the help of experts within the insurance industry and ESG. The view of experts is necessary for adapting the ESG criteria list for customer screening, as the list was not created with the insurance sector in mind. This method ensures that only the most relevant ESG criteria are considered by surveying and interviewing experts in the insurance industry and ESG fields. Additionally, this method also provides extra insights, such as challenges and trends in ESG screening within the insurance sector.

There are several techniques and methods available in the literature for conducting interviews and surveys. One of these methods is the Delphi method. Delphi is a scientific technique for structuring expert discussions to produce insights on difficult topics with little information. Publications of the Delphi technique have increased in several topics, particularly in the last several decades (Beiderbeck et al., 2021). The Delphi method is characterised by the anonymity of experts who are asked to evaluate and provide feedback on multiple claims or questions associated with a certain study topic across several rounds (Keeney et al., 2001). It includes rating scales, rank-order questions, or open-ended questions to assess consensus between experts (Boulkedid et al., 2011). Delphi's approach offers an advantage over face-to-face methods since it eliminates expert personal sensitivities and possibly negative group dynamics (Williams & Webb, 1994).

In this research, an adjusted type of the Delphi method will be used. There will be a two-round Delphi method, however, the second round will not be a survey but interviews with a selected group of people. This method is chosen mainly due to the time constraints of this research, while combining a survey with interviews gives both structured information within the survey and deeper context within the interviews. In the first round, the participant will be asked to fill in an anonymous survey. The main focus of these questions will be rating the different ESG criteria. Information that will be collected also helps shape the interviews that will be conducted after the survey. The second round is the interviews, in which the findings from the survey will be discussed with a few experts. Within the interviews, there will also be talked about the challenges and possibilities in the future for ESG screening within the insurance industry. The interview will provide a deeper context within certain aspects of the investigation. Surveys are excellent for collecting organised data, but they can lack depth. Through adding interviews, follow-up questions can also be asked about their opinion, and the underlying assumptions of the participants can be understood.

This chapter contributes to the final solution by identifying the most critical ESG criteria for consumer screening in the insurance sector, utilising both quantitative and qualitative expert input. It ensures that the ESG screening method is both evidence-based and customised to the requirements of the insurance sector by combining survey data with in-depth interview insights.

4.2 Survey methodology

4.2.1 Selection of participants

The selection of the survey participants was based on their level of experience with ESG and the insurance industry. We have selected people from Rabobank and people from external insurance and insurance brokers companies. This can be professionals working in sustainability/ESG, sustainable compliance, or risk management. An example from an external participant can be the sustainability manager of an insurance company, such as Achmea. An example from an internal participant can be an ESG Legal Counsel from Rabobank. Including participants from Rabobank guarantees that the answers also reflect the internal organisation's perspective and are in line with Rabobank's vision. Participants were required to have a minimum of five years of relevant professional experience in fields related to ESG or the insurance industry. The intern participants were identified through the Rabobank intern network, and the extern participants were identified through the networks of my two supervisors at RAM.

Sending an online survey to a larger number of participants does not necessarily result in a higher response rate. The response rate is positively impacted when surveys are sent to a specifically identified group. A higher response rate may also be obtained through pre-contacting possible participants, combining online surveys with other survey types, and reminding participants about the survey over the phone. Additionally, incentives do not always result in higher online survey response rates (Wu et al., 2022). To strike a balance between time constraints and relevance, a total of ten participants were selected, five interns at Rabobank and five externs. If, after ten working days, eight or more participants have completed the survey, the results will be analysed. However, if after this time, fewer than eight participants have completed the survey, an extra group of participants will be invited to complete the survey. Less than eight respondents will not give data/information that is representative of the industry, so the goal is to collect at least eight respondents.

4.2.2 Survey approach & design

The main goal of conducting the survey is to identify the main ESG criteria to screen customers within the insurance industry. The survey is divided into three different sections. The survey starts by asking the participants some general information questions about the industry in which they work. After that, the participants are asked to rank each of the 26 ESG criteria from Tajani et al. (2024) on a scale from 1-5, where 1 indicates not important and 5 indicates most important. This section will be used in order to identify the main ESG criteria that will be used for the screening of the customers. The last sections are some open questions, in order to let the participant provide some extra information on certain topics related to ESG screening. The information that will be collected within this last section will also be used in order to guide the interviews. The complete list of questions for the survey can be found in Appendix E (and the Dutch translation in Appendix F).

To keep up with the informed consent and privacy of the participants, an informed consent statement will be sent to the participants before the survey is conducted. This statement highlights the purpose of this research, that participation is voluntary, that all the responses will remain anonymous, that data will be used only for research purposes, and also that participants can stop at any time that they want before submitting the survey.

4.3 Survey findings

4.3.1 The survey results

After the time limit of ten working days (two weeks), eight out of the ten people who were contacted had answered the survey. This gives a response rate of 80%, which is high. The reason for such a high response rate may be that there was already contact with the participants before the invitation to fill out the survey was sent. Another reason can be the high interest in ESG screening among my participants. So, as mentioned in Section 4.2.1, the answers of these eight experts will represent the input data. If the response rate was lower than 80%, there would be contacted more experts.

All the answers given to the survey can be found in Appendix G. In this section, a summary of the key findings from the answers is given. This is done for all three different sections that were made within the survey: General information, the importance of the ESG criteria, and open questions.

<u>General information</u>
There have been eight responses out of the ten professionals who have been selected, as mentioned before. These professionals are working in different industries across the financial sector, such as banking, insurance, and financial services. The professionals working in banking or financial services are the internal participants at Rabobank who are specialised in ESG or sustainability. This is to create a mix between internal and external participants. The respondents have different work roles, examples are: Legal counsel, project manager ESG risk & sustainability, ESG advisor, and director. Their industry experience ranged from 6 to 30 years. It was also a criterion for the participants to have at least five years of experience within their industry.

<u>The importance of the ESG criteria</u>
As mentioned, all the criteria were rated on a scale from 1 to 5, where 1 indicates not important and 5 indicates most important. In Appendix G, all the survey answers can be seen, along with a diagram that shows the average score and standard deviation for each criterion per pillar. In this section, the three criteria that scored the highest and the criteria that scored the lowest are discussed for each ESG pillar.

Table 2 Environment results

Environment	A	B	C	D	E	F	G	H	Avg.	Std.
Climate change management and mitigation	4	5	5	5	5	5	4	5	4.75	0.46
Planning and improvement of practices to reduce negative environmental impacts	4	5	5	5	5	4	4	4	4.5	0.53
Protection and restoration of biodiversity and ecosystems	4	5	5	5	5	3	5	4	4.5	0.76
Optimisation and efficiency of the production and distribution process of goods, products and services	2	5	5	2	3	1	2	3	2.86	1.46

The results indicate a high agreement among the respondents about the three environmental criteria that scored the highest. This is indicated by the low standard deviations, that is ranging from 0.46 to 0.76. However, the criterion 'Optimisation of the production and distribution', which is the criterion that scored the lowest, has a high standard deviation of 1.46. This indicates that there are different opinions and a lack of agreement on its importance.

Table 3 Social results

Social	A	B	C	D	E	F	G	H	Avg.	Std.
Ensuring respect for human rights	4	5	5	5	5	5	5	5	4.89	0.35
Ensuring healthy and safe products and services	4	5	5	4	5	5	5	3	4.5	0.76
Promoting equality and non-discrimination at work	3	5	4	5	4	5	4	5	4.38	0.74
Responsible marketing and investment practices	3	5	4	2	4	4	4	2	3.5	1.07

The results indicate a high agreement among the respondents about the three social criteria that scored the highest. The standard deviations range from 0.35 to 0.76, these low standard deviations indicate a high agreement. The criterion 'Responsible marketing and investment practices', which received the lowest average score in the social pillar, shows a higher standard deviation of 1.07. This indicates that there are more different opinions and a greater lack of agreement on its importance.

Table 4 Governance results

Governance	A	B	C	D	E	F	G	H	Avg.	Std.
Business ethics and efficiency, risk mitigation and sustainability goals	4	5	5	4	5	5	3	4	4.38	0.74
Moral principles and values in behaviour and decision-making	3	5	5	5	4	5	4	4	4.38	0.74
Protect integrity by preventing corrupt phenomena	4	5	4	5	3	5	5	4	4.38	0.74
Prevention of hostile takeover bids	2	5	2	2	3	3	4	3	3	1.06

Again, the results indicate a high agreement among the respondents on the three governance criteria that scored the highest average. This is indicated by the criteria equal average score of 4.38 and their standard deviation of 0.74. The criterion 'Prevention of hostile takeover bids', which received the lowest average score in the governance pillar, also shows a higher standard deviation of 1.07. This suggests that the opinions are more different, and that there is less agreement on their importance.

Almost every respondent ranked the ESG pillars on importance as Environment → Social → Governance, and only one respondent had the ranking Social → Governance → Environment. This gives the idea that the environment has priority within customer screening over social and governance.

<u>Open questions</u>
Most respondents had no additional ESG criteria beyond those listed by Tajani et al. (2024). One respondent had suggested the criteria: Animal welfare, plant gene technology, mining, aquaculture, armaments, and agrochemicals. Two respondents mentioned the criteria: Climate adaptation/ resilience.

The most mentioned challenges within the implementation of ESG screening were data availability and the cooperation of clients. SMEs were specifically highlighted by two respondents, as they could specifically have a lack of data regarding ESG information. One respondent highlighted the conflict between profitability/investment budgets and achieving ESG goals.

Every respondent agreed that ESG screening will become more and more important within the next five and ten years. One respondent highlighted that screening will more and more be automated and supported by AI tooling. AI can support ESG screening by analysing large data sets, such as publicly available data like annual reports or sustainability reports/websites from customers. Based on this data, AI can identify several risks associated with ESG. Also, one respondent mentioned that insurers (and brokers) start to steer their portfolio considering ESG. He mentioned that at the same time, an insurance policy for non-sustainable projects will not disappear from one day to another. People who make use of a petrol car or a ship still need insurance for this car or ship at the moment.

There was one respondent who mentioned an extra point about ESG screening. The respondent mentioned that it is very important to define ESG. He mentioned whether ESG should only focus on the usage/operational phase or the entire value chain. So also for the social pillar, thinking about the working conditions in China for example. This kind of discussion about the definition of sustainable is also one of the reasons that the EU is delaying/reducing the implementation of CSDDD and CSRD in order to lower the sustainability reporting standard.

4.3.2 Analysis of the survey results

The main goal of conducting the survey was to identify the most important ESG criteria for screening customers within the insurance industry. All three ESG pillars are seen to be relevant for ESG screening, according to the survey results. The ESG pillars all scored a total average score of around four, environment was rated 4.11, social was rated 4.13, and governance an 3,89. This indicates that ESG screening is not limited to environmental criteria (as indicated by ranking the pillars), but is also valued widely across social and governance criteria.

To create a balanced and organised ESG screening procedure, there will be a focus on the three most important criteria from each ESG pillar. This will result in a total of nine ESG screening criteria. This selection ensures that all three pillars of ESG are equally represented within the ESG screening procedure. This avoids focusing too much on a single pillar, and this will create a more comprehensive screening process. Based on their high average scores and their low standard deviation, the final selected ESG criteria are:

- Environment
  - Climate change management and mitigation (4.75)
  - Planning and improvement of practices to reduce negative environmental impact (4.5)
  - Protection and restoration of biodiversity and ecosystems (4.5)
- Social
  - Ensuring respect for human rights (4.89)
  - Ensuring healthy and safe products and services (4.5)
  - Promoting equality and non-discrimination at work (4.38)
- Governance
  - Protect integrity by preventing corrupt phenomena (4.38)
  - Business ethics and efficiency, risk mitigation and sustainability goals (4.38)
  - Moral principles and values in behaviour and decision-making (4.38)

It is interesting to mention that, if the selection had been made by simply choosing the nine highest rated criteria over all criteria, the result would have been the same. The only criterion that also scored equally high as the lowest chosen criterion is the environment criterion ‘Pollution prevention and control’, with an average score of 4.38. This would have been the tenth criterion, however, we exclude this criterion to maintain the equal distribution across the three pillars. This ensures a balanced representation of all three ESG pillars in the final screening format.

In contrast to the ESG criteria that received the highest score, the three ESG criteria that scored the lowest in each ESG pillar are:

- Environment: Optimisation and efficiency of the production and distribution process of goods, products and services (2.86)
- Social: Responsible marketing and investment practices (3.5)
- Governance: Prevention of hostile takeover bids (3)

As can be seen in the previous section, these criteria also have a higher standard deviation than the three criteria that scored the highest within each ESG pillar. These criteria likely have a higher standard deviation and the lowest average score because they have less connection to the main risks that are associated with their specific ESG pillar. For example, when looking at the environment criterion, optimisation of production/distribution has more to do with optimisation of operation than with environmental impact. Responsible marketing is also less connected to the main risks of the social pillar, when it is compared to human rights for example. This also holds for the hostile takeover criterion from the governance pillar. This criterion is seen as less connected to the governance pillar than business ethics.

The higher standard deviations can be explained by the broader range of scores these criteria received compared to the criteria that scored the highest. These criteria received ratings from 1 or 2 to 5. Whereas the criteria that scored the highest were rated with 4s and 5s. The wider range of responses indicates that there was more disagreement about how important these criteria that scored the lowest were, this increased the standard deviation.

4.4 Interview methodology

4.4.1 Selection of participants

For the interviews, a selection of participants was made from the people who were asked to fill in the survey. The people who were chosen to be interviewed were those who seemed to have the most in-depth knowledge and experience related to both ESG/sustainability and the insurance industry. These participants were chosen before the survey was conducted. The survey is anonymous, so it was not possible to base the choice of participants on the answers given to the survey. Participants' names or personal information cannot be highlighted or shared in order to ensure confidentiality and anonymity. In total, there have been interviewed five people. These are three people who work internally at Rabobank, and two people who work outside of the Rabobank organisation.

4.4.2 Interview approach & design

The main goal of the interview is to get more information about the difficulties and upcoming developments/trends around ESG screening in the insurance industry. The survey helped identify the most important ESG criteria, and these interviews aim to explore the broader context in which these criteria will be implemented. For example, possible barriers, practical difficulties, and new trends that may influence ESG screening in the coming years.

The interviews are semi-structured, which means that there is room for flexibility within the conversation. There are two levels of questions in a semi-structured interview: Primary topics and follow-up questions. Participants are asked to share their experiences and perspectives about the primary topics, which address the main focus of the research (Kallio et al., 2016). This method will result in a better understanding of the perspective of certain experts. The questions that cover the main topics that needed to be asked during the interviews can be found in Appendix H. The focus of each interview may differ based on the participant's field of expertise. Most of the participants have specialised knowledge in particular areas of ESG screening, so not all questions from Appendix H will always be covered. This makes it possible to research the topics that are most relevant to the experience of the participant.

For the interviews, an informed consent template will also be used, in which aspects such as recording of video/audio, and destruction of the recording are mentioned. This is also done to maintain confidentiality and anonymity for the interviews.

4.5 Interview findings

4.5.1 The interview results

The summaries of the five interviews can be found in Appendix I. In this section, the key findings from the interviews will be highlighted, structured per the main topics that are mentioned in Appendix H.

<u>ESG/sustainability in the insurance industry</u>
The big financial institutions have to screen their (big) customers on how they deal with sustainability, based on the different regulations and rules, such as CSRD and CSDDD. This highlights that ESG plays a role specifically in client onboarding and regulatory compliance. According to EU regulations, financial institutions need to hold back capital if they have many customers who make little (or no) effort to comply with the Paris Agreements. The reason is that such customers face higher risks that are associated with climate change. This means that ESG/sustainability creates both constraints (capital constraints) and opportunities (investment possibilities).

In some cases, the financial aspect is more important than the ethical/sustainable aspect in the insurance industry at the moment. However, there are already certain insurers that do not insure some non-sustainable projects anymore, such as an oil pump in a natural area. This shows that ESG/sustainability becomes a more influential factor in the underwriting process.

<u>Role of insurers (and brokers)</u>
It is the task of the insurer to make a project insurable if customers are interested in starting a sustainable project. If no appropriate insurance cover is offered, customers may delay or even do not start such a sustainable project. This indicates that insurers have an important, but indirect role in supporting sustainable projects. In most cases, the insurer (and the broker) do not stimulate the customer to act more sustainably at the moment, they just help ensure the risks the customer wants to have insured.

Insurers and brokers need to start the conversation with existing customers about whether they are already engaged in sustainability. Insurers and brokers need to stimulate customers to think about sustainability and make it a common topic. Giving customers support and advice to help them become more sustainable is better than just telling them to change or that you will not work with them anymore. Open communication on sustainability creates trust and enables customers to make real improvements. Also, insurers can support sustainable initiatives or companies by offering increased coverage or a lower premium for the insurance.

<u>Collaboration between the insurer and brokers</u>
When negotiating an insurance solution between insurers and brokers, there is still hardly any communication or cooperation in the field of sustainability. It means that there is currently a lack of structured collaboration or standardisation. Probably at some point, you get that insurers start requesting information from the customer, and brokers will have to do that as well. This has to be well organised so that there is no duplication of effort or any mismatch of interpretation of the given criteria. This indicates that there is a need for future collaboration and structure.

<u>Exclusion of risks/projects</u>
As mentioned earlier, there are already certain insurers that do not insure some non-sustainable projects anymore, such as oil or gas production, especially in a natural area.

There are differences between certain insurers in terms of what to insure and what not in terms of new sustainable projects or activities, and their criteria differ. There are some projects or companies that certain insurers do insure, and others that do not yet insure, based on the (new) risks. Some insurers are more cautious about certain risks or criteria than others. This indicates that not all organisations work in the same way.

<u>Benefits for sustainable investments of customers</u>
Insurers can aim to support the sustainability goals of stakeholders by considering offering premium incentives for insuring sustainable projects. However, this is currently still the choice of the insurer themselves, and does not happen often at the moment. Sometimes, customers invest in innovative sustainability projects, but it is unknown what risks are involved due to new technology. So insurers do not know if and how this can be insured. This can also make insuring new sustainable projects more expensive, as the insurer does not want to take a too big risk with such new innovative projects. This shows that uncertainty in the insuring possibilities may even harm sustainable investments.

<u>Data availability</u>
In certain situations, insurers are not prepared at all for sustainable projects. Important historical data is often missing, such as information on the different types of risks that are associated with these projects. Also, often data on the probability of default and damage patterns is missing or limited. This results in insurers finding it difficult to calculate the amount of premium or decide on policy conditions. This indicates that data availability is a big concern for ESG screening. As this challenge is also mentioned a lot of times within the survey answers.

<u>Key regulations</u>
The key regulations for reporting on ESG and sustainability are CSRD and CSDDD (also mentioned in Appendix B).

<u>ESG screening</u>
Requesting information (screening) from customers on sustainability/ESG has been done since it is required by regulation. In the case of CSRD, often more information is requested from the larger customers, because the larger customers also have more emissions in most cases. Some insurers screen large new customers on certain aspects, such as CO2. By requesting this data, the conversation about sustainability can also flow from this information. Other insurers screen their customers on ESG with the help of AI. These kinds of AI analyse publicly available data, such as annual or sustainability reports, and websites.

4.5.2 Analysis of the interview results

The main goal of the interviews was to get deeper insights into the challenges and future developments around ESG screening in the insurance industry. The interviews provided valuable insights on potential difficulties and trends, this was done by researching the broader context in which the identified ESG criteria will be implemented. The open questions of the survey supported these insights. The following key points of attention may influence the acceptance and success of the ESG screening solution discussed in Chapter 5:

- Data availability and structure: Many sustainable projects lack reliable historical data, which limits the ability to assess ESG risks. Creating an organised data structure for both the customer and the broker is essential.
- Stakeholder collaboration: Good collaboration and communication between brokers, consumers, and insurers are necessary for good ESG screening. It is also necessary in order to minimise duplication of effort or misunderstanding between stakeholders.
- Affordability for customers: ESG screening should not hinder sustainable efforts. It should stay realistic and affordable for companies, especially SMEs, to invest in sustainable projects.
- Use of AI: AI can increase efficiency by analysing publicly available data, such as reports or websites. Based on this information, AI can identify relevant sustainability/ESG risks in a fast and efficient way.
- ESG definitions: To prevent misunderstandings or different interpretations, ESG definitions at both the internal and EU levels must be implemented consistently and must be clearly communicated.
- Regulatory clarity: As rules change, clear guidance from a high (EU) level will help companies to be better able to implement ESG standards with less confusion and more certainty.

4.6 Conclusion

The goal of this chapter was to determine the most important ESG criteria for screening customers on ESG within the insurance industry. Achieving this goal was guided by answering research question 4: *"What are the most important ESG criteria for screening customers on ESG within the insurance industry?"* With the use of an adjusted Delphi method strategy, which consists of a structured survey followed by semi-structured interviews, a set of ESG criteria is identified to be most important by both internal and external experts within the ESG and insurance industry. The survey highlighted that all three ESG pillars are considered important. Nine specific ESG criteria were indicated to be most important for ESG screening, from each ESG pillar, three criteria were selected based on their average rating. The ESG criteria can be found in Table 5.

Table 5 The nine most important ESG criteria

Environment	Social	Governance
Climate change management and mitigation	Ensuring respect for human rights	Protect integrity by preventing corrupt phenomena
Planning and improvement of practices to reduce negative environmental impact	Ensuring healthy and safe products and services	Business ethics and efficiency, risk mitigation and sustainability goals
Protection and restoration of biodiversity and ecosystems	Promoting equality and non-discrimination at work	Moral principles and values in behaviour and decision-making

Chapter 5 – Solution for ESG screening

This chapter focuses on identifying which ESG indicators should be included in the ESG screening process in order to compare RAM's customers and how the operation of RAM will be impacted by the inclusion of these ESG indicators in the screening process. This chapter's goal is to answer the following sub-research question:

- *Research question 5: What indicators should be included in the ESG screening to compare RAM's customers, and how will this inclusion of ESG factors impact RAM's operations?*

To do this, Section 5.1 will focus on the introduction of this chapter, in which the methodology is also explained. In Section 5.2, the indicators that are linked to the nine ESG criteria are highlighted and explained. Section 5.3 explains how including the ESG indicators within the screening affects RAM's operations. In Section 5.4, the conclusion of this chapter is discussed.

5.1 Introduction

In order to compare the customers of RAM based on their ESG performance, it is necessary to translate the nine ESG criteria mentioned in Section 4.6 into specific, measurable ESG indicators. In this section, the methodology used for translating the ESG criteria into ESG indicators is explained. The goal of coming up with these ESG indicators is to create a standardised procedure in order to screen the customers on their ESG risks. The result is that RAM get insight into the ESG performance of their customers. The indicators will serve as the base for evaluating RAM's customers on how they address certain ESG risks. Without translating the ESG criteria into indicators, it is quite hard to compare the customers of RAM on their ESG performance.

The Global Reporting Initiative (GRI) is used as the source for selecting these indicators. The GRI represent guidelines for reporting information regarding different economic, environmental, and social aspects. Sustainability reporting with the use of the GRI standards provides information about an organisation's positive or negative impact on sustainability. The GRI standard consists of three different standards. The first standard is the GRI Universal Standards, which are relevant to all organisations. The second standard is the GRI Sector Standards, which are relevant to certain sectors, and the last is the GRI Topic standards, which are specifically meant for a particular topic (GRI, 2025).

The GRI standards are enabling all kinds of companies, whether big or small, public or private, to understand and report on their effects on the environment, economy, and people comparably and realistically. The GRI standards increase transparency in sustainable development. The GRI standards are also very important for many stakeholders, such as investors and policymakers (GRI, 2025). The added value of using the GRI Standards is that it helps make the ESG criteria easy to compare between different companies.

As mentioned, the (qualitative) ESG criteria need to be translated into qualitative and/or quantitative indicators, because this makes the comparison possible between customers. The indicators were chosen based on the following theoretical and practical criteria: Relevance to the coherent ESG criterion, comparability of the indicator between different companies, and data availability and measurability. As indicated before, these indicators will be chosen with the help of the GRI standards.

The final set of the ESG indicators will be used as a screening tool to compare RAM customers. This will make it possible for RAM to include ESG factors into their decision-making process, and identify customers that prioritise ESG and customers that lack in their ESG performance. The transformation from the ESG criteria into ESG indicators is discussed in the next section.

5.2 Indication of the ESG indicators

This section shows the translation of the nine indicated ESG criteria into indicators based on the GRI standards. The relevant GRI standard(s) with the corresponding ESG indicators are discussed per ESG criterion. The indicators were classified based on the previously mentioned criteria, and with the help of the relevant GRI standard(s). The Consolidated Set of the GRI Standards (GRI, 2024) is used as the information source for the GRI standards. The choice of what relevant GRI standard(s) are is based on a logical combination with each ESG criterion. In most cases, the selection of the specific GRI standard was a logical choice. All nine ESG criteria are discussed separately, first the relevant GRI(s) are discussed, and after that the corresponding indicator(s) are discussed.

E1-Climate change management and mitigation

The most relevant GRI standard is GRI 305: Emissions. GRI 305 is the most relevant standard for criterion E1 because it focuses on greenhouse gas (GHG) emissions, which are the most closely related to climate change. A company's ESG strategy must focus on managing and lowering emissions. GRI 305 allows for comparison by requiring companies to reveal their emission performance.

The indicators that are highlighted by GRI 305 are: Scope 1 (Direct GHG emissions), Scope 2 (Energy indirect GHG emissions), and Scope 3 (Other indirect GHG emissions) (GRI 305-1/2/3). Also, the Reduction of GHG emissions (GRI 305-5) is an important indicator. These indicators enable RAM to evaluate a company’s efforts to mitigate climate change and determine how complete its reporting around emissions is.

E2-Planning and improvement of practices to reduce negative environmental impact

For this criterion, GRI 302: Energy, GRI 303: Water and Effluents, and GRI 306: Waste are the most relevant GRI standards. These standards are the most relevant because they focus on the areas where businesses usually have the biggest environmental impact. By focusing on energy and water consumption and waste production, these standards help in evaluating how companies develop and improve their practices to reduce negative environmental impact.

The indicators that are highlighted by the GRI standards are: Energy consumption within the organisation and reduction plans (GRI 302-1, 302-4), water consumption (GRI 303-5), and generated waste (GRI 306-3). These indicators make it possible for RAM to assess how successfully a company manage its water and energy use, and also how it handles waste.

E3-Protection and restoration of biodiversity and ecosystems

The most relevant GRI standard for this criterion is GRI 304: Biodiversity. GRI 304 is the most relevant GRI standard for E3 because it mainly focuses on the impact that companies have on ecosystems. Companies that work in or close to protected regions must evaluate and manage their effects on biodiversity, since such protected areas are a crucial aspect of environmental sustainability.

The most relevant and comparable indicator for GRI 304: Biodiversity is the significant impacts of activities, products, and services on biodiversity (GRI 304-2). This indicator helps RAM in determining the extent to which a company has biodiversity risks and the actions taken to protect and restore ecosystems.

S1-Ensuring respect for human rights

For this criterion, the Topic Standards (GRI 201 – GRI 418) are not used, however, the Universal Standards (GRI 1/2/3) are used for criterion S1, and specifically GRI 2. As mentioned in the previous section, the Universal Standards are relevant to all organisations. GRI 2 give information on reporting procedures as well as other organisational details, such as governance and policies.

The most relevant indicator for S1 from GRI 2 is Statement on sustainable development (GRI 2-22). This includes its short, medium and long-term strategy and vision to manage its impacts on the economy, environment and people, including impacts on their human rights, across its value chain. RAM can determine whether companies are including human rights in their strategic operations with the use of this indicator.

S2-Ensuring healthy and safe products and services

GRI 416: Customer Health and Safety is the most relevant GRI standard for this criterion. GRI 416 is a good GRI standard for S2, because it discusses how companies manage the health and safety of their products and services across their life cycle. Ensuring product safety is essential for consumer well-being.

The indicator that is highlighted and most relevant is the Assessment of the health and safety impacts of product and service categories (GRI 416-1). By using this indicator, RAM can determine whether companies consider health and safety risks while designing and delivering their products and services.

S3-Promoting equality and non-discrimination at work

The most relevant GRI standards for S3 are GRI 405 – Diversity and Equal Opportunity, and GRI 406 Non-discrimination. These standards focus on how companies treat everyone the same and provide opportunities for all employees. GRI 405 focuses on how a company handles equality of opportunity and diversity in the workplace, and GRI 406 covers non-discrimination.

The most relevant indicators that are highlighted by the GRI standards are: Diversity of governance bodies and employees (GRI 405-1), and Incidents of discrimination and corrective actions taken (GRI 406-1). These indicators allow RAM to evaluate how well a company handles discrimination issues and how diverse its staff members are.

G1-Protect integrity by preventing corrupt phenomena

GRI 205: Anti-Corruption is the most relevant GRI Standard for this criterion. This is because it focuses on how companies recognise, prevent, and address corruption risks within their operations. Corruption creates significant legal and financial risks, and it can damage reputation and trust.

The two most relevant indicators from GRI 205 are: Communication and training about anti-corruption policies and procedures (GRI 205-2), and Confirmed incidents of corruption and actions taken (GRI 205-3). These indicators allow RAM to evaluate if companies are actively educating employees and addressing any incidents that occur.

G2-Business ethics and efficiency, risk mitigation and sustainability goals

For this criterion, the Topic Standards (GRI 201 – GRI 418) are again not used, however, the Universal Standards (GRI 1/2/3) are used for criterion G2, especially GRI 2 and 3. As mentioned before, GRI 2 give information on reporting procedures as well as other organisational details, such as governance and policies. GRI 3 gives guidelines on how to determine material topics.

The most important indicator of GRI 2 is Processes to remediate negative impacts (GRI 2-25). The most important indicator of GRI 3 is Management of material topics (GRI 3-3). GRI 3-3 focuses on describing actual impacts on the economy, environment, and people. It also reports on actions to mitigate potential negative impacts and reports on tracking the effectiveness of actions taken.

<u>G3- Moral principles and values in behaviour and decision-making</u>

For this criterion, the most relevant GRI standard is again GRI 2. The most important indicators that belong to this criterion are: Governance structure and composition (GRI 2-9), Role of the highest governance body in overseeing the management of impacts (GRI 2-12), and Communication of critical concerns (GRI 2-16). These indicators enable RAM to determine how well a company identifies its ethical standards through its governance structure, overseeing of management oversight, and internal communication.

With the use of the mentioned ESG indicators, a format for ESG screening is made. This format can be found in Appendix J, it has the form of a questionnaire. This allows the customers to provide the relevant ESG information directly to RAM (the insurance broker) in a structured and standardised way. This enables RAM to compare its customers based on the same set of ESG criteria, which are supported by GRI standards.

5.3 Evaluation of the solution

This evaluation is based on the researcher's interpretation of the insights gained within this research. The evaluation mainly reflects on how the ESG screening solution could work in practice, based on the current situation at RAM, internal information, academic sources, and the surveys and interviews.

RAM has to change its present screening procedures in order to integrate the ESG indicators into its customer screening process. As discussed in Chapter 3 (RAM's current screening process), RAM their current focus is mostly on legal requirements, such as the TDD and UBO investigations. The goal of these investigations is to minimise the possibility of financial crime, such as money laundering. RAM's current screening process includes no systematic or standardised ESG part, which screens the ESG risks of a company. With the development and use of the format in Appendix J, additional data will be collected during the customer onboarding process. This additional data also needs to be stored and compared in a structured way, which can cause adjustments in the internal procedures. By including this ESG format in the current screening process, RAM will benefit from this by being able to evaluate and compare its customers on these ESG indicators. Based on these evaluations and comparisons, RAM can make certain decisions based on the insights into ESG performance and risks of customers.

By using the ESG format, RAM is for example, able to identify differences between customers that prioritise sustainability and/or ESG performance, and customers who are not focused on sustainability and/or ESG performance. This information can help RAM make more ESG supporting decisions. Also, based on this kind of information, RAM can start the discussion with a customer about making certain parts of their organisation more ESG focused. These ESG indicators can also be used in the future for the pricing of certain services or even the exclusion of some customers. However, for pricing and exclusion, a kind of scoring/rating system is needed. Including ESG within customer screening, helps RAM in matching their operations with regulatory rules and regulations around ESG performance/risks. As mentioned earlier in this research, there is a plan to significantly lower the EU's sustainability reporting standard by postponing the CSDDD's implementation to 2028 and lowering the number of companies required by the CSRD. However, it remains very important the prepare for the implementation of these regulations, by including these ESG indicators in RAM their screening process, they make large steps in prioritising ESG within their own operations and operations of their value chain.

In addition to ensuring regulatory compliance, including ESG indicators within the screening process improves RAM their reputation as an insurance broker. This shows that RAM is aware of sustainability and ESG. It shows certain stakeholders, such as insurers and customers, that RAM is focusing on ESG performance and sustainability goals.

5.4 Conclusion

The goal of this chapter was to translate the nine most important ESG criteria (from Section 4.6) into measurable indicators that can be used for customer screening. Another goal of this chapter was to give an evaluation of the solution. Achieving these goals was guided by answering research question 5: *"What indicators should be included in the ESG screening to compare RAM's customers, and how will this inclusion of ESG factors impact RAM's operations?"*

The first part of this research question is answered with the help of the Global Reporting Initiative (GRI), the GRI is used as the source for selecting the ESG indicators. The ESG criteria were connected with relevant GRI standards, and after that with relevant and comparable ESG indicators. These indicators form the basis of the screening process that screens the customers of RAM on their ESG risks. This gives insights into the ESG performance of their customers, which results in the situation where RAM can compare their customers transparently. This format for the screening process can be found in Appendix J, which has the form of a questionnaire.

The second part of the fifth research question is answered with the help of the interpretation of the researcher, which was based on the insights gained from the complete research. The impact of including ESG indicators in the screening process is evaluated. It is concluded that including the ESG format in the screening process can improve decision-making, prepare RAM for upcoming regulations, and position RAM as an insurance broker that focuses on ESG performance and sustainability goals and regulations.

Chapter 6 – Conclusion

This chapter will conclude this research. In Section 6.1, the main conclusion of this research is provided. In Section 6.2, there is reflected on the research and the limitations are discussed. In Section 6.3, possibilities for future research are explained. This chapter is concluded in Section 6.4, where the policy implications are discussed.

6.1 Final Conclusion

This research investigated how a customer of an insurance broker can be screened on their ESG risks and how this process would influence the operations of the insurance broker RAM. To structure this research, the research was divided into five sub-research questions to answer the main research questions. The main research question of this research was:

How can a customer of an insurance broker be screened on ESG risks, and how does it impact the overall screening operations of RAM?

The literature indicated that ESG is becoming a more and more important aspect in the financial sector, however, there is no generally recognised framework or set of standard indicators specifically for the insurance industry that assesses/screens customers on ESG risks. The first sub-research question was focused on identifying a list of key criteria that can be used for screening customers on ESG risks. To answer this question, the ESG criteria mentioned by Tajani et al. (2024) are indicated as a starting list of the key ESG criteria used for customer screening within this research. This is the most up-to-date ESG criteria set available in the literature that fits this research.

The literature also indicated that the main ESG rating agencies have their focus mainly on large and publicly listed companies, instead of the requirements of insurance brokers. ESG rating agencies, such as Sustainalytics and Moody's, differ in their measurement, criteria, and weights that they use. This results in a lack of comparability and varying ESG ratings. Furthermore, the main ESG rating agencies lack transparency in their methodology for rating companies on their ESG. This results in insurance brokers finding it difficult to depend on such rankings. This also indicates that insurance brokers like RAM should create/develop an ESG screening process that fits their requirements and portfolio.

The context analysis on the current screening method of RAM indicated that at the moment, the customer due diligence (on behalf of the insurer) is in line with financial regulations, such as Wft, Wwft, and the Sanctions Act. However, ESG risks of the customers are not screened (systematically). RAM does not currently use a structured or standardised ESG format, also any ESG-related information is not requested often. RAM can rely on the same data as provided by customers to Rabobank, but only if customers have given their approval to do so and if the data is recent enough.

The fourth research question focused on determining the most important ESG criteria for customer screening in the insurance industry. An adjusted Delphi method was used, consisting of a structured survey followed by semi-structured interviews with internal and external experts. Nine important ESG criteria were identified, and from each ESG pillar, three criteria were selected. The ESG criteria can be found in Table 5 (in Section 4.6). Identifying three criteria from each ESG pillar resulted in a balanced approach.

The ESG screening format (Appendix J) was developed with indicators derived from the GRI standards. For each of the nine most important ESG criteria, a set of indicators was chosen based on the GRI standards. This format enables RAM to assess ESG risks in a structured manner, utilising the qualitative and quantitative indicators from the GRI standards. The integration of this ESG format into the current screening process can lead to improved decision-making for RAM, prepare RAM for upcoming regulations such as CSRD and CSDDD, and present RAM as an insurance broker that prioritises sustainability objectives and regulations, and ESG performance.

To conclude, this research developed an ESG screening format that meets the needs of an insurance broker such as RAM. By using the format, a customer gets screened on the most important ESG criteria with the help of indicators that are supported by GRI. As an insurance broker, you receive interesting information about the ESG performance and risks of the customer, and be prepared for new regulations. Although there are some challenges, such as data availability and quality.

6.2 Discussion & Limitations

The results of this research provide new information on how insurance brokers, like RAM, can screen customers for ESG risks in a structured way. The ESG format provides a framework/questionnaire for improved ESG risk evaluation and regulatory compliance in the insurance industry by screening key ESG risks. This format can be helpful for other brokers, insurers, or other financial organisations that want to improve their ESG management, even though this screening format was created with RAM in mind.

It is important to mention that the ESG format (Appendix J) and the recommendations made for this solution (Section 4.5.2) are mainly based on the opinions and insights of the experts who were surveyed and interviewed. These experts were selected on their knowledge and experience within their relevant industry, however, the results of this research are still based on personal opinion. There is always a little chance that opinions might be biased or based on false assumptions. However, the experts were very enthusiastic and helpful to help the researcher with the research on ESG, so it is not expected that the experts gave false information on purpose. The recommendations (Section 4.5.2) were also checked with available literature and online sources. These sources indicated that the recommendations were relevant and useful, and do not recommend nonsense. It is, however, still important to keep in mind that the results and findings in this research are mainly based on expert opinions.

There are some other limitations attached to this research that have to be kept in mind:

1. The time limit for this master's thesis is the first limitation. The research had to be completed within a time limit, which resulted in that not all aspects could being investigated. One of these aspects is that the ESG screening format could not be tested and evaluated in a real-world situation. In the ideal situation, the screening format had been used on a real customer case, and possible implementation problems could be indicated.
2. We did not have access to customer data from RAM/Rabobank due to privacy issues. This resulted in that there was no ESG-related data available for this research. This meant that instead of using actual customer data, the research had to base its results on surveys and interviews.
3. Another limitation is that there was no specific literature available on ESG screening for insurance brokers. The available literature that was used within this research was mostly about the value chain of the insurance industry.
4. The participation group that answered the survey and had been interviewed were a few people. However, the response rate was high, but the number of people was quite low due to the participants' criteria. One of these criteria was that participants needed five years of

relevant working experience. A bigger participation group could have led to different results or conclusions.
5. The last limitation is that the ESG/sustainability environment is changing very fast. This could result in some results or recommendations needing to be updated to stay in line with current changes in ESG-related regulations or guidelines.

In addition to the limitations of the research, are there also some limitations associated with the ESG screening solution itself. While RAM is regulated by privacy guidelines, it can rely on the same data that is provided by the customers to the Rabobank. However, customers need to give their approval to do so, and the data is sufficiently recent. In cases where such approval is not granted or the data is outdated, certain ESG-related information must be collected again from the customers. This could lead to work that has already been done, and so extra work for RAM and the customer. Finally, this could lead to dissatisfaction among certain customers and more workload internally at RAM.

Another limitation of the ESG screening procedure is that customers need to supply their data directly to RAM. This can result in customers not providing enough information, for example, when they answer the format with insufficient detail. Also, some customers might not be familiar with GRI standards or have no experience with providing data for ESG screening. This could again lead to insufficient detail in the answer or inconsistencies in the answers. This can make it hard for RAM to guarantee that it is possible to compare the different customers.

6.3 Future research

Based on the results, discussion, and limitations of this research, some suggestions for future research are formulated:

1. As mentioned in the limitations, the ESG screening format (Appendix J) could not be tested in a real-world situation. A recommendation for future research is to investigate the real-world implementations of the screening format. Investigating this implementation can give insights into practical challenges and recommendations.
2. Another suggestion for future research is to do the survey and interviews with a bigger group of stakeholders. The group that filled in the survey was limited to eight people, and five people were interviewed. When a bigger group of participants will be participating in the survey and interview, more and different opinions and insights can be collected.
3. In the analysis of the interview results (Section 4.5.2), it is mentioned that Artificial Intelligence (AI) can help in processing ESG-related information from the customer. It needs to be further investigated how AI can specifically help in automating ESG screening.
4. The last recommendation for future research is to investigate how an organised and structured data format can be developed in order to improve the connection and communication between brokers, insurers, and customers. This research can focus on how the ESG-related data can be collected in an efficient way and how a shared format can be implemented, if this is possible.

6.4 Policy implications

This section describes how RAM could implement the ESG screening format (Appendix J) into its operational procedures to make the format less abstract and more useful in real-world situations. The implementation of the format falls outside the scope of this research, however, descriptive recommendations for using the ESG screening are given within this final section of the research.

The ESG screening format (Appendix J) is a questionnaire based on the nine most important ESG criteria supported by experts. The purpose of these questions is to help insurance brokers evaluate the ESG risks of their customers practically. The format enables RAM to collect ESG information from clients in a consistent and comparable way, with the use of qualitative and quantitative indicators.

As mentioned before in this research, ESG-related risks are not systematically evaluated within RAM its customer due diligence. The developed ESG format can be integrated into RAM's operations with the help of a digital tool or application. Customers can fill in the ESG format/questionnaire digitally via an online screening portal. Their answers can be automatically analysed and scored according to defined ratings and weights. These answers can be shown in a dashboard, which gives a good overview of the indicators, and this enables visual comparison between customers and can result in follow-up actions. Examples of these actions can be reaching out to customers who score poorly on certain ESG indicators or offering advice to certain customers on how they can better perform on these indicators. If RAM wants to, they can decide to exclude customers that score below a certain ESG level.

RAM can improve its efficiency further by focusing on the automation of its current screening process, which will reduce the manual workload and administrative burden. The ultimate efficiency will be reached if the bank and the insurance screening could be combined in one client screening. Developing a standardised but legal data-sharing format for Rabobank and RAM will also enhance this cooperation between the two. This will not only reduce the workload burden of RAM, but will also greatly lower the customer service by asking for all the needed information at once. In the ideal situation, the digital ESG screening part will also be integrated within this client screening procedure. This will result in one screening operation for both Rabobank and RAM, and it includes an ESG screening part.

The ESG screening procedure can form the basis for a Decision Support System (DSS). A DSS is a computer program that can assist in making decisions, assessments, and plans of action in an organisation. A DSS evaluates amounts of data and collects information to solve decision problems (Segal, 2025). The DSS can use the answers given to the format to generate, for example, ESG risk scores. This would enable RAM to use this ESG information to make consistent decisions. From an engineering perspective, the screening procedure could be seen as a system that needs coordination between the following different aspects: Data input (customers' answers), processing of the data, and the output (dashboards or risk scores). RAM can think of certain engineering optimisations in order to improve this system over time.

Lastly, RAM should keep in mind the mentioned key points of attention in Section 4.5.2 that were identified through the interviews with the experts. These points can influence the acceptance and success of the ESG screening solution, such as data structure and collaboration between the stakeholders.

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Appendix

Appendix A- ESG risk management methods/frameworks

The Principles for Sustainable Insurance

The Principles for Sustainable Insurance (PSI) act as a global initiative to enhance the insurance industry's role as risk managers, insurers, and investors in creating resilient, inclusive, and sustainable economies and communities, as well as a global framework for the insurance industry to handle ESG risks and opportunities (United Nations, 2020). The four principles are as follows (United Nations, 2012):

- Principle 1: "We will embed in our decision-making environmental, social, and governance issues relevant to our insurance." Examples can be to identify, evaluate, manage, and monitor ESG issues in business operations by establishing a corporate strategy at the board and executive management levels. And also to create procedures to recognise and evaluate issues related to ESG that are presented in the portfolio.
- Principle 2: "We will work together with our clients and business partners to raise awareness of ESG issues, manage risk and develop solutions". An example of this principle is to discuss the advantages of addressing ESG issues with customers and suppliers, as well as the organisation's needs and expectations about these issues.
- Principle 3: "We will work together with governments, regulators, and other key stakeholders to promote widespread action across society on environmental, social, and governance issues". For example, the collaboration with non-governmental and governmental organisations to promote sustainable development by offering knowledge on risk transfer and management.
- Principle 4: "We will demonstrate accountability and transparency in regularly disclosing our progress in implementing the principles publicly". This principle is meant, for example, to evaluate, quantify, and track the business's progress in handling ESG issues, and proactively and frequently make this information available to the public.

United Nations ESG Guide for PSI

The implementation of the PSI, especially Principle 1: "We will embed in our decision-making environmental, social, and governance issues relevant to our insurance", is central to this United Nations (UN) ESG guide. The guide has different goals that it wants to achieve (United Nations, 2020):

- Advise on how to evaluate ESG risks in non-life insurance agreements, especially in the commercial and industrial sectors
- Help stakeholders in providing information on ESG for due diligence
- Highlight the significance of ESG risks for different industries and business sectors
- Address stakeholder concerns about ESG risks and describe the unique aspects of the insurance sector
- Highlight the insurance sector's contribution to sustainable development and its position in the global economy

The guide defines eight areas that include possible steps for insurers to take to reduce ESG risks, with a focus on risk assessment and insurance underwriting. These eight areas are (United Nations, 2020):

1. Developing the ESG approach
    - ESG risks can differ depending on a number of aspects, including client characteristics, economic sectors, business lines, kind of coverage, and country/location.

2. Establishing the ESG risk appetite
   - The ESG risks that an organisation chooses to concentrate on will differ from others. The focus will be determined by a number of determinants, such as the nations in which the organisation operates and the kinds of insurance business the organisation conducts.
3. Integrating ESG issues into the organisation
   - Multiple companies take different approaches when it comes to managing ESG risks. New organisations might think about the types of internal advice they require, such as setting up a strategy for identifying and prioritising risks, instructions for handling risks, and a decision-making escalation.
4. Establishing roles and responsibilities for ESG issues
   - Organisational structure, internal culture, and size can all have an important effect on how responsibilities and roles are defined for ESG issues.
5. Escalating ESG risks to decision-makers
   - Determining the escalation path to decision-making is crucial after roles and responsibilities for ESG issues are defined. ESG risks will almost certainly be identified, needing an assessment by management.
6. Detecting and analysing ESG risks
   - Implementation needs to be taken into account when the risk appetite has been determined for the most important ESG issues, sectors, and business lines.
7. Decision-making on ESG risks
   - It needs to be considered how serious the ESG risk is and whether this is an ongoing concern for the project or firm when an ESG risk is analysed.
8. Reporting on ESG risks
   - It is important to keep track of the ESG risk assessments and recommendations as the ESG strategy evolves to analyse its effectiveness intern.

Two heat maps are included in the guide. These heat maps are high-level, optional guidance tools that give organisations an understanding of the possible ESG risk levels across lines of domains and economic sectors. Every organisation should use or change elements of the heat map according to its own risk appetite and risk management strategy for various ESG issues. A company may decide to create its own heat map.

<u>ESG-driven approach for insurance companies</u>

The paper of Khovrak (2020) discusses how to assess insurance businesses' capacity and operations to manage their sustainable development using an ESG-driven approach. The paper also highlighted that the best assessment for evaluating insurance businesses' ability to manage their sustainable development using an ESG-driven approach is the Company ESG Risk Rating (Sustainalytics). It also showed that there exists a strong correlation between the mean ESG risk and Sustainable Development Goals (SDGs) performance.

In the paper, the best practices are concluded for applying the ESG-driven approach to manage sustainable development, as can be seen in Figure 3 (Khovrak, 2020).

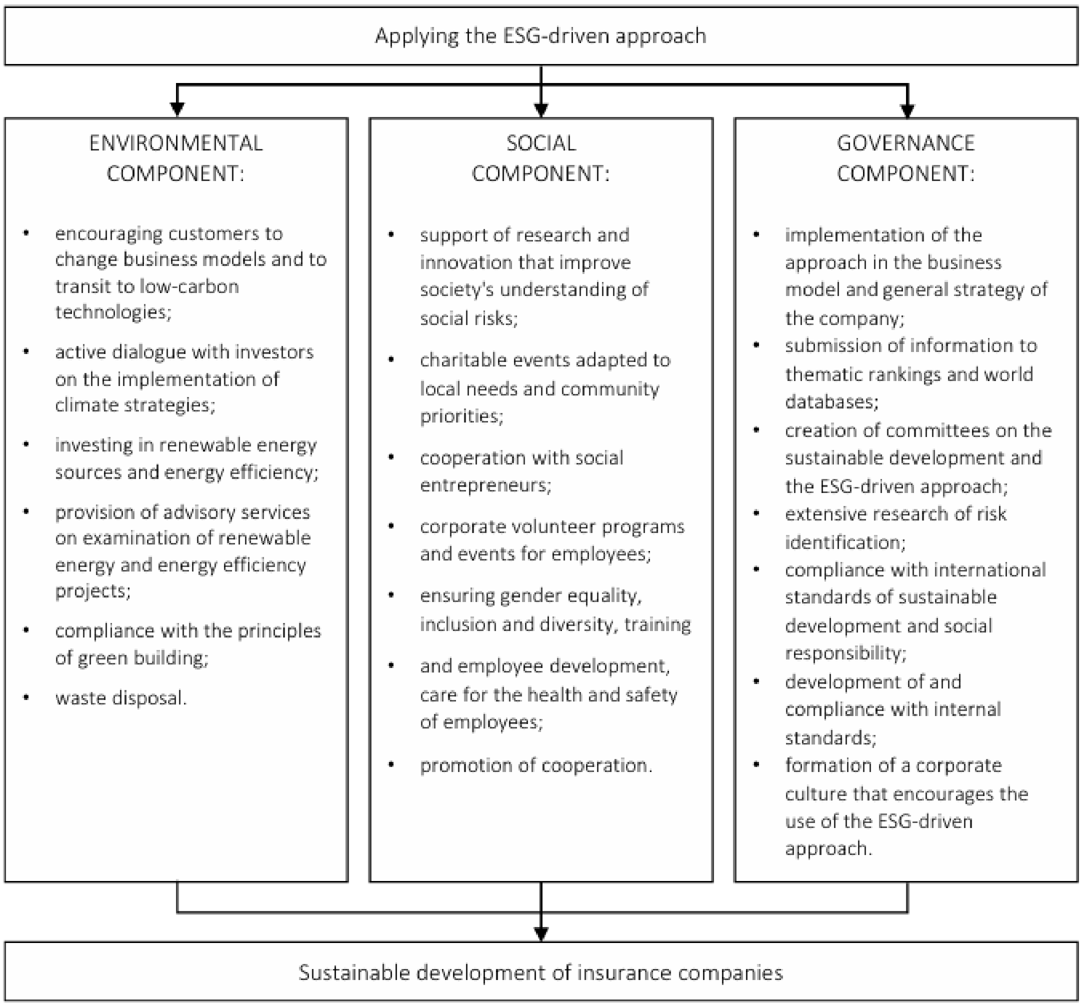


Figure 3 ESG-driven approach (Khovrak, 2020)

Guide of the Dutch Central Bank

The Dutch Central Bank (DNB) provides resources for insurers to efficiently handle environmental and climate-related risks. This guide offers suggestions for integrating these risks into financial organisations' risk management and business plans. In the guide, a program is included with a roadmap and action plan to raise internal awareness and track the development of technical and physical transition risks. The following business subjects are affected by climate change and environmental degradation according to the guide: Business model strategy, internal governance, risk management, and reporting (DNB, 2025).

European Banking Authority guide

Guidelines on the management of ESG risks were released by the European Banking Authority (EBA). According to the guidelines, institutions must identify, measure, manage, and monitor ESG risks, including implementing strategies to guarantee their resilience over the short, medium, and long term. The guidelines outline the information that institutions must include in their strategies for tracking and managing the financial risks associated with ESG issues, particularly those resulting from the process of adjusting to the goal of the EU to become carbon neutral by 2050 (EBA, 2025).

The Ten Principles of the UN Global Compact

Values and principles-based approaches to business are the basis for business sustainability. Wherever they operate, ethical companies maintain the same principles and norms. This is because they understand that positive behaviours on one side do not make up for negative ones on the other side. In addition to meeting their basic responsibilities to people and the environment, businesses are establishing the basis for long-term success by integrating the following ten principles (United Nations, 2004):

1. Companies need to support and defend the protection of globally declared human rights
2. Verify that they are not involved in violations of human rights
3. Companies must honour the right to collective bargaining and the freedom of association
4. The removal of mandatory and forced work in all its forms
5. The effective restriction of child labour
6. The elimination of discrimination in the workplace
7. Companies should encourage a precautionary approach to environmental issues
8. Take action to encourage increased environmental responsibility
9. Promote the creation and adaptation of eco-friendly technologies
10. Companies need to tackle corruption in all of its forms

Principles for Responsible Investment

Insurance companies are part of the largest institutional investors in the world. Investment management is, therefore, a useful tool for managing sustainability-related issues. The long-term investment horizon is also essential. The Principles for Responsible Investment (PRI) are among the most important rules covering sustainability in investments (Barrera & Wagner, 2023).

The PRI are as follows (PRI, 2004):

- Principle 1: “We will incorporate ESG issues into investment analysis and decision-making processes.”
  - The promotion of the development of tools, measures, and analysis associated with ESG
- Principle 2: “We will be active owners and incorporate ESG issues into our ownership policies and practices.”
  - For example, the creation of a capacity for engagement
- Principle 3: “We will seek appropriate disclosure on ESG issues by the entities in which we invest.”
  - An example can be that ESG reporting needs to be standardised
- Principle 4: “We will promote acceptance and implementation of the principles within the investment industry.”
  - The use of benchmarking tools for ESG integration
- Principle 5: “We will work together to enhance our effectiveness in implementing the principles.”
  - For example, working together to handle important new issues
- Principle 6: “We will each report on our activities and progress towards implementing the principles.”
  - An example can be to describe how investment strategies integrate ESG considerations

Appendix B - ESG risk management guidelines and regulations/laws

<u>UN Sustainable Development Goals</u>

A common roadmap for world peace and prosperity, for now and the future, is provided by the 2030 Agenda for Sustainable Development. The 17 Sustainable Development Goals (SDGs), which are urgent aspects for action for all nations in a global partnership, are at the centre of this agenda. These goals address climate change and strive to protect our oceans and forests. They understand that eliminating poverty and other forms of deprivation must be supported by policies that enhance health and education, reduce inequality, and promote economic growth.

The 17 SDGs are as follows (United Nations, 2015):

1. No poverty – Bringing an end to poverty everywhere it exists
2. Zero hunger – Bringing an end to hunger, enhancing nutrition, securing food, and advancing sustainable agriculture
3. Good health and well-being – Making sure that everyone, regardless of age, leads a healthy life and supports well-being
4. Good education – Making sure that everyone has access to high-quality, inclusive education and promoting possibilities for lifelong learning
5. Gender equality – Ensure gender equality, and also empower all women and girls
6. Clean water and sanitation – Making sure that water and sanitation are accessible and managed sustainably for everyone
7. Affordable and clean energy – Making sure that everyone has access to dependable, modern, affordable, and sustainable energy
8. Decent work and economic growth – The promotion of decent work for all, full and productive employment, and consistent, inclusive, and sustainable economic growth
9. Industry, innovation and infrastructure – The creation of robust infrastructure, support of sustainable and inclusive industrialisation, and stimulation of creativity
10. Reduced inequalities – Minimise the inequalities both inside and between nations
11. Sustainable cities and communities – The creation of inclusive, resilient, secure, and sustainable cities and human settlements
12. Responsible consumption and production – Making sure that patterns of production and consumption are sustainable
13. Climate action – The fast action to minimise the effects of climate change
14. Life below water – The protection and responsible use of the seas, oceans, and marine resources
15. Life on land – The protection of the environment by recovering damaged land, preventing the extinction of plants and animals, the stop of desert expansion, managing forests carefully, and using land responsibly
16. Peace, justice and strong institutions – They encourage peaceful and inclusive communities for long-term growth, ensure that everyone has access to justice, and create inclusive, efficient, and responsible institutions at all levels
17. Partnerships for the goals – The promotion of support and teamwork worldwide to achieve sustainable development

These 17 SDGs, with their 169 targets, are the most important aspects that are included within the 2030 Agenda.

Paris Agreement on Climate Change

In terms of sustainable development and efforts to end poverty, the Paris Agreement wants to strengthen the global response to the threat of climate change. The most important things that this agreement aims for are (United Nations, 2015):

- Keep the rise in the global average temperature well below 2 degrees over pre-industrial levels and try to limit it to 1.5 degrees over pre-industrial levels. This would greatly reduce the risks and impacts of climate change.
- Improve the capacity to adapt to the negative effects of climate change and promote climate resilience and low greenhouse gas emissions. Do this in a way that it would not threaten food production.
- Ensure that the available money is used in order to support low pollution and climate-friendly growth

Sendai Framework for Disaster Risk Reduction

The third United Nations World Conference on Disaster Risk Reduction developed the Sendai Framework for Disaster Risk Reduction 2015-2030. The framework aims at achieving the following: A significant decrease in the risk of disasters and the damages they cause to people's lives, and health as well as to the financial, material, social, cultural, and environmental resources of everyone. States at the local, national, regional, and international levels must take specific steps in the following four priorities (United Nations, 2015):

- Priority 1: "Understanding disaster risk."
- Priority 2: "Strengthening disaster risk governance to manage disaster risk."
- Priority 3: "Investing in disaster risk reduction for resilience."
- Priority 4: "Enhancing disaster preparedness for effective response and to 'Build Back Better' in recovery, rehabilitation and reconstruction"

Sustainable Finance Disclosure Regulation

Since 2021, the Sustainable Finance Disclosure Regulation (SFDR) has been in operation. The SDGs and the Paris Agreement are the basis of the SFDR. The SFDR aims to enhance end investors' access to information on the sustainability effects of financial market participants' investment choices and investment policies. All participants in the financial market must adhere to the SFDR.

The SFDR provides disclosure guidelines for financial experts and market participants regarding (AFM, 2021):

- The evaluation of negative sustainability effects at the organisation and product levels in investment policies or recommendations
- The sustainability risk integration, sustainability risk policies, and compensation policies concerning sustainability risk integration

Corporate Sustainability Reporting Directive

The Corporate Sustainability Reporting Directive (CSRD) started on January 5, 2023. It updates and improves the regulations related to the social and environmental information that organisations must provide. Sustainability reports will now be expected from a wide range of large companies. The new regulations will guarantee that stakeholders and investors have access to the data they require to evaluate how organisations affect people and the environment. They can also evaluate the financial risks and possibilities associated with sustainability issues. Organisations that must comply with the

CSRD must use the European Sustainable Reporting Standards (ESRS) for their reporting (European Commission, 2023).

Corporate Sustainability Due Diligence Directive

The goal of the Corporate Sustainability Due Diligence Directive (CSDDD) is to promote responsible and sustainable organisational behaviour throughout their global value chains. The main aspect of this directive is to identify and resolve any actual or possible negative effect on human rights and the environment in the company's activities, its subsidiaries, and those of its business partners. Furthermore, the directive requires that large companies adopt and implement to the best of their capabilities a transition plan for minimising climate change that is in line with the Paris Agreement and intermediate goals set by the European Climate Law (European Commission, 2024).

Different initiatives in the industry

There are also different initiatives to improve sustainability or give attention to the importance of sustainable behaviour. An example is the UN-convened Net-Zero Asset Owner Alliance (NZAOA), which is a member-led movement of institutional investors. They aim to shift their portfolios to net-zero GHG emissions by 2050, which is consistent with a maximum temperature increase of 1.5 degrees. The Alliance members are the first in the financial sector to establish intermediate goals, such as CO2 reduction levels of 22-32% for 2025 and 40-60% for 2030 (United Nations, 2019). Another initiative is the Forum for Insurance to Net Zero (FIT), which is an organisation hosted by the UN that supports the insurance industry and other important stakeholders on the way to climate action. The FIT also works together with the scientific and academic community, insurance regulators, and supervisors. The goal of the FIT is to promote the acceleration and scaling up of the transition to a resilient net-zero economy, also by expanding the collaboration with the global insurance business (United Nations, 2023).

Appendix C – ESG criteria from Berg et al. (2022)

	Sustainalytics	RobecoSAM	Asset4	Vigeo Eiris	MSCI	KLD
Access to Basic Services	2		1		1	1
Access to Healthcare	6	3	1		1	1
Animal Welfare	2		1			
Anti-competitive Practices			2	1	1	1
Audit	4		5	1		
Biodiversity	1	1	3	1	1	2
Board	6		25	1	1	
Board Diversity	2		1			3
Business Ethics	4	2	1		1	1
Chairperson-CEO Separation	1		1			
Child Labor			1	1		1
Climate Risk Mgmt.		2	1		1	2
Clinical Trials	1		1			
Collective Bargaining	2		1	1		
Community and Society	3	6	10	1		1
Corporate Governance		1			1	
Corruption	2		1	1	1	1
Customer Relationship	1	1	7	1		2
Diversity	2		9	1		3
ESG Incentives	1	1				
Electromagnetic Fields	1	1				
Employee Development	1	2	13	1	1	3
Employee Turnover	1		1			
Energy	3	6	5	1	2	1
Environmental Fines	1		1			1
Environmental Mgmt. System	2		1			1
Environmental Policy	4	2	4	2		
Environmental Reporting	2	1	1			
Financial Inclusion	1				1	1
Forests	1	1				
GHG Emissions	5		5	1		1
GHG Policies	3	2	4			
GMOs	1	1	1			
Global Compact Membership	1		1			
Green Buildings	5	2	1		1	1
Green Products	7	1	20	1	2	1
HIV Programs	1		1			
Hazardous Waste	1	1	1		1	
Health and Safety	7	1	7	1	1	2
Human Rights	2	1	5	1		5
Indigenous Rights	1		1			1
Labor Practices	3	1	16	4	1	3
Lobbying	3	1		1		
Non-GHG Air Emissions	1		2			
Ozone-Depleting Gases	1		1			
Packaging		1			1	1
Philanthropy	3	1	2	1		1
Privacy and IT	1	3			1	2
Product Safety	2	2	13	3	2	6
Public Health	1	3			1	2
Recycling					1	
Remuneration	4	1	15	2	1	4
Reporting Quality	3		5			1
Resource Efficiency	1	3	6			
Responsible Marketing	3	3	1	1		1
Shareholders			16	1		
Site Closure	1	1				
Supply Chain	21	3	4	4	3	6
Sustainable Finance	9	5	3		3	4
Systemic Risk		1			1	1
Taxes	2	1	1			
Toxic Spills	1		2			1
Unions			1			1
Waste	3	2	4	1		3
Water	2	2	3	1	1	2
Unclassified	7	7	42	1	34	2
Sum	163	80	282	38	68	78

Figure 4 Overview of ESG criteria (Berg, Kölbel, & Rigobon, 2022)

Appendix D – ESG criteria of Tajani et al. (2024)

Table 6 Overview of ESG criteria, Tajani et al. (2024)

E	Optimisation and efficiency of the production and distribution process of goods, products and services	Integrating eco-efficiency practices into production processes
	Planning and improvement of practices to reduce negative environmental impacts	Installation, maintenance and repair of renewable energy technologies
	Waste management and recycling strategies	Diffusion of clean technologies
	Pollution prevention and control	Protection and restoration of biodiversity and ecosystems
	Sustainable use and protection of water resources	Climate change management and mitigation
S	Responsible marketing and investment practices	Promoting sustainable social development
	IT security and data protection, and privacy	Protection and respect for the consumer
	Ensuring healthy and safe products and services	Ensuring respect for human rights
	Promotion of decent work	Promoting equality and non-discrimination at work
	Promoting community growth and inclusion	
G	Transparency in remuneration and tax planning	Moral principles and values in behaviour and decision-making
	Transparency of sustainable goals and targets	Diversity of board members
	Protect integrity by preventing corrupt phenomena	Effective and transparent brand management
	Lobbying and responsible political engagement	Prevention of hostile takeover bids
	Business ethics and efficiency, risk mitigation and sustainability goals	

Appendix E – Survey questions (English)

General information

1. In which industry do you work?
    a. Answer:
2. How would you describe your work role?
    a. Answer:
3. For how many years have you been in this industry?
    a. Answer:

The importance of the ESG criteria

4. How important do you think all these ESG criteria are when screening customers on ESG? (1 is not important at all, 5 is very important)

Environment

	Grade		Grade
Optimisation and efficiency of the production and distribution process of goods, products and services		Integrating eco-efficiency practices into production processes	
Planning and improvement of practices to reduce negative environmental impacts		Installation, maintenance and repair of renewable energy technologies	
Waste management and recycling strategies		Diffusion of clean technologies	
Pollution prevention and control		Protection and restoration of biodiversity and ecosystems	
Sustainable use and protection of water resources		Climate change management and mitigation	

Social

	Grade		Grade
Responsible marketing and investment practices		Promoting sustainable social development	
IT security, data protection and privacy		Protection and respect for the consumer	
Ensuring healthy and safe products and services		Ensuring respect for human rights	
Promotion of decent work		Promoting equality and non-discrimination at work	
Promoting community growth and inclusion			

Governance

	Grade		Grade
Transparency in remuneration and tax planning		Moral principles and values in behaviour and decision-making	
Transparency of sustainable goals and targets		Diversity of board members	
Protect integrity by preventing corrupt phenomena		Effective and transparent brand management	
Lobbying and responsible political engagement		Prevention of hostile takeover bids	
Business ethics and efficiency, risk mitigation and sustainability goals			

5. Can you rank the three ESG pillars, Environment, Social, and Governance, in order of importance for customer screening? (1 is the most important, and 3 is the least important)
   1 =
   2=
   3=

Open questions

6. Do you think any ESG criteria are missing from the list that need to be taken into account when screening potential customers on ESG? If yes, which one(s)?
   a. Answer:
7. Do you see challenges in the implementation of ESG screening on customers? If yes, which one(s)?
   a. Answer:
8. How do you think ESG screening will change/evolve over the next five to ten years? For example, is it only going to become more important?
   a. Answer:
9. If you want to add some extra information, you can do that here.
   a. Answer:

Appendix F – Survey questions (Dutch)

Algemene informatie

1. In welke branche werkt u?
    a. Antwoord:
2. Hoe zou u uw werk omschrijven?
    a. Antwoord:
3. Hoeveel jaar zit je al in deze branche?
    a. Antwoord:

Het belang van de ESG-criteria

4. Hoe belangrijk vindt u al deze ESG-criteria bij het screenen van klanten? (1 is helemaal niet belangrijk, 5 is zeer belangrijk)

<u>Environment</u>

	Cijfer		**Cijfer**
Optimalisatie en efficiëntie van het produtie- en distributieproces van goederen, producten en diensten		Eco-efficiëntie praktijken integreren in productieprocessen	
Planning en verbetering van praktijken om negatieve milieueffecten te verminderen		Installatie, onderhoud en reparative van hernieuwbare energietechnologieën	
Strategieën voor afvalbeheer en recycling		Verspreiding van schone technologieën	
Verontreinigingspreventie en -bestijding		Bescherming en herstel van biodiversiteit en ecosystemen	
Duurzaam gebruik en bescherming van waterbronnen		Beheer en beperking van klimaatverandering	

<u>Social</u>

	Cijfer		**Cijfer**
Verantwoordelijke marketing en investeringspraktijken		Duurzame sociale ontwikkeling bevorderen	
IT-beveiliging, en gegevensbesherming en privacy		Bescherming en respect voor de consument	
Zorgen voor gezonde en veilige producten en diensten		Waarborgen van respect voor mensenrechten	
Bevordering van fatsoenlijk werk		Bevordering van gelijkheid en non-discriminatie op het werk	
Groei en inclusie in de gemeenschap bevorderen			

Governance

	Cijfer		Cijfer
Transparantie in beloning		Morele principes en waarden in gedrag en besluitvorming	
Transparantie van duurzame doelen en doelstellingen		Diversiteit van bestuursleden	
Integriteit beschermen door corrupte fenomenen te voorkomen		Effectief en transparent merkenbeheer	
Lobbyen en verantwoord politiek engagement		Voorkomen van vijandige overnamebiedingen	
Bedrijfsethiek en efficiëntie, risicobeperking en duurzaamheidsdoelen			

5. Kunt u de drie ESG-pijlers, Environmental, Social, Governance, rangschikken in volgorde van belangrijkheid voor het screenen van klanten? (1 is het belangrijkst en 3 is het minst belangrijk)

    1 =

    2=

    3=

Open vragen

6. Ontbreken er volgens u ESG-criteria in de lijst waarmee rekening moet worden gehouden bij het screenen van potentiële klanten op ESG? Zo ja, welke?
    a. Antwoord:
7. Ziet u uitdagingen bij de implementatie van ESG-screening op klanten? Zo ja, welke?
    a. Antwoord:
8. Hoe denkt u dat ESG-screening zal veranderen in de komende vijf tot tien jaar? Gaat het bijvoorbeeld alleen nog maar belangrijker of minder belangrijk worden?
    a. Antwoord:
9. Als u extra informatie wilt toevoegen, kunt u dat hier doen.
    a. Antwoord:

Appendix G – Survey answers

General information

1. In which industry do you work?
    a. Bank
    b. Banking
    c. Financial Sector
    d. Insurance Company
    e. Financial Sector
    f. Insurance
    g. Insurance
    h. Financial Services

2. How would you describe your work role?
    a. Legal Counsel
    b. Policy Advisor
    c. Project Manager ESG risk & Sustainability
    d. Manager of Acceptance Companies
    e. Program Manager
    f. ESG Advisor
    g. Underwriting
    h. Director

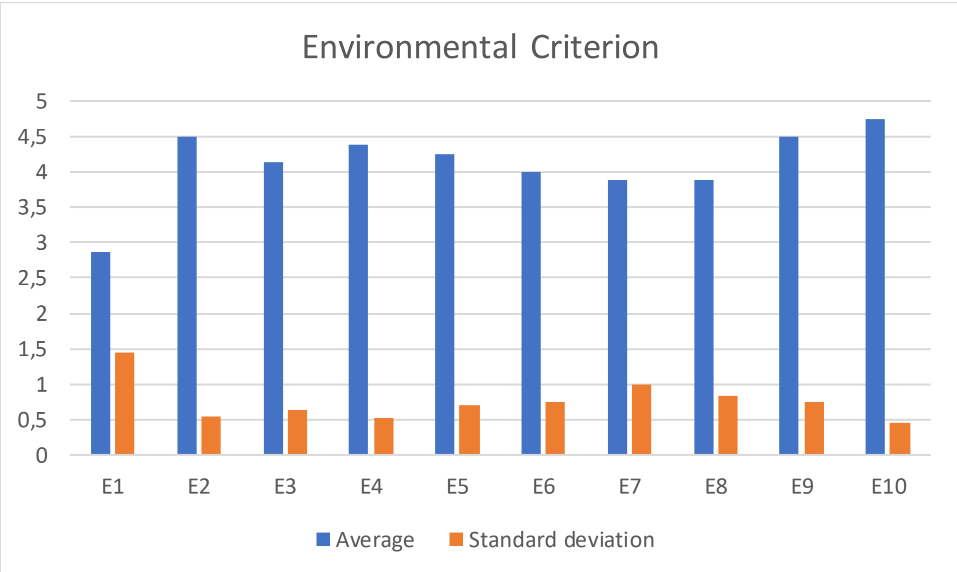
3. For how many years have you been in this industry?
    a. 7,5
    b. 6
    c. 27
    d. 23
    e. 10
    f. 25
    g. 10-15
    h. 30

The importance of the ESG criteria

4. How important do you think all these ESG criteria are when screening customers on ESG? (1 is not important at all, 5 is very important)

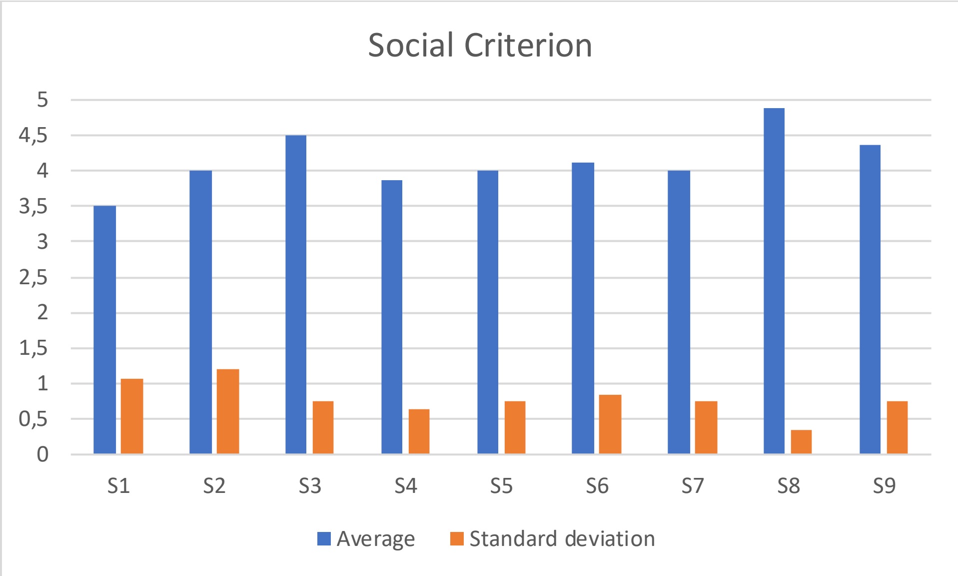
Environment

Respondent	A	B	C	D	E	F	G	H	Avg.	Std.
E1-Optimisation and efficiency of the production and distribution process of goods, products and services	2	5	5	2	3	1	2	3	2.86	1.46
E2-Planning and improvement of practices to reduce negative environmental impacts	4	5	5	5	5	4	4	4	4.5	0.53
E3-Waste management and recycling strategies	4	5	4	4	4	3	5	4	4.13	0.64
E4-Pollution prevention and control	4	5	5	4	4	4	5	4	4.38	0.51
E5-Sustainable use and protection of water resources	4	5	5	4	5	4	4	3	4.25	0.70
E6-Integrating eco-efficiency practices into production processes	3	5	5	3	4	4	4	4	4	0.76
E7-Installation, maintenance and repair of renewable energy technologies	3	5	5	3	5	3	3	4	3.89	0.99
E8-Diffusion of clean technologies	3	5	4	3	4	3	4	5	3.89	0.83
E9-Protection and restoration of biodiversity and ecosystems	4	5	5	5	5	3	5	4	4.5	0.76
E10-Climate change management and mitigation	4	5	5	5	5	5	4	5	4.75	0.46



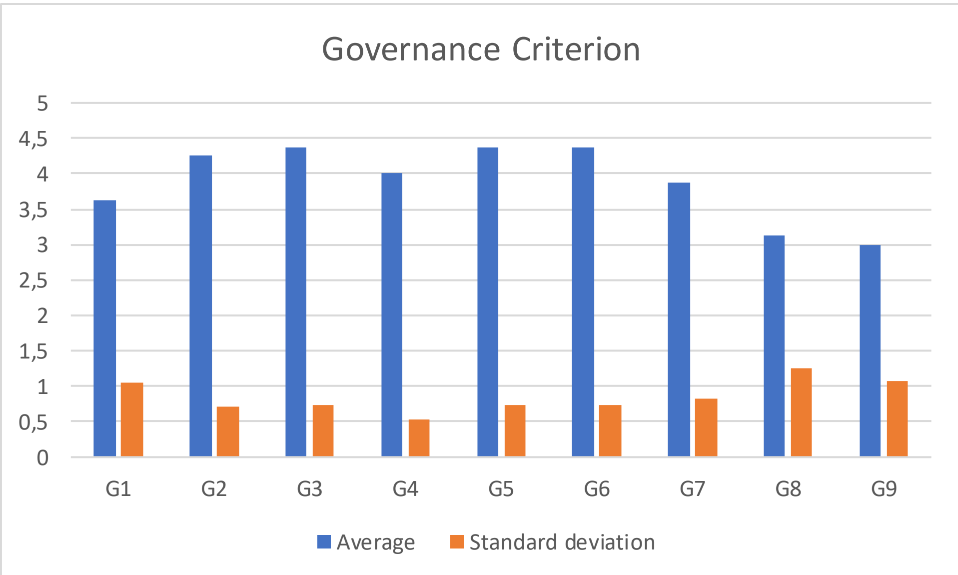
Social

Respondent	A	B	C	D	E	F	G	H	Avg.	Std.
S1-Responsible marketing and investment practices	3	5	4	2	4	4	4	2	3.5	1.07
S2-IT security, data protection and privacy	3	5	5	2	4	5	3	5	4	1.20
S3-Ensuring healthy and safe products and services	4	5	5	4	5	5	5	3	4.5	0.76
S4-Promotion of decent work	3	5	4	3	4	4	4	4	3.89	0.64
S5-Promoting community growth and inclusion	3	5	4	5	4	3	4	4	4	0.76
S6-Promoting sustainable social development	3	5	4	5	5	4	3	4	4.13	0.83
S7-Protection and respect for the consumer	3	5	4	4	4	5	3	4	4	0.76
S8-Ensuring respect for human rights	4	5	5	5	5	5	5	5	4.89	0.35
S9-Promoting equality and non-discrimination at work	3	5	4	5	4	5	4	5	4.38	0.74



Governance

Respondent	A	B	C	D	E	F	G	H	Avg.	Std.
G1-Transparency in remuneration and tax planning	2	5	4	2	4	4	4	4	3.63	1.06
G2-Transparency of sustainable goals and targets	4	5	5	4	5	4	4	3	4.25	0.70
G3-Protect integrity by preventing corrupt phenomena	4	5	4	5	3	5	5	4	4.38	0.74
G4-Lobbying and responsible political engagement	3	5	4	4	4	4	4	4	4	0.53
G5-Business ethics and efficiency, risk mitigation and sustainability goals	4	5	5	4	5	5	3	4	4.38	0.74
G6-Moral principles and values in behaviour and decision-making	3	5	5	5	4	5	4	4	4.38	0.74
G7-Diversity of board members	3	5	4	4	5	4	3	3	3.88	0.83
G8-Effective and transparent brand management	2	5	5	2	3	2	3	3	3.13	1.25
G9- Prevention of hostile takeover bids	2	5	2	2	3	3	4	3	3	1.06



5. Can you rank the three ESG pillars, Environment, Social, and Governance, in order of importance for customer screening? (1 is the most important, and 3 is the least important)
    a. E-S-G
    b. E-S-G
    c. E-S-G
    d. E-S-G
    e. S-G-E
    f. E-S-G
    g. E-S-G
    h. E-S-G

Open questions

6. Do you think any ESG criteria are missing from the list that need to be taken into account when screening potential customers on ESG? If yes, which one(s)?
    a. –
    b. Animal welfare, plant gene technology, metals, minerals, mining, aquaculture, armaments, agrochemicals
    c. Climate adaptation
    d. Climate resilience
    e. –
    f. –
    g. –
    h. No, since our company used the UN Matrix for ESG scoring

7. Do you see challenges in the implementation of ESG screening on customers? If yes, which one(s)?
    a. If customers don't cooperate (answering information requests or meeting goals), it's difficult to enforce (ultimum remedium terminate a client relationship).
    b. Yes, access and availability of data at the client side are often lacking/insufficient/ challenging
    c. Lack of data, especially for smaller (business) clients and consumers
    d. Yes, financial challenge for customers to implement
    e. For SME, there is generally no or less data available. The CSRD and CSDDD were supposed to solve this. But downstream activities of insurers are out of scope for CSDDD, and recent omnibus proposals remove around 80% of companies from the scope of CSRD.
    f. ESG will conflict with profitability and investment budgets
    g. –
    h. Not the implementing, the process of keeping the data actual will be challenging

8. How do you think ESG screening will change/evolve over the next five to ten years? For example, is it only going to become more important?
    a. Difficult to say in the current political landscape, but I'm hopeful: In five to ten years, it's more common

b. It is going to become more important. Also, screening will more and more be automated and supported by AI tooling
c. Growing importance, more data available
d. Yes, more and more
e. More important
f. Yes, it will become more important because CSRD forces insurers to report on their value chain
g. Yes, I think ESG becomes more and more important. Insurers will (really) start to steer their portfolio considering ESG. At the same time, we can't just stop from one day to another with an insurance policy. For example, the world still needs petrol.
h. I hope it will become a common way of working. I hope, above all broad adoption of all ESG topics

9. If you want to add some extra information, you can do that here.
   a. –
   b. –
   c. Yes, a very important question is what ESG is. Think about electric cars. That production process is far from clean. To what extent is recycling possible? So, should the only focus regarding ESG be the usage/operational phase or the entire chain? The same applies to the social element, think about the working conditions in, for example, China.
   d. –
   e. –
   f. –
   g. –
   h. -

Appendix H – Interview main topics

English

- Where do you think ESG plays the biggest role in the insurance industry? Does sustainability give constraints or opportunities?
- How do you see the role of insurers (and brokers) in encouraging sustainability among clients and brokers?
- Is there already much collaboration between the insurer and clients/brokers regarding sustainability/ESG?
- Is there a list of businesses/customers/risks that are no longer insured because of sustainability?
- If customers make sustainable investments, do these customers get certain benefits from this in terms of a premium, for example?
- You often hear that the shortage of data causes insurers to be unable/unwilling to invest in certain sustainable investments. How do you look at this? When is there enough data?
- What are the key regulations regarding ESG screening of a client that should be taken into account?
- My assignment is about screening clients on ESG. Does this already happen in some way at your company, and if so, how?

Dutch

- Waar vindt u dat ESG de grootste rol speelt in de verzekeringswereld? Geeft duurzaamheid juist restricties of juist mogelijkheden?
- Hoe ziet u de rol van verzekeraars (en makelaars) in het stimuleren van duurzaamheid bij klanten (en makelaars)?
- Is er momenteel al veel samenwerking tussen de verzekeraar en de klanten/makelaars omtrent duurzaamheid/ESG?
- Is er een lijst met zaken / klanten / risico's die niet meer verzekerd worden i.v.m. duurzaamheid?
- Als klanten duurzame investeringen doen, krijgt deze klant hier bepaalde voordelen van qua premie bijvoorbeeld?
- Vaak hoor je dat de tekortkoming van data ervoor zorgt dat verzekeraars bepaalde duurzame investeringen niet kunnen/willen investeren, hoe kijkt u hier naar? Wanneer is er wel genoeg data?
- Wat is belangrijkste regelgeving omtrent ESG-screening van een klant waar rekening mee gehouden moet worden?
- Mijn opdracht gaat over het screenen van klanten op ESG, gebeurd dit al op een of andere manier bij u, en zo ja hoe?

Appendix I – Summary per interview

Interview 1

The big financial institutions have to screen their (big) customers on how they deal with sustainability, based on the different regulations and rules, such as CSRD and CSDDD. Financial institutions cannot have only customers who are not putting effort into the 'Road to Paris'. When a certain institution only has customers who do not put any effort into this, they have to hold back capital to cover this again according to the regulations. This is capital that cannot be used to gain a return on capital. If an institution has customers who put effort into 'Road to Paris', they can just use this capital to gain a return on it. This makes it important to screen (big) customers on how they tackle sustainability and ESG.

It is interesting to see how most of the customers are working on becoming more sustainable. This can be, for example, the installation of large solar parks and battery storage systems. However, at the moment, in certain situations, insurers are not prepared for this at all. For example, insurers do not yet know how to appropriately insure these new kinds of sustainable installations. The reason for this can be that important data is missing, such as information on the different types of risks that are associated with these installations. Also, often data on the probability of default and damage patterns is missing or limited. This results in insurers finding it difficult to decide on the amount of premium or policy conditions. So, sometimes customers invest in sustainability projects, but it is unknown how this can be ensured. This creates uncertainty for the customer and the insurer. This can also make insuring new sustainable projects sometimes very pricey, as the insurer does not want to take a big risk with such new projects.

In most cases, the insurer (and the broker) do not stimulate the customer to act more sustainably at the moment. They just help ensure the products the customer wants to have insured. It is the customer who comes to the insurer to ask if they want to insure something. It is the task of the insurer to make a project insurable if customers are interested in starting a sustainable project with coverage. If no appropriate insurance is offered, customers may delay or stop the start of such a sustainable project.

Interview 2

The larger financial institutions often have a team that focuses on ESG compliance. Smaller financial institutions often do not have the capital to invest in such an ESG compliance team. These teams have grown in staff members significantly in most cases over the previous years, because of the need to translate the company's sustainability goals into policies that have to be followed. Sustainability teams are also increasing in size nowadays. Greenwashing is one of the most important compliance risks at the moment that has the attention of ESG compliance teams. Such ESG compliance teams play a critical role by keeping aware of relevant regulations and laws, and trying to stop greenwashing. They are also responsible for making policies that ensure that the organisation's operations are in line with the commitments that they have signed, such as the CSRD and CSDDD.

These ESG compliance teams do not have direct client contact. So they cannot stimulate the clients directly to act more sustainably. Their role is more to create overall policies for the customers, to achieve certain sustainability goals. This can include, for example, having an exclusion list of projects/clients that will not be financed/insured by the financial institution.

Interview 3

Requesting information (screening) from customers on sustainability/ESG has been done since it is required by regulation. Sometimes institutions also do this for their image, to show other stakeholders that they prioritise sustainability and ESG. Requesting customer information is often done for the various regulations to which an institution has signed up or needs to adhere. This can be, for example, CSRD. In the case of CSRD, often more information is requested from the larger customers, because the larger customers also have more emissions in most cases. Another example is when a financial institution wants to calculate its emissions from its portfolio. In this case, information is requested first from the biggest emitters.

Just requesting information on ESG or sustainability does not make sense, it should be done with a good reasoning background. In most cases, financial institutions ask the customer, from a legal point of view, that they need to provide certain information to them. In some cases, it can be a very difficult situation if a financial institution does not have a good reason to ask for certain information. Customers can refuse to provide certain information to the institution.

Interview 4

The insurer supports the customer, they insure what the customers want, if this is possible in the eyes of the insurer. The insurer does not incentivise the customer to act sustainably, rather, they make it possible for the customer to do something 'sustainable'. The insurer makes insurance products to insure various sustainable activities.

In some cases, the financial aspect is more important than the ethical/sustainable aspect in the insurance industry at the moment. If insurers are going to see unsustainable projects more as a reputational long-term risk, this could lead to stricter underwriting policies. However, there are already certain insurers that do not insure some non-sustainable projects anymore, such as an oil pump in a natural area.

At the moment, there are sometimes contradictory situations in the insurance industry. Sometimes, there is no data yet for sustainable projects. This can in some cases, lead to a higher premium. If the insurers want to make a good impression, they could give certain discounts to the customers if they want to insure a financial project or activity. However, this is currently still the choice of the insurer themselves, and does not happen often at the moment.

Certain insurers already screen their customers on ESG with the help of AI. These kinds of AI analyse publicly available data, such as annual or sustainability reports, and websites. This can result in more efficiency within the company.

Interview 5

Insurers and brokers need to start the conversation with existing customers about whether they are already engaged in sustainability. Insurers need to stimulate customers to think about sustainability and make it a common topic. Giving customers support and advice to help them become more sustainable is better than just telling them to change or that you will not work with them anymore. Open communication on sustainability creates trust and enables customers to make real improvements.

Between insurers and brokers is still hardly any cooperation in the field of sustainability. Probably at some point, you get that insurers start requesting information from the customer, and brokers will do that as well. This has to be well organised so that there is no duplication of effort.

There are differences between certain insurers in terms of what to insure and what not in terms of new sustainable projects or activities. There are some projects that certain insurers do insure, and others that do not yet insure, based on the risks. Some insurers are more cautious about certain risks than others.

Some insurers screen large new customers on certain aspects, such as CO2. By requesting this data, the conversation about sustainability can also flow from this information. It can, for example, be said that the insurer is not going to insure customers who emit so many emissions. From there, the conversation can start with how this customer can act more sustainably and have fewer emissions.

Appendix J - Format for ESG screening

Environment

Climate change management and mitigation

1. Do you monitor your Scope 1,2, and/or 3 emissions? If so, do you have reduction targets for your emissions?
    a. Answer:…..

Planning and improvement of practices to reduce negative environmental impact

2. Do you monitor your energy, water, and waste usage? If so, do you have targets or reduction plans?
    a. Answer:…..

Protection and restoration of biodiversity and ecosystems

3. Do your operations impact (direct or indirect) biodiversity or ecosystems? If so, which operations?
    a. Answer:…..

Social

Ensuring respect for human

4. Do you have a vision and strategy to manage the impact on human rights across the organisation's activities and business relationships?
    a. Answer:…..

Ensuring healthy and safe products and services

5. Do you have products and/or services categories for which health and safety impacts are assessed for improvement? If so, which products and/or services?
    a. Answer:…..

Promoting equality and non-discrimination at work

6. What is the percentage of individuals within the organisation, per gender and age group? And have you had incidents of discrimination? If so, what action did you take?
    a. Answer:

Governance

Protect integrity by preventing corrupt phenomena

7. What is the total number of confirmed incidents of corruption? And is there communication and training about anti-corruption policies and procedures?
    a. Answer:…..

Business ethics and efficiency, risk mitigation and sustainability goals

8. Do you identify and report on your organisation's ESG impacts? And do you have procedures to address and remediate negative impacts?
    a. Answer:…..

Moral principles and values in behaviour and decision-making

9. What role does your highest governance body have in overseeing ESG-related risks and impacts? And how are critical concerns communicated to the highest governance body?
    a. Answer:…..