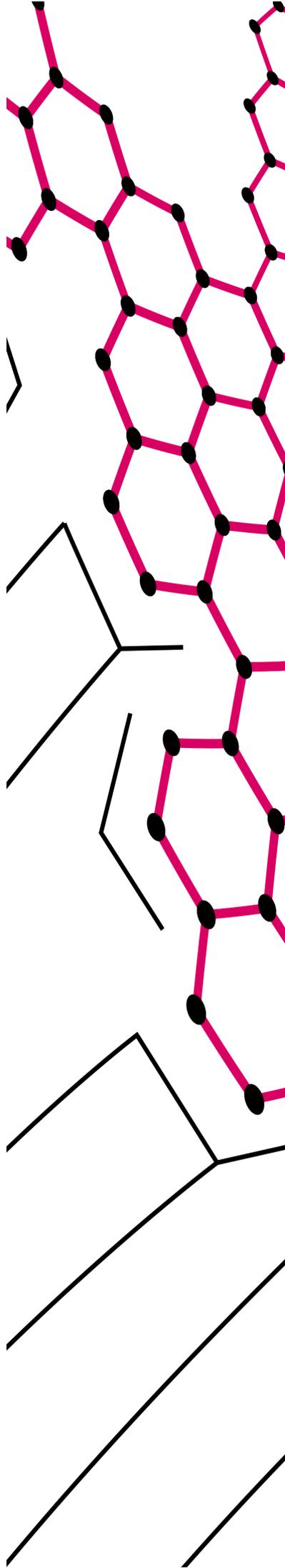


# **Sustainable banking business models**



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## **Research report**

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# Preface

As a final part of my master, this thesis has been written. The thesis is about the sustainability of the business models of 3 banks in the Netherlands, focussing on the loans provided to Small and Medium Sized Enterprises. On request of the banks the banks' name and employee names are anonymized. Because of the anonymization, the web addresses belonging to the banks' websites are left out the references lists. Sustainability is analysed based on four p's; Internal Principles, People, Planet and Profit. Based on the 4p framework, the extent to which sustainability is integrated into the business models of those banks is analysed. Besides, the business model is described using the Business Model Canvas framework.

This research report is written by W. Schutten and has been commissioned by Dr. Ir. J. Kraaijenbrink, associate professor at the University of Twente. During the stages of writing the research report Ir. B. Kijl was the assessor; he is a research associate at the University of Twente. I would like to thank the supervisors of this research for the guidance while writing this research report. I would also like to thank the interviewees for their time and cooperation. At last, I would like to thank my boyfriend, family and friends for the support.

Nijverdal, July 2016

W. Schutten

# Executive summary

Integrating sustainability into the business models of banks still is and has been important over the last years. The crisis showed that a more balanced way of banking, taking into account the interests of direct and indirect stakeholders, and setting a focus on financial and non-financial information was needed. By performing documentary research on three major banks in the Netherlands and four semi-structured interviews with SME directors and account managers, the focus was on the banks' business model and their sustainability.

This research answered on following question:

*How and to what extent is sustainability effectively integrated into the business models of Dutch banks' Small and Medium Enterprises lending activities?*

The answer on that question is rather surprising. The results of the documentary research and the interviews do not provide a clear view of the extent to which sustainability is effectively integrated into the business models of the banks. This is because the model that is used to indicate the level of sustainability consists of four p's and the business model canvas consists of offering, customers, infrastructure, and financial viability. These different dimensions could not be fully connected in this research, although suggestions are given for future research.

In this research the business models have been captured via the business model canvas since this model is the most common template and most accessible method to analyse a business model. Sustainability is assessed via the 4P Framework of Corporate Sustainability'. Within this framework sustainability is operationalized as People, Planet, Profit and internal Principles. This framework made it possible to determine the extent to which sustainability is integrated via six different colours (levels). From lowest level to highest level these are red (pre-CS), blue (compliance-driven CS), orange, (profit-driven CS), green (Caring CS), yellow (Synergistic SC), and turquoise (holistic CS).

Although the answer on the research question surprising, by performing a cross case analysis the differences between the extent to which sustainability is integrated into the banks' operations became clear. All three banks have integrated sustainability into their operations, all with different underlying principles, different ways and therefore some difference in level of sustainability. A major difference is that Bank 2 has integrated sustainability into their pricing model, whereas Bank 3 and Bank 1 have not. Furthermore, there are differences in the extent to which suppliers are monitored on sustainability and the role that employees play in the business process. Comprehensive, the banks have a green level of sustainability, meaning that they care about sustainability and balance economic, social and environmental concerns.

What can be learned from this research is that banks have no specific business model for providing loans to SMEs. The business model they have consists of general policies that are implemented for multiple sizes of customers, or companies, besides SMEs. Also, the banks use the business model canvas as a framework for their customers to describe their business model, although they don't use it for their own business model regarding loans provided to SMEs. In addition, some aspects within the dimensions internal principles,

people, planet, profit, could not be linked to the business model canvas building blocks. For example, the environmental and some social aspects named in the Planet dimension could not be linked to the business model canvas. A model with integrated sustainability aspects and business model aspects could make it more comprehensive when analysing the sustainability of a business model, or certain business.

Multiple parties can use the information to improve their sustainability or to assess to what extent their bank or partner has integrated sustainability. These multiple parties can include the European Investment Bank, other banks and stakeholders. The banks analysed in this research can use the outcomes to improve their level of sustainability or to compare themselves with others.

A few recommendations from this analysis are stated in order for banks to increase their level of sustainability:

- Banks should adjust their pricing model to the extent to which sustainability is integrated into the business models of their customers;
- Their employees should feel motivated and dedication should be supported by an underlying culture that supports collaboration and cooperation, instead of performance motivations;
- The banks should create win-win situations with their neighbourhood projects and suppliers; they should have strategic partnerships that favour both the bank and the environment;
- All banks should strive to have zero environmental impact.

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# 1. Introduction

The banking industry has been undergoing some important changes during the recent decades. Banks have been forced to reinvent their business due to the financial crisis that started in 2007-2008 (Stephens et al., 2012; Polonskaya and Babenko, 2012). The crisis showed that a more balanced way of banking, taking into account the interests of direct and indirect stakeholders, and setting a focus on financial and non-financial information was needed (Polonskaya and Babenko, 2012). Therefore, banks were demanded to change their business model and make it more sustainable.

According to Osterwalder et al. (2005), a business model is a conceptual view of the way a company does business. Internal and external actions shape the business model that makes it a highly dynamic concept. Besides, business models are also understood to have agency, to shape action within a company, by stimulating employees to take action upon the business model (Mason and Spring, 2011). It can be stated that a business model is a description of a company, or a specific element of that company that often changes and stimulates action (Osterwalder et al, 2005).

When an organisation is sustainable, it takes into account the interests of direct and indirect stakeholders (Freeman, 1984), by taking into consideration the 3 most common dimensions of sustainability: People, Planet and Profit (Fisk, 2010). Besides, the internal Principles as a fourth P display the underlying values, or principles for implementing sustainability (Marrewijk and Werre, 2002). These underlying values are important, because banks should not only take into account their stakeholders, but also need internal drivers in order to have a sustainable business (Stubbs and Cocklin, 2008). Sustainability is an important driver of competitive advantage and is needed for companies in order to survive (Luben and Esty, 2010; Polonskaya and Babenko, 2012; Bocken et al., 2014). Companies that have a short-term focus, or business as usual will not have this competitive advantage; a sustainable, long-term focus is needed. Therefore, it can be stated that 'business as usual is not an option for a sustainable future' (Bocken et al., 2014, p.42). Thus, the emerging megatrend of sustainability accelerated by the financial crisis gives businesses an opportunity to gain an advantage (Lubin and Esty, 2010). Besides the opportunity, it is also crucial for companies that want to achieve sustainability, to change their business model.

In the above, the concepts business models and sustainability are mentioned separately. However, these concepts are not to be separated. Klaas Knot, director of De Nederlandsche Bank, declared that having a 'stable financial industry and sustainable economic growth are only possible if sustainability is integrated into the business models of banks' (DNB, 2015, p.1). Some scholars have studied the concept of sustainable business models for banks specifically (Fisk, 2010; Lüdeka, 2010; Cowe, 2012; Daruvala et al., 2012; Polonskaya and Babenko, 2012; Stephens et al., 2012; Bocken et al., 2014). Daruvala et al. (2012) defined it as having a model capable of producing robust and sustainable returns. This definition is solely based on creating sustainable financial returns. As banks play a major role in society, Polonskaya and Babenko (2012) defined the concept broader. They defined a sustainable business model of banks as 'the creation of not just financial and economic value, but also long-term environmental and social value for a wide range of stakeholders' (p.10). As mentioned by Cowe (2012), if sustainability isn't integrated into the business models being developed by banks now, it will be too late when the market functions better. The changes

banks have been undergoing due to the crisis ask for a sustainable business model as a basis for future growth (Daruvalla et al., 2012). Meaning that a business model should not only reflect on sustainable returns, but also environmental and social values are needed for future growth.

Much literature is written that banks should have a sustainable business model and how they could achieve it (Stephens et al, 2012; Polonskaya and Babenko, 2012; Fisk, 2010; Lüdeke, 2010; Daruvalla et al., 2012; Bocken et al., 2014). Less literature has been written on the extent to which sustainability is currently integrated into the business models, and its effectiveness. This research specifically reflects on the business models of the Small and Medium Enterprises (SMEs) lending activities within banks, and its integration of sustainability in the opinion of policy makers. Meaning that the focus was on 3 Dutch banks providing loans to small and medium sized organisations with a maximum of 250 employees, because SME lending has a major impact on the society, it is critical for the economic and social development of emerging markets (IFC, 2016). Besides, SME account for 70% of the employment within the Netherlands, and 99% of the companies within the Netherlands is a small or medium enterprise (CBS, 2015).

This research gives insights in how sustainability plays a role in these banking activities nowadays. Accordingly, the objective of this research is to analyse the extent to which sustainability is integrated into the business models of banks' SME lending activities. In order to gain this objective, an answer needs to be given to the following research question:

How and to what extent is sustainability effectively integrated into the business models of Dutch banks' Small and Medium Enterprises lending activities?

Following on the main research question are the sub questions that need to be answered:

- What are the business models of these banks, related to their SME lending activities?
- How is sustainability integrated into the business models of Dutch banks' lending activities?
- To what extent is sustainability effectively integrated into the business models?
- What are the similarities and differences between those banks' business models, related to the sustainability dimensions?

To answer these questions, it is needed to further elaborate and analyse theories regarding sustainable business models in the banking industry. Afterwards, the business models of banks are described and analysed based on the sustainability dimensions. Data is collected through a documentation collection method and via semi-structured interviews. Several reasons can be given that explain the relevance of this research. First, this research gives an insight to business models, which gives more understanding to the concept and broadens the literature. Secondly, it gives a practical view of the integration, or realization, and alignment, or implementation, of sustainability elements into business models in practice. The practical relevance is that banks can take advantage of the way they integrate and align sustainability into their business models. Besides, through a cross case analysis the banks can also see how others integrate sustainability.

In chapter two, the theoretical framework discusses the concepts business models, sustainability and the elements of a sustainable business model. It provides a framework for

assessing the banks business models' based on the level of sustainability within the 4p's. The Business Model Canvas explains the business areas, divided into nine building blocks. The research design, validity and reliability, and cases are discussed in the methodology chapter, chapter three. Chapter four, five and six describe the results of this research, based on the documentary research and the interviews. Chapter seven includes the cross-case analysis. At last are the conclusion and the discussion in chapter 8.

## 2. Theoretical framework

In order to analyse the extent to which sustainability is integrated into the business models of the banks, frameworks are needed to describe the business model and the sustainability. This chapter, the theoretical framework of this research, elaborates and analyses theories regarding sustainable business models in the banking industry. The theoretical framework discusses the concepts business models, sustainability and the elements of a sustainable business model. It describes and elaborates on the four p framework for assessing the banks business models' sustainability. The Business Model Canvas explains the business areas, divided into nine building blocks.

### 2.1 Business model

The term business model is an often used and popular concept in strategy, indicating that business models are profoundly important for companies (Baden-Fuller and Morgan, 2010). According to Teece (2010), every company has a business model, although it might not be explicitly communicated. Due to its importance and its usage, many definitions are given and many different views on business models exist (Zott et al., 2011; Osterwalder et al., 2005; Linder and Cantrell, 2000). Therefore, the following part discusses the several definitions given and elaborates on the focus set for this research.

#### 2.1.1 Definition and purposes

According to Osterwalder et al. (2005), business models can simply refer to the way a company does business; to a conceptualization of the way a company does business. A business model 'outlines the business logic required to earn a profit and defines the way an enterprise goes to market' (Teece, 2010, p. 173). Fiert (2014, p. 86) elaborates on this by stating that 'a business model is defined as the value logic of an organization in terms of how it creates and captures customer value'. Also, Rappa (2003) focuses on capturing, or sustaining value, by arguing that 'a business model is the method of doing business by which a company can sustain itself' (p.1).

In this research, creating and capturing value are seen as the most important purposes of a business model, as argued by many authors (Shafer et al., 2005; Chesbrough 2006; Johnson et al., 2008; Afuah and Tucci, 2001; Amit and Zott, 2001; Tapscott, 2001; Osterwalder and Pigneur, 2013; Demil and Lecocq, 2010). The value created is captured within a business model by defining a series of activities that deliver differentiated, net value for customers (Chesbrough, 2006; Tapscott, 2001). A business model 'captures value from a portion of those activities for the company developing the model' (Chesbrough, 2006, p. 108). The logic of earnings covers the value capturing by explaining how a company yields a profit from its activities (Storbacka and Nenonen, 2009). This conceptualization or business logic of creating and capturing value is concealed in the business model that could be expressed in words or visualized in a template (Zott and Amit, 2010).

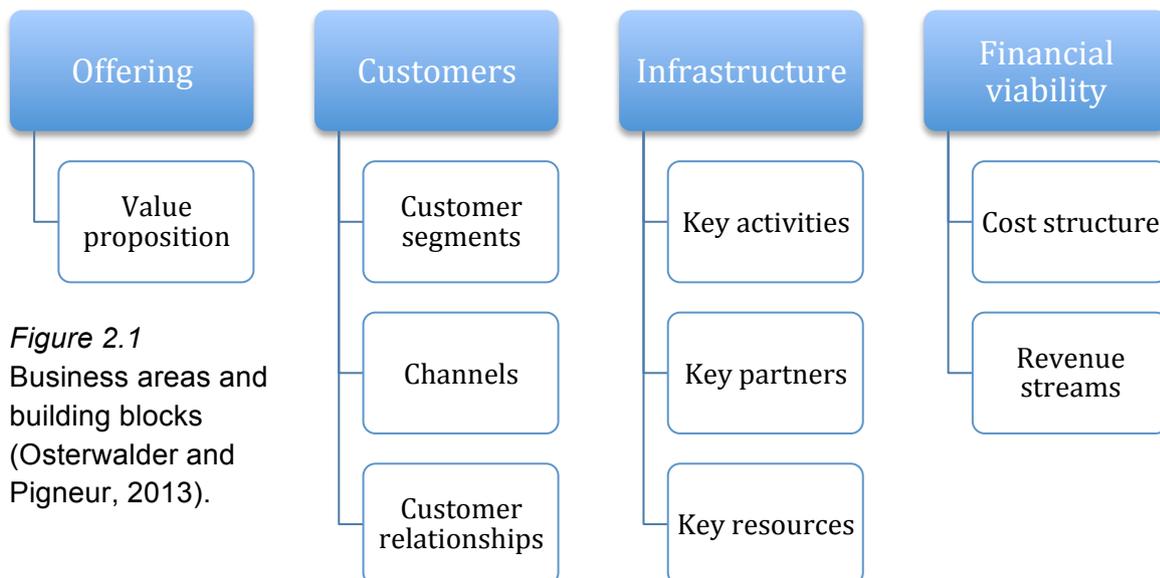
From the perspective that a business model is a conceptualization of the way a company does business (Osterwalder et al., 2005), with creating and capturing value as its purposes (Shafer et al., 2005; Chesbrough 2006; Johnson et al., 2008; Afuah and Tucci, 2001; Amit and Zott, 2001; Tapscott, 2001; Osterwalder and Pigneur, 2013; Demil and Lecocq, 2010), the composition of a business model is discussed.

## 2.1.2 Composition

The business model is made up of several elements, streams, transactions, capabilities or building blocks. Fielt (2014) and Johnson et al. (2008) describe the content of a business model in terms of elements. According to Fielt (2014), it represents a set of interrelated elements that address the customer, value proposition, organizational architecture and economics dimensions. Johnson et al. (2008) argue that a business model consists of four interlocking elements; customer value proposition, profit formula, key resources and key processes. Mahadevan (2000) argues that a business model consists of three streams that are most valuable to a company: the value stream for the business partners and the buyers, the revenue stream, and the logistical stream. 'A conceptualization of transactional links between the firm and its exchange partners are covered in a business model', according to Zott and Amit (2008, p. 3). Storbacka and Nenonen (2009) indicate that configurations of interrelated capabilities are included in a business model, 'governing the content, process and management of the interaction and exchange in dyadic value co-creation' (p. 361). Osterwalder and Pigneur (2013) state that a business model consists of nine building blocks that cover the four main areas of business; customers, offer, infrastructure and financial viability. This is captured in the business model Canvas. Since the business model Canvas is the most common template and most accessible method to analyse a business model (Driessen, 2015), this model is used in this research. Besides, the banks used in the documentary research use the model themselves when describing a customers' business and recommend entrepreneurs to use the model (Slobbe, 2015; Driessen, 2015a; Driessen 2015b; "Bank 3 start", 2016).

### Business model Canvas

The business model Canvas consists of 9 building blocks divided among the four main areas of business, as represented in figure 2.1.



*Figure 2.1*  
Business areas and building blocks (Osterwalder and Pigneur, 2013).

### Offering

Every business starts with the question, what are we offering, what are we providing to our customers? This is represented in the value proposition of the business model. In this research, banks describe the services they offer regarding their SME lending activities.

## Customers

Then, in this research, the groups of organisations banks aim to reach, or serve are discussed in the customer segments. How the banks communicate and reach their customer segments, or groups of people, is described in the channels. Customer relationships described the types of relationships banks have with their specific customer segments.

## Infrastructure

The most important resources required to make the business model work are described in the key resources. Key activities include the most important things, or activities a company performs. The network of suppliers and partners that make the business model work are described in the key partners.

## Financial viability

All costs incurred to operate a business model are taken into consideration in the cost structure building block. At last, revenue streams are discussed that includes the cash generated from the services provided by the bank, related to its SME lending activities.

Eventually, all building blocks together form the business model canvas, represented in figure 2.2.

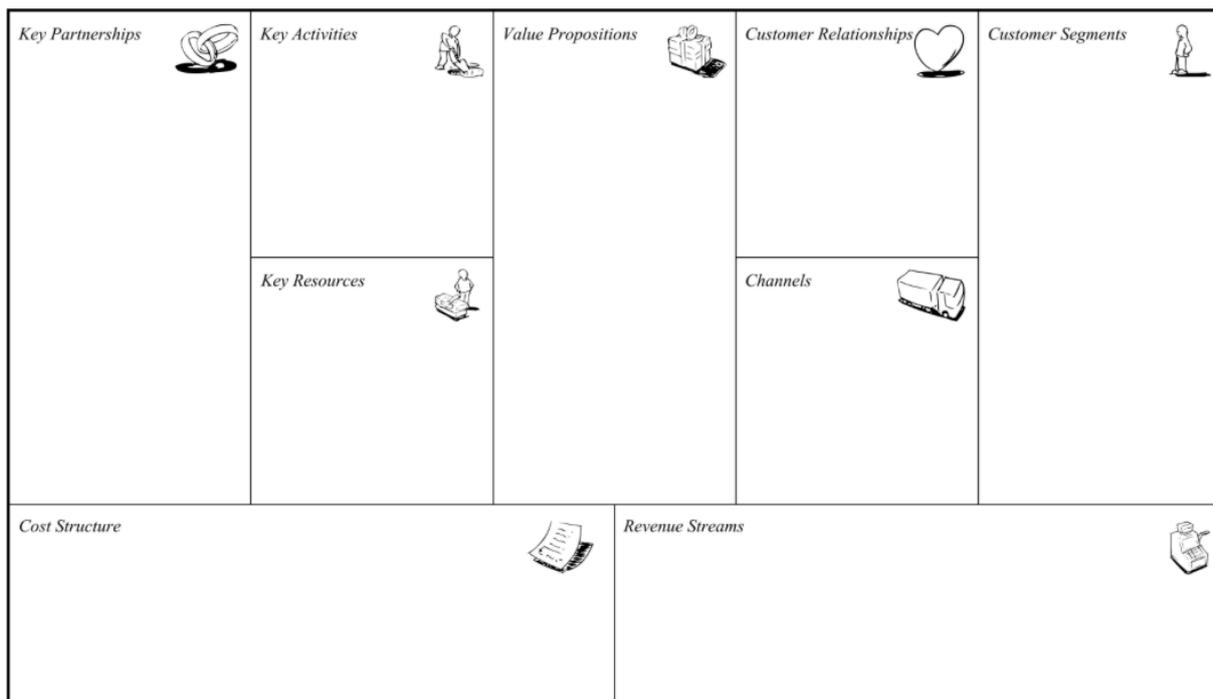


Figure 2.2 The business model Canvas (Big Think Innovation, 2016).

### 2.1.3 Business model developments and factors

Many authors argue that changes in business models relate to the recent developments in the external environment. As mentioned earlier, a business model is highly dynamic because of its characteristics. It defines the values organisations deliver, and incorporates all elements that add value. Therefore, a change or development externally or internally, asks for a change of a business model. These changes are needed in order to keep or to build a competitive advantage. Examples of recent developments are that companies are now more

accountable to the environment (Fisk, 2010) and the shift in balance between customer and supplier (Teece, 2010). New ideas and technologies are commercialized through business models, which is another development in business models (Chesbrough, 2010). Specifically for this research is the development that banks were forced to make changes in their business model due to technological developments and the financial crisis (Stephens et al., 2012; Polonskaya and Babenko, 2012).

There are numerous factors that are influenced by the business model. Starting internally, from the business model a strategy is developed. The question 'how' needs to be answered, and objectives need to be set. Measures need to be set that track the progress towards business objectives. Therefore, aligning the business model to the operations is necessary in order to do the way of business as the company described.

An example of an external factor this is influenced by changes in business models is the reputation of a company. A business model reflects the focus of a company, and the values it finds important. The public image of a company can change due to its business model. For example, if the business model is changed to maximize profits by offering minimum wages, people won't feel attracted anymore to work at that specific company. Besides, social, environmental and financial values depend on the way a company does business. These values describe the sustainability of a company, reflected in its business model.

## **2.2 Sustainable business model**

Within the banking sector, sustainable business models are needed. This means that banks should have a balanced way of banking, taking into account the interests of direct and indirect stakeholders (Polonskaya and Babenko, 2012). This balanced way of banking required changes, an innovative business model that included sustainable principles. This innovation is increasingly recognized as key to delivering a sustainable business model; including greater social and environmental sustainability (Lüdeke, 2010). Schaltegger (2015) argues that 'a business model for sustainability helps describing, analysing, managing, and communicating (i) a company's sustainable value proposition to its customers, and all other stakeholders, (ii) how it creates and delivers this value, (iii) and how it captures economic value while maintaining or regenerating natural, social, and economic capital beyond its organisational boundaries' (p. 6). According to Stubbs and Cocklin (2008) a sustainable business model is a 'model where sustainability concepts shape the driving force of the firm and its decision-making' (p. 103). The main question here is, what are these sustainability concepts that make a business model sustainable?

Sustainability is a megatrend that is important for the survival of a company (Lubin and Esty, 2010). This megatrend has many definitions and concepts (Robinson, 2004). However, all agree that sustainable is about taking into account environmental and social practices, besides the economical or financial concepts (Schaltegger et al., 2015; Stubbs and Cocklin, 2005; Fiert, 2013; Seelos and Mair, 2005; Elkington, 2004; Fry and Slocum, 2008; Lubin and Esty, 2010; Cramer and Bergmans, 2003; Lüdeke, 2010; Fisk, 2010; Bocken et al., 2014; Polonskaya and Babenko, 2012; Daruvala et al., 2012). These financial, environmental and social concepts are called the triple bottom line (Elkington, 1994).

Different approaches exist to describe and analyse sustainability of the business models. These are described in the next paragraph.

## **2.3 Sustainability approaches**

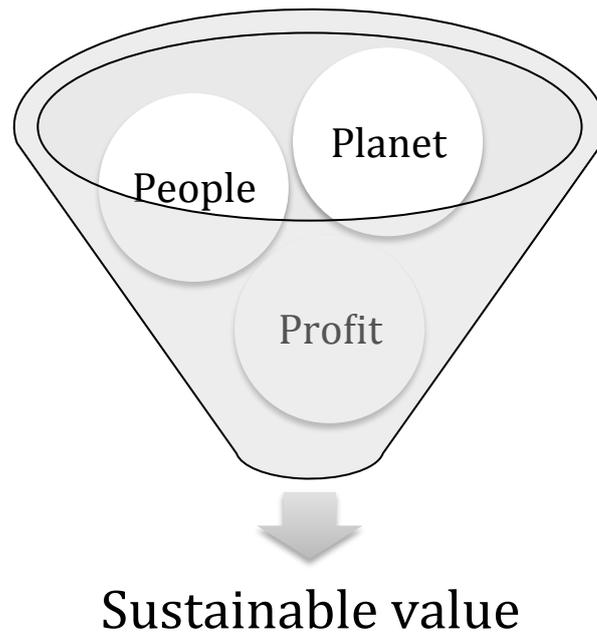
### **Stakeholder theory**

The first approach to describe and analyse the sustainability of business models is the stakeholder theory perspective. In many companies the primary obligation, or its way of doing business, is to maximize profits for shareholders (Stubbs and Cocklin, 2008). However, Bocken et al. (2014) argued that a company that has a sustainable business model takes care of all its stakeholders, including society and environment. Freeman (1984) first acknowledged that there are multiple groups that have an interest a company, besides shareholders. Each group 'can affect or is affected by the achievement of the firm's objectives' (Freeman, 1984, p. 25). These groups are called stakeholders and each plays 'a vital role in the success of the business enterprise in today's environment' (Freeman, 1984, p. 25). Hereby, a company cannot maximize its total value if the interests of all stakeholders, or all different values, have not been taken into account (Jensen, 2001). These stakeholders can be categorized into internal and external stakeholders. It can be stated that both internal and external stakeholders are valuable and should be accounted for within a business model.

A business model covers the concepts of value creation and value capturing. Sustainable business models create and capture this value on a sustainable way. According to Hedman and Kalling (2003), the value of a business model can be measured by measuring its return to all stakeholders. However, to measure this, the stakeholders of that specific company should be identified first and that is not in line with the objective of this research.

### **People, Planet and Profit**

Another approach is developed by Elkington (1994). He argued that to create sustainable value companies have to act responsibly towards three aspects translated from the triple bottom line: People, Planet and Profit. The People dimension of sustainability includes social wellbeing (Cramer and Bergmenas, 2003). Examples are social challenges like unemployment, and the welfare of a company's employees. Planet includes ecological value, meaning that the environment should be unharmed. In other words, when a company does not bring ecological value, it profits at the expense of the environment. Profit includes economic prosperity and stable returns. With each of these dimensions, both external and internal stakeholders should be taken into account (Cramer and Bergmans, 2003). Eventually, these P's should be in balance, forming a triangle that delivers and captures sustainable value for a company, as displayed in figure 2.3 below.

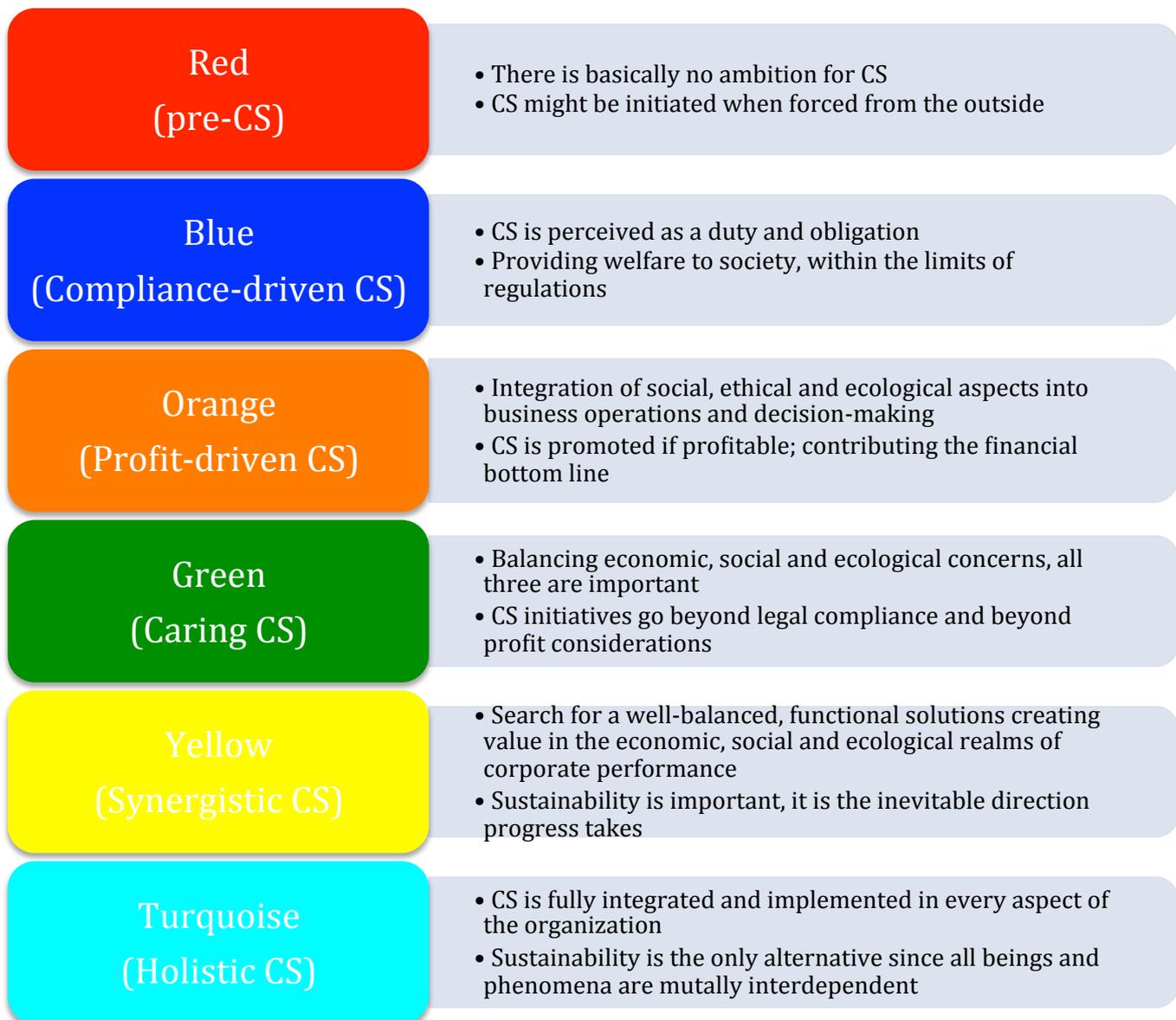


*Figure 2.3 Sustainable Value*

Sustainable value can only be created and captured when business activities are aligned with social and environmental influence (Fisk, 2010). Being sustainable means having integrated and implemented social, financial and environmental values into a company's strategy and operations. Therefore, a sustainable business model is more than including an extra appendix in an annual report (Fisk, 2010). Although there is stated that sustainability is more difficult to implement at service companies, in this case banks, in comparison to production companies (Porter, 2001).

#### **People, Planet, Profit and Principles**

Besides the integration of People, Planet and Profit dimensions, it is important to be motivated as a business to be sustainable. Therefore Van Marrewijk and Wera (2003) included a fourth P in their '4P Framework of Corporate Sustainability'. This fourth P is included to discuss the underlying principles of integrating and implementing sustainability. Besides, the sustainability of the business models can be analysed by six different levels, in sequential order from the bottom to the top, of the framework, as displayed in figure 2.4.



*Figure 2.4 Six levels of sustainability (Marrewijk and Werre, 2002).*

People, Planet and Profit are measured based on these levels, and differentiated into several aspects. The table with aspects of the 3P dimensions is included in appendix 4. The People dimension is divided into people management, workplace environment, safety and health, diversity, work ethics and globalisation and customers and suppliers. Examples are permanent supervision with workplace environment, which belongs to the red level of sustainability. Environmental management and neighbourhood are the aspects of Planet. Supporting neighbourhood development could be an example of the aspect neighbourhood, which is type green of sustainability. The dimension Profit covers prices, shareholder value and investor relations as aspects. Balancing shareholder value with interest of other legitimate stakeholders is an example of shareholder value, an aspect of Profit, which holds the green type of sustainability.

Internal principles can be tested as well by the six levels of sustainability developed by Marrewijk and Werre (2002). The first principle is the ambition level of sustainability.

Afterwards, the internal drivers behind sustainability for the organization are discussed. At last the extent to which sustainability is taken into consideration with decision-making can be tested. The levels and resulting manifesting are displayed in appendix 2.

## **2.4 Conclusion**

In this literature review several approaches to capture a company's business model are described and discussed. In this research the business model canvas is used. The business model canvas is the most common template and most accessible method to analyse a business model.

In addition, the researcher did not find an approach to measure the extent of sustainability within the business model Canvas. Therefore, several approaches towards sustainability are discussed. In choosing the appropriate approach for this research, an important criterion was that sustainability could be analysed based on effectiveness by giving guidelines on the extent of sustainability. Secondly, the approach should be simple to prevent misunderstanding of the concept of sustainability. Therefore the researcher used the 4P Framework of Corporate Sustainability as an operationalization of sustainability. It holds both criteria.

### 3. Method

This research concerns the description of the business models of three major banks, focused on their lending activities to SMEs. Besides, it describes and analyses the extent to which these are sustainable. Therefore, this is a descriptive research; to portray, or to give a description of the elements that make a business model sustainable, and to analyse those (Saunders et al., 2009). The design of this research is visualised and explained in figure 3.1 below, the research onion of Saunders et al. (2009).

#### 3.1 Research onion

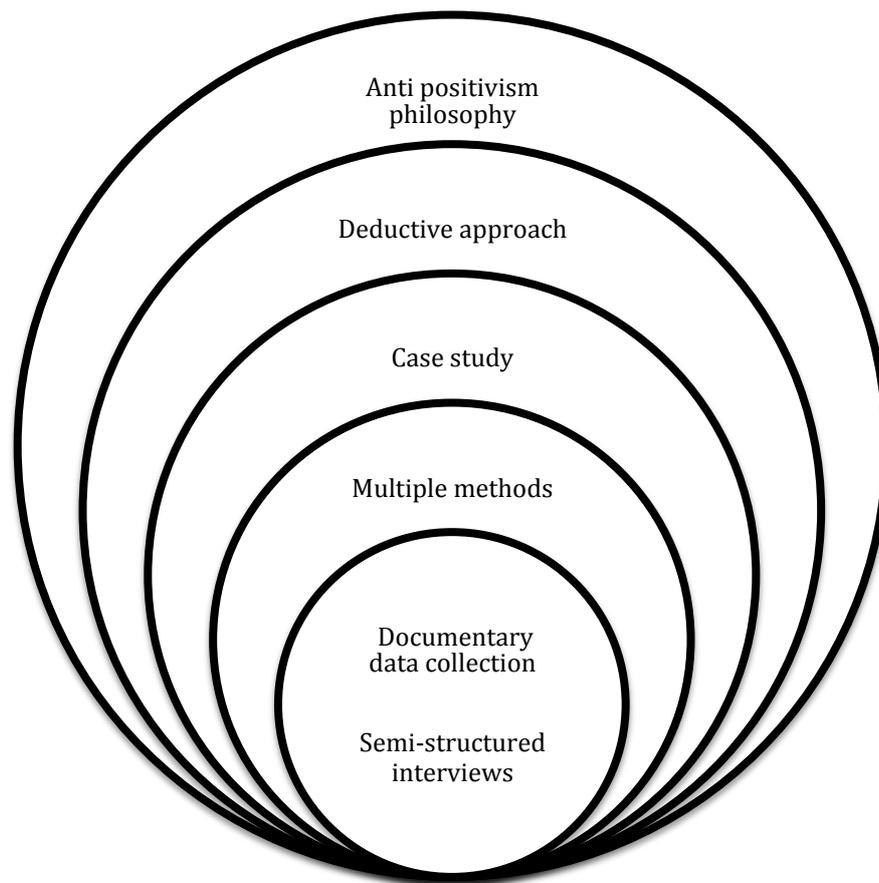


Figure 3.1 The research onion (Saunders et al., 2009)

Every research starts with the research philosophy (Saunders et al., 2009). The research philosophy will underpin the research strategy and methods (Saunders et al., 2009). In this research, the focus was on analysing the extent to which sustainability is integrated in the business models of three major Dutch banks. Anti-positivism is in line with this research, which emphasizes that the individual herself interprets reality that is multi-layered and complex (Saunders et al., 2009). Companies, and thereby its business model consist of a group of individuals coming together at a specific time (Saunders et al., 2009). The objective of this research was thereby to analyse the extent to which sustainability is integrated into these business models. This research followed a deductive approach, by going through

general theory regarding sustainable business models to specific companies to analyse (Saunders et al., 2009). The research strategy that enabled this research to give answer to the research question is a case study. The case study is a research strategy that involves an empirical investigation of in this case, business models of banks and its sustainability, using multiple sources of evidence (Saunders et al., 2009). Multiple, holistic cases are analysed, meaning that there was one unit of analysis for each of the three banks. The unit of analysis for each case are the business models of the lending department / activities within the banks.

Case studies generally use qualitative data, which is the case in this research (Saunders et al., 2009). In this case study, multiple qualitative methods are used, using more than one data collection technique and analysis procedure to answer the research question (Saunders et al., 2009). Triangulating by the use of different data collection techniques within this research ensures that the data are telling what you think they are telling you (Saunders et al., 2009). Besides, the time horizon of this research was cross-sectional, meaning that the data is collected at one moment in time, leaving out a comparison of results of one case (Saunders et al., 2009). First, a documentary data collection method was used to gather information about the business models of each case and its unit of analysis, and its sustainability. These documents are written materials such as organisations' annual reports and blog posts. Afterwards, interviews were done with policy makers of the banks to identify the elements they call sustainable regarding their business model. Therefore, the methods in this research concern a documentary data collection and semi-structured interviews. The semi-structured interviews contained specific questions regarding the sustainability of the business models, underlying and validating the documented materials used during these interviews. Two different objectives are met by performing these interviews. Firstly, the business models that are described based on documentary research were validated and elaborated on. Secondly, the extent to which sustainability is implemented and aligned within the business was analysed. The interviews were analysed by recording, transcribing and coding the raw data collected. With these interviews, the differences and similarities of the cases were discussed. Besides, the results are presented in a table, describing the sustainability dimensions with the business model building blocks, represented by the four main areas of business. The level of sustainability is analysed using the 4P framework of Corporate Sustainability, to analyse the effectiveness of sustainability aspects integrated. In the next paragraph, an elaboration on these collection methods is given.

## **3.2 Documentary research**

### **3.2.1 Method and analysis**

The documentary research counts as a supplement to the interviews by describing the business models of the banks, or cases, according to the annual reports, websites and publications of those specific cases. However, for Bank 3 the documentary research was the main data collection method, due to the inability to arrange interviews with the bank. During the research, first information was gathered regarding the business models of the cases. The focus was on documents written about the SME lending activities, and the way this business is organized, or its business model. All these documents are secondary data, meaning that the other researchers or people produced the documents. Public data is used in this research, by searching on the Internet using the following key words: *Bank 2 Business model SME lending activities, Bank 1 business model SME lending activities, Bank 3 business model SME lending activities, Bank 2 sustainable business model, Bank 1 sustainable*

*business model, Bank 3 sustainable business model, business models SME lending activities.*

A list of documents is included in appendix six of this research, which states the references of the documentary research are used in the research.

### **3.2.2 Credibility of research findings**

The data that is collected should be handled, or analysed, scientifically (Gaborone, 2006). There was much information on the Internet; the quality of that information can have an impact on the research results (Gaborone, 2006). Although, the documents were verified during the interviews, it was important to use reliable documents. Four quality control criteria, developed by Scott (1990) need to be assessed before using the data in this research:

- Authentic: the sources of evidence should not be questionable of origin. For example, documents developed by a case should be authentic, meaning that another company does not develop these.
- Credible: the evidence, or the documents collected, should be free from error, factual and trustworthy.
- Representative: refers to whether the evidence is representative, or typical of its kind, to draw conclusions from. It concerns the representativeness of the documents collected, when looking at all documents.
- Meaningful: the information should be clear and comprehensive. The objective of the documentary research is to gain an understanding of the meaning the documents have about the business model of the cases (Gaborone, 2006).

In this research documents were used from the bank's websites and from the European Investment bank. Therefore, there can be assumed that the data is authentic, credible, representable and meaningful.

## **3.3 Semi-structured interviews**

### **3.3.1 Method and analysis**

Of the three banks, in total four interviews were conducted. Although the researcher had several contact moments with employees of Bank 3, she was unable to arrange interviews or receive questionnaires at Bank 3. The questionnaire was set up after Bank 3 informed the researcher that interviews were not an option. There was expected that three interviews should give a comprehensive and trustworthy insight into the business models of the banks. However, in the opinion of the researcher, the two interviews of Bank 1 and Bank 2 gave enough information and insights for this research. Much information was given already in the annual reports, and the four interviews gave a sense of saturation, because much information given during the second interviews at the banks was a repetition of the first interviews and the documentary research.

The interviews were semi-structured and face-to-face, in which also other questions were asked besides the questions in the interview guide. The language spoken during these interviews was Dutch, because it is the native language for all interviewees and the interviewer. This was to prevent language borders. Since this research is written in English, the interview template is worked out in English and Dutch, the interview is written in Dutch,

on which the codes are written in English. According to Verhoeven (2010), the following data analysis steps of the interviews include:

- Transcript: From these recordings a transcript is made.
- Structuring and decoding: Afterwards the transcript is structured and decoded, which includes scrapping irrelevant information. Irrelevant information covers information that does not contribute to answering the research question and / or the question asked during the interview.
- Segmentation and coding: the structured transcript was then divided in fragments, each giving answer to a certain question. Afterwards the fragments are coded in keywords. These coded fragments represent significant answers given on questions asked.

In total, 102 pages of text belong to the analysis of the interviews. In appendix 2 and 3 the analysis is attached.

### **3.3.2 Credibility of research findings**

The following points affected reliability in this research:

- Since the interviews were semi-structured the researcher had the ability to ask further questions. This affected the reliability of the interview results in a negatively (Verhoeven, 2010).
- Recording the interviews increased the reliability since the interview summaries have less chance of containing mistakes (Verhoeven, 2010).
- Peer evaluation took place in which the supervisor gave feedback on the methods used in this research that increased the reliability (Verhoeven, 2010).
- Because this is not a longitude research, the research outcome can differ when the research replicated at another point in the future. The period in which the research took place could affect reliability negatively (Verhoeven, 2010).

Generally speaking, qualitative research has been criticised a lot on generalising the results, of the research and the content validity of the research (Verhoeven, 2010). In this research, generalising the results was not the main focus. The data research and interviews are focused on three cases. The validity of this research decreases due to the representativeness of the interviews; four interviews were done (Verhoeven, 2010). The evaluations, the instruments used for analysing the data and the recordings made of the interviews all had a positive influence on the validity of this research.

### **3.4 Cases**

The cases analysed are the three major banks in the Netherlands; Bank 1, Bank 2 and Bank 3. Due to the anonimized bank names, no further specific information is given on the 3 banks. These banks have many activities and revenue sources; therefore this research focused on a specific business activity. This research focuses on the business models of banks' public, SME lending activities, in which interest bearing generates revenues.

## 4. Bank 1

In the following three chapters, the results of the documentary research and interviews are given. Starting with Bank 1, the business model of the loans provided to SMEs is described using the business model canvas as a framework. Second, the sustainability of this business model is analysed, using the 4P framework; internal principles, people, planet and profit. Because of the use of two different frameworks and the difficulty of combining the dimensions, the results are described separately. All, partly anonymized, references used for the documentary research can be found in appendix 6; all references of the interviews are included in appendix 4.

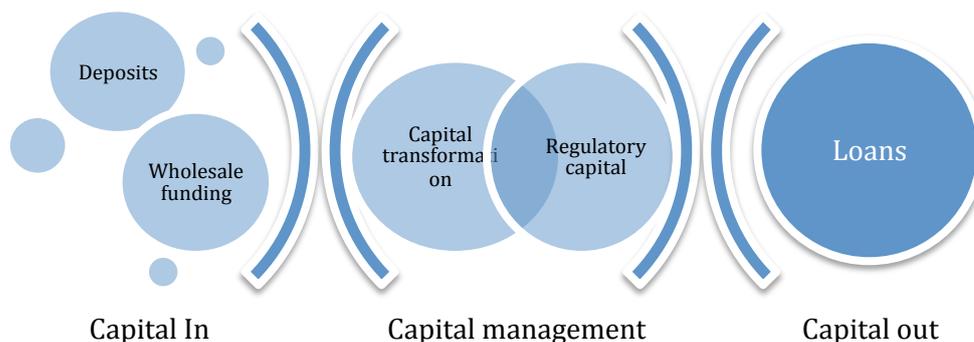
### 4.1 Business model

#### Value proposition

First of all, the value proposition of Bank 1 is to provide loans to SME. In addition, their ambition is 'to be the strategic business partner to the Dutch corporate sector' (Business Report Bank 1, 2014, p. 51). According to the interviews, Bank 1 is successful because of the success of its customers. In providing the loans, Bank 1 tries to separate itself from its competitors by advising its customers with specific sector knowledge and to be an innovative bank.

#### Key activities

Generally, the most important production input needed to provide loans, is the money in form of deposits (Sustainability Report Bank 1, 2014). The following production process represents the flow from input to output, regarding the loans provided by Bank 1. However, there should be stated that this production process is not specifically focused on loans provided to SMEs, but also covers other elements that make use of the inputs.



All capital deposits, including savings and checking accounts are included in the deposits. Besides the amount of capital needed to fund additional loans comes from wholesale funding, which is the second input of the production process. Capital management is done via Capital transformation and Regulatory capital, in which the interest rate risks are managed and the amount of capital required is described to cover the financial risk. Following on the management of the capital are the loans provided by the bank. Besides

these loans, there is a liquidity buffer that provides capital when the bank needs it. There is cash needed for problem loans covered in loan impairments and other money available for additional services besides loans, or trading intermediation (Sustainability Report Bank 1, 2014).

When the focus is on providing loans to SMEs, the process can be specified. Loans are financed by funding that partly consists of savings from deposit holders, by bonds issued and from funding from the European Central Bank (ECB). From this capital the loans are funded. Afterwards, the loan requests are assessed by during an internal process, in which is stated for who the loan is, how much money is requested, when the loan will be repaid and what the underlying business case is. This assessment determines the interest rate and other conditions of the loan. After approval of the bank the loan is provided to the customer.

### **Key partners**

As described in the input of the production process, deposits are needed for loans. Therefore deposit holders provide the needs in order to be able to provide loans as a bank, and are key partners of the business model. Another important partner in financing SMEs via Bank 1 is the European Investment Bank that has a specific programme to support lending (Business Report Bank 1, 2014; Annual Report Bank 1, 2015). In June 2016, Bank 1 received another 250 million funding from the European Investment Bank (European Investment Bank Bank 1, 2016). Therefore, investment partners are included as key partners of providing loans to SMEs.

### **Key Resources**

First of all, a talented and committed workforce is needed (Business Report Bank 1, 2014). 'Our business is all about people – and our people are our most valuable assets' (Business Report Bank 1, 2014, p. 80). Besides their employees, the brand name is important to Bank 1s market position (Business Report Bank 1, 2014) therefore it is a key resource. And, as mentioned in the production process in key activities, money is a key input needed when providing loans. Therefore, loan assets, or funding money, are a key resource of providing loans to SMEs. And, sector knowledge is needed to advise customers as mentioned in the value proposition.

### **Channels**

Bank 1 uses a multi-channel approach with its clients. First, it interacts with its client via telephone or by visiting at a branch (Business Report Bank 1, 2014).

Second, Bank 1 has digitalized due to its clients demand for self-service banking and its goal of further improving the bank-wide sharing of sector knowledge (Business Report Bank 1, 2014). In addition, clients expect a wide range of solutions and information to be found online (Annual Report Bank 1, 2015). Therefore, "online and mobile banking are playing an increasingly bigger role in how clients interact with banks" (Annual Report Bank 1, 2015, p. 18). According to the interviews, the account manager does not often visit the customer, although this is depending on the size (related to turnover) of the company.

The bank reaches its clients via online and mobile banking services, and via an app. Besides, it specifically launched an online platform for SMEs, called Taking Finance Further, that contains information on loans and financing problems. In general, Bank 1 sends reports to its customers on specific sector knowledge. At last, Bank 1 digitalized news and updates to strengthen its position (Business Report Bank 1, 2014).

### **Customers segment**

Small and Medium-sized Enterprises are divided into groups of different turnover numbers. Small sized enterprises within Bank 1 are “small businesses with turnover up to EUR 1 million” (Business Report Bank 1, 2014, p. 50), and are stated to be the ‘business banking clients’ of Bank 1 (Annual Report Bank 1, 2015).

Medium-sized enterprises are included in the commercial clients business line of Bank 1, which consists of corporations with a turnover between 1 million and 250 million (Business Report Bank 1, 2014). From the interviews the information reconciles with the information above.

### **Customer relationships**

The client-centric approach of Bank 1 discusses how the bank interacts with its customers. “We strive to preserve the continuity of our client relationships by offering high-quality service and professional advice” (Business Report Bank 1, 2014, p. 36). In every form of channel Bank 1 uses, if it is by telephone at a branch or online, the bank wants customers to experience this approach (Business Report Bank 1, 2014). The meaning of this approach is to put the clients in the centre stage of the business activities, or else said to put the clients’ interests first, in order to remain a long-term relationship with them (Annual Report Bank 1, 2015; Strategic Report Bank 1, 2014). In other words, the focus of Bank 1 is on satisfying and listening to its customers. However, according to the interviews, the time spent with customers depends on the size of the customer. Larger customers with higher turnover need more money, and more services. Personal contact is important for SMEs.

### **Revenue streams**

Stated in a financial overview in the Business Report of Bank 1 (2014) of its corporate banking business line were its sources of income, resulting from loans provided by the bank. Net interest income, net fee and commission income and other operating income were named as the sources of income resulting from the loans provided. Whereby Bank 1 states, “the value created is defined in terms of interest rates and charges” (Sustainability Report Bank 1, 2014, p. 9). From the interviews, interest income and fees are said to be the main income sources of the loans.

### **Cost structure**

The key resource of Bank 1 loan offerings to SMEs is the employee group that count as the professionals of providing these loans. Thereby, personnel expenses, or employee wages is the main expense covered in this business model. Besides, another group ‘other expenses’ is named in the Business Report of Bank 1 (2014). This group covers the taxes and interest on deposits and debt, depreciation and amortisation costs, and the costs on loan impairment (Sustainability Report Bank 1, 2014). Depreciation and amortisation costs, together with the loan impairment will become part of the regulatory capital (Sustainability Report Bank 1, 2014). Costs spent on sector research are another source of expense, according to the interviews.

## **4.2 Sustainability**

As mentioned in the introduction of this chapter, the sustainability of loans provided to SMEs is analysed. First, the internal principles, or underlying motivation to integrating sustainability

at Bank 1 is discussed. Afterwards, an elaboration is given on the aspects of people, planet and profit at Bank 1. The level of sustainability is assigned to each of the P's, as displayed in the overview below.

**Level of sustainability**



**Internal principles**

Principles	Sustainability level	Colour
Sustainability ambition/ definition	Sustainability is creating a better bank for a better world (Respondent 2, appendix 4). Sustainability is not fully integrated in the financing processes of Bank 1, the bank is “thinking about giving incentives to sustainable companies in a monetary or non-monetary form” (Respondent 1, appendix 4, p. 95), indicated by the sustainability assessment. Bank 1 tries to create a win-win situation for clients and the bank by categorizing the degree of sustainability of the companies and interacts with that customer upon that (Sustainability Report Bank 3, 2014). Besides, the bank “strikes to balance between people, planet and profit” (Sustainability Report Bank 3, 2014, p. 8), which is stated in their strategy as a better bank that contributes to a better world. Better world integrates sustainability into the business models of the bank’s customers. Better bank concerns long-term relationships with customers, and reduction of paper waste and energy usage (Respondent 2, appendix 4). The balance between people, planet and profit, and for example the sustainability assessment and pricing model objective, shows that the bank has ambitions and integrates sustainability in a way that is more than required by compliance. Therefore, the green, or caring, sustainability level is assigned to Bank 1’s sustainability ambition and definition.	
Internal drivers, motivation behind sustainability	According to Bank 1, sustainability should not be mentioned separately and should be fully integrated into the assessment of a company, which is an objective for the future (Respondent 1, appendix 4). And, ‘the commitment to contributing to a better world stems from the sense of responsibility and from the duty to restore trust in the financial sector’ (Zalm, in Sustainability Report Bank 1, 2014, p.4). Additionally, sustainability influences operational risks, which can eventually affect the ability of the customer to repay their loan. Therefore, risks are managed more effectively when customers have sustainable business models (Respondent 2, appendix 4). Besides, a reputation risk is another motivation behind sustainability. Customers who ignore human rights can be linked to financing operations of the bank, which can cause harm to the bank’s reputation. Based on the future objective of full integration, personal values from the management (Zalm in Sustainability Report Bank 1, 2014) and beliefs that sustainability effectively manages operational and reputational risk; the bank has a green level.	
Criteria for decision	Balanced decisions take into account all relevant parties’ interests based on environmental, social and ethical criteria.	

making	Decisions to providing loans are based on a tool that assesses the sustainability risks of customers, which exist of ecological, social and governmental risks. These relevant parties concern the shareholders that highlight the importance of sustainability, as well as funding partners and customers in the form of deposit holders and companies. Because environmental, social and ethical criteria are taken into account, together with all relevant parties when taking decisions and sustainability assessment with customers, the green level is also assigned to the last internal principle element.	
<b>Overall</b>	<b>As a conclusion of internal principles, it can be stated that Bank 1 values environmental and social aspects and tries to balance people, planet and profit in its operational processes and decision-making. Sustainability is a better bank that contributes to a better world. Meaning that the bank creates a win-win situation for also the customer by integrating sustainability elements into their processes, such as the sustainability assessment. Besides, the bank has integrated sustainability in their own business model, by setting objectives to reduce waste and energy use. Their internal principles to integrating sustainability to create a better world are to restore trust in the financial sector, to effectively manage operational and reputational risk and to make companies more future-proof.</b>	

#### People, Planet and Profit tables

People	Sustainability level	Colour
People management	Bank 1 is conscious that employees drive sustainable business performance. They consider their employees as “key to forging and growing lasting relationships with their clients” (Business Report Bank 1, 2014, p. 78). 20% of learning is supported and facilitated by colleagues at Bank 1 (Annual Report Bank 1, 2015, p. 111). The bank wants to create a culture of continuous development, by offering employees “numerous tools and opportunities to develop and grow” (Annual Report Bank 1, 2015, p. 110). The employees are managed in a way that they can participate in different programmes etc. to develop themselves and keep motivated. And, employees are given autonomy to personalise their working conditions and benefits (Annual Report Bank 1, 2015). Because of the continuous improvement perspective and the autonomy given in managing people, the green label is assigned to people management.	
Workplace environment	Because of the strong corporate identity and the creation of a culture excellence, Bank 1 invests in the knowledge and employability of employees (Respondent 2, appendix 4). Employees have the possibility to educate themselves on sustainability aspects (Business Report Bank 1, 2014, p. 51). Bank 1 keeps employees motivated and attracted by their strong corporate identity of excellence. Also, a survey identifies employees who are at risk of sickness or absence, which are offered assistance to reduce this risk (Sustainability Report Bank 1, 2014). Green is the sustainability level of the workplace environment, because of the support to increase the wellbeing of Bank 1’s employees and the strong corporate identify and culture of excellence to which a lot has been written about in the reports.	
Safety and Health	Vitality of employees is a key theme within Bank 1, proven by initiatives as LEEFVitaal, and an intranet site on health and vitality. Besides, employees have	

	<p>the possibility to join courses on mindfulness and to order books on health and lifestyle using their personal Sustainable Employability Budget (Business Report Bank 1, 2014, p. 84). According to Bank 1, “health and safety enhance job enjoyment and reduces the chance of illness, accidents, injuries and damage” (Sustainability Report Bank 1, 2014, p. 18). The yellow level of sustainability has been assigned to safety and health because of these initiatives to reduce health risks and the individual arrangements employees can take advantage of.</p>	
Diversity	<p>At Bank 1 diversity is important. They especially focused on gender, cultural background and disability (Business Report Bank 1, 2014, p. 78). Besides, the percentage of women in management posts has been rising over the past 3 years (in 2014). Bank 1 achieved their target of 20% women in senior management positions (Business Report Bank 1, 2014). Besides, Bank 1 focuses on “hiring more non-Western employees for upper middle-management and senior management positions and on hiring more disabled people” (Annual Report Bank 1, 2015, p. 110). Also, the bank organizes several conferences, workshops and events to promote diversity (Diversity Bank 1, n.d.). Bank 1 has the yellow level of sustainability for this, because of its targets set for women in senior management positions and the conferences, workshops and events it organizes to support diversity among its employees.</p>	
Work ethics	<p>Bank 1 has strong standards when it comes to lending services to companies. These standards have been created based on voluntary agreements and treaties like the UN Global Compact (Sustainability Report Bank 1, 2014). Bank 1 does not do business with “companies that are not willing to, or capable of running their responsibly” (Sustainability Report Bank 1, 2014, p. 31). And therefore Bank 1 has the green level of sustainability in work ethics, because of its choice not to do business within certain sectors. However, there are no proactive policies to improve the circumstances in certain sectors.</p>	
Consumers	<p>Bank 1 is selective with respect to which customers they grant services to. They have an integrated sustainability assessment in their acceptance process. With this tool, Bank 1 hopes to share insights and support companies to become more sustainable. This tool is used for loans above 1 million euros. When companies do not meet the minimum requirements, Bank 1 is able to help these companies to meet the requirements (Respondent 1, appendix 4; Business Report Bank 1, 2014). Besides, Bank 1 has come up with a programme for customers to make their operations more sustainable (Business Report Bank 1, 2014). After the assessment, the decision has to be made if the bank wants to set up a relationship with the customer or not (Business Report Bank 1, 2014). As mentioned in the sustainability ambition, companies who have integrated sustainability effectively do not receive an incentive yet, although the bank is thinking about giving incentives in a monetary or nonmonetary form. Bank 1 has the yellow label for this, meaning that they are truly customer oriented, that they put customers first and supporting them in becoming a more sustainable company, besides assessing them on the level of sustainability.</p>	
Suppliers/p artners	<p>Bank 1 uses a system to select suppliers. This system is used to give them insights on their supplier’s sustainability performance (Sustainability Report Bank 1, 2014). Bank 1 organises meetings with their stakeholders to get to know what they want of Bank 1 (Respondent 2, appendix 4). The green level of sustainability is appropriate</p>	

	here, because Bank 1 has a system and insights on the sustainability of its suppliers and thereby has an overview of how sustainable its suppliers are, and can monitor this.	
<b>Overall</b>	<b>Bank 1 is aware that it should invest in employee development, motivation and health to increase the wellbeing and therefore reduce health and safety risks of its employees. Besides, it has set objectives to increase the amount of women in higher positions within their bank, together with the conferences, workshops and events it organizes to increase diversity among its employees. The bank has a culture of continuous development and improvement in its people management. Bank 1 has chosen not to do business within certain sectors or industries, and has a system that shows the sustainability of its suppliers. Besides, the bank organizes meetings to get to know the interests of its stakeholders. Bank 1 also interacts with its customers in becoming more sustainable, by assessing their sustainability at first, for which a tool is developed. However, in providing loans to its customers, Bank 1 does not provide an incentive to customers who have effectively integrated sustainability in its business model. The bank has not decided upon this matter. The overall level of sustainability lies between the 4 green and 3 yellow levels given. Therefore, Bank 1's People aspects have a green-yellow level of sustainability, with a slight majority for the green level.</b>	

<b>Planet</b>	<b>Sustainability level</b>	<b>Colour</b>
Environmental management	Bank 1 tries to minimise the impact on the environment by focusing on reducing their environmental footprint. They do this by reducing the energy consumption and amount of waste (Respondent 1, appendix 4). Bank 1 has achieved a reduction of 31% in energy usage in 2014 and has set targets for 2017 (Business Report Bank 1, 2014; Sustainability Report Bank 1, 2014). The yellow level of sustainability is thereby appropriate, because of the minimization of impact on the environment, however no argumentation has been found on why Bank 1 is committed to reducing its impact on the environment besides the internal motivation to integrate sustainability in order to regain trust in the financial sector.	
Neighbourhood	Bank 1 tries to do something back for society by supporting a range of green projects and via their commitment to contributing to a better world. Bank 1 wants to emanate that they are successful because of the success of their customers. The bank focuses on 3 ways to offer their financial expertise to society, by social entrepreneurship, facilitating talent and ambition and sharing sector-specific knowledge (Business Report Bank 1, 2014). Also, employees can volunteer for leave granted by the bank to make a difference outside the office by helping on themes like financial self-sufficiency or school dropout rates (Organisation Bank 1, n.d.). Because Bank 1 supports the development of the neighbourhood financially and non-financially, by for example supporting the sustainability of its customers as mentioned earlier or by green projects, it gets assigned the green level of sustainability.	
<b>Overall</b>	<b>Bank 1 integrates environmental management and neighbourhood initiatives into its processes in a way that it minimizes its impact on the environment, and supports the neighbourhood by several projects and</b>	

	<p>sharing knowledge. Also for Planet, the level of sustainability lies between green and yellow. Bank 1 has integrated sustainability in a further stage for environmental management, namely the yellow level of sustainability, compared to the neighbourhood aspect, which is levelled at a green level of sustainability.</p>	
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Profit	Sustainability level	Colour
Price determination	<p>As mentioned earlier, the objective of Bank 1 is to translate the degree of sustainability of companies into their pricing model (Respondent 1, appendix 4). Leading in the pricing model is the amount of risk. Therefore, Bank 1 states that they aim to improve their profitability by managing on risk and reward, improving their return on equity and by offering profitable overall client propositions (Business Report Bank 1, 2014). Bank 1 offers a price that takes into account the risks and they have the objective to integrate sustainability of their customers into the pricing model. Therefore, the level of sustainability based on the pricing model is green.</p>	
Shareholder value	<p>Bank 1 strives to create and increase sustainable value for all stakeholders (and thus also shareholders). Bank 1 is also listed on the stock market, meaning that the shareholders' value is thereby important to Bank 1 (Respondent 2, appendix 4). The focus is on balancing between the interests of Bank 1 and the interests of the stakeholders for creating sustainable value. Besides, the interests of shareholders play an important role for Bank 1; they find sustainability important (Respondent 2, appendix 4). Because the bank focuses on the shareholder value, but also on the stakeholders, the sustainability level is green.</p>	
Investor relations	<p>Bank 1 focuses on stakeholder relations by organising and engaging in a dialogue where the focus is on the issues that are the most important to stakeholders. Besides, as mentioned earlier in 'consumers', Bank 1 supports new customers on becoming more sustainable, when reviewing its sustainability via the assessment. In 'neighbourhood', there was also discussed that one of the ways Bank 1 offers their financial expertise is by sharing sector-specific knowledge. In the loan approval process, ABN ARMO takes into account environmental, social and ethical criteria, as mentioned in 'consumers'. Also, Bank 1 includes sustainability outputs such as the amount of impact funds or employee engagement numbers in its Annual Report (Annual Report Bank 1, 2015). Based on the exchange of information, the stakeholder relation, the information of sustainability performance and the sustainability criteria, the level of sustainability is yellow for investor relations.</p>	
Overall	<p><b>The interests of stakeholders are important to Bank 1 to create sustainable value. Shareholders play an important role for the bank, which influences the level of sustainability based on the 'shareholder value'. Bank 1 has the ambition to integrate sustainability assessments into their pricing model in providing loans. Meaning that the prices will be more based on the perceived value a company has, based on its sustainability. Thereby, it can be stated that sustainability has not been integrated into the profit part as much as in the other parts. Just like the People aspect, also for the profit the level of sustainability is between yellow and green, with a majority for the green level. Meaning that for investor relations Bank 1 has a higher</b></p>	

### 4.3 Conclusion

Based on documents and interviews Bank 1, it can be stated that sustainability is integrated in their business model regarding lending activities to SMEs. Except for their internal principles to integrate sustainability, Bank 1 has green and yellow levels of sustainability. Therefore, it can be concluded that the bank has a level of sustainability between green and yellow, with the green level as an upper hand of the level of sustainability. There are several arguments that fund this conclusion. The first one is that in their opinion sustainability is important to effectively manage operational and reputational risk, and to make other companies more future-proof. For that reason, as mentioned in Bank 1's value proposition, the bank is successful because of its customers. Also, operational risk can have an impact on the costs Bank 1. Secondly, they have strong work ethics by choosing not doing business with specific industries and sectors. Although, in the customer segment there is stated that Bank 1 provides loans to SMEs and not all SMEs are taken into consideration. Besides they have implemented a system to show the extent of sustainability of its suppliers. Meaning that sustainability is integrated into the key partners part of the business model, by assessing the sustainability of its partners and suppliers. In addition, Bank 1 also assesses the sustainability of customers that funds the discussion on how the customers can become more sustainable. This has an impact on customer relationship, namely the supportive environment Bank 1 offers to integrate sustainability into the business models of its customers. Also, this supports the value proposition Bank 1 has given, to advise its customers and to be an innovative bank. Thirdly, Bank 1 has a culture of continuous development and improvement in its people management and invests in initiatives to increase the wellbeing of employees. Meaning that sustainability is integrated into the key resources of Bank 1, by investing in employees to maintain long-term value. Fourthly, they integrate environmental and neighbourhood initiatives into their processes in such a way that it minimizes its impact on the environment. As mentioned in internal principles, in offering their services, Bank 1 tries to balance people, planet and profit values by minimizing their footprint in the environment. It seems that minimizing the footprint in the environment is a key activity, besides lending money Bank 1 also tries to support the neighbourhood using the qualities of its' employees. Fifthly and finally, Bank 1 is planning to integrate sustainability assessments into their pricing model in providing loans. Consequently, prices will be based on the perceived value a company has on its sustainability, which will improve the level of sustainability at Bank 1.

## 5. Bank 2

This chapter has the same structure as the former chapter, including an elaboration and analysis of the business model and its sustainability, at Bank 2. Also for Bank 2, because of the use of two different frameworks and the difficulty of combining the dimensions, the results are described separately. All, partly anonymized, references used for the documentary research can be found in appendix 6; all references of the interviews are included in appendix 4.

### 5.1 Business model

#### Value proposition

Like all banks, Bank 2 also offers loans to SME's, which is the value the banks offer. The ambition of Bank 2 is to become "a reliable partner for entrepreneurial Netherlands. We want to help customers achieve their ambitions" (Corporate Social Responsibility Report Bank 2, 2015, p. 77). The bank wants to be seen as a partner for the customers, or companies, during strategic choices they have to make, as mentioned in the interviews.

#### Key activities

Bank 2 is focused on not only providing money, but also other services, to provide a full package of financial and non financial services available any time. "For each customer with a solid business plan, Bank 2 provides various possibilities. In addition to offering appropriate products, we are also able to establish valuable connections with investors and we contribute to initiatives that make life easier for the life of an entrepreneur" (Corporate Social Responsibility Report Bank 2, 2015, p. 77).

Regarding input-process-output, the loans are financed through funds from customers or long-term funding through professional markets (Annual Report Bank 2, 2015). According to the interviews, the funds of deposit holders are used to finance the loans, as mentioned by funds from customers. In the process of providing a loan, a percentage needs to be kept as a buffer. This percentage is determined by the risk rating of the customer. Also, in the process a detailed description is made of the amount of money a customer would like to borrow, and how the bank can finance this amount. The customer's company is then described by non-financial information about the management, organisation, and sector. After the risk rating and company description, the bank approves or declines the loan and its terms.

#### Key partners

The investment partners mentioned for providing loans are 'De Lage Landen (DLL) and the European Investment Bank. "Many business owners could use a little boost. That's why in 2015 we signed with our leasing subsidiary DLL and the European Investment Bank an agreement to support Dutch companies. Thanks to this credit facility a total of 400 million euros will be available. This money is distributed among approximately 300 companies who receive an interest discount on their funding. This facility is intended to encourage Dutch companies that need investment to develop. The total amount is split between Bank 2 and DLL, who lend 200 million euros each (Corporate Social Responsibility Report Bank 2, 2015, p. 78). Entrepreneurs in SMEs can get a maximum of 1,2% discount on their loans (European Investment Bank Bank 2, 2015). According to Paul Dirken, director Business

banking at Bank 2 “With the impact loan, a loan with a significant discount, we can reward business clients with their sustainable behaviour” (in European Investment Bank Bank 2, 2016, para. 3).

Besides the DLL and European Investment Bank, deposit holders are needed to fund the loans, as mentioned in the key activities. Also, accountants are mentioned in the interviews as a key partner.

### **Key resources**

The key resources to providing loans to SME’s are transparency, loan assets and employees. “Transparent products and clear conditions are also extremely important. It is up to us to live up to these expectations and win back their trust” (Corporate Social Responsibility Report Bank 2, 2015, p. 73).

The loan assets needed as a key resource are described as follows. “These mortgages and loans are financed with, among other things, customers’ savings, customers’ current account balances and with funding provided by professional money market and capital market players” (Annual Report Bank 2, 2015, p. 193).

At last, employees are a key resource to Bank 2. “Employees make the ambitions of our customers and Bank 2 come true” (Annual Report Bank 2, 2015, p. 13). According to the interviews, account managers are most important of the employees to the loans provided to SMEs, because they have most contact with the customers.

### **Channels**

Bank 2 notices that digital channels are becoming more important nowadays. “Bank 2 wants to digitalise financial services. More and more customers do their banking via a mobile phone or tablet, contact with a bank employee happens via chat more often” (Corporate Social Responsibility Report Bank 2, 2015, p. 75).

There are several digital channels available by the bank. First is the Knowledge App and the website. “Through our Knowledge App and the website [www.cijfersentrends.nl](http://www.cijfersentrends.nl) website, we continuously provide Dutch entrepreneurs insight into current developments in their sectors. In the Benchmark Tool entrepreneurs can compare their own financial performance with that of their peers” (Corporate Social Responsibility Report Bank 2, 2015, p. 78). Next is an online website for starters; [www.ikgastarten.nl](http://www.ikgastarten.nl), of which Bank 2 is a partner (Corporate Social Responsibility Report Bank 2, 2015). Also, Bank 2 is involved in several initiatives like the Innovation Award, to represent itself for entrepreneurs, or starters at the market (Annual Report Bank 2, 2015).

Personal contact with the customer is becoming rare, and these rare moments of personal contact become more important in a way that the employees only have a few chances every year to speak with its customer in person, as the following citation implicates. ‘Where possible, standardisation offers a solution, but customisation and unique knowledge and networks are also what set us apart from the competition’ (Annual report Bank 2, 2015, p. 36).

### **Customer segment**

According to the interviews and the Annual Report of Bank 2 (2015), the bank defines SME as customers with a turnover up to 250 million. This amount is equivalent to the definition of SME of Bank 1.

**Customer relationship**

Just as the digital channels are more present nowadays, the relationship with a customer is mostly done digitally. “Customers appreciate our online services more and more and have an increasingly positive opinion of our advisors” (Draijer, in Annual Report Bank 2, 2015, p. 2). The following citation explains the ways Bank 2 maintains the relationship with its customers. “Our customers make use of online banking more and more. Therefore, fewer customers came to our offices and Bank 2 has closed a lot of locations in the Netherlands in the past few years. So, personal contact with employees has decreased and we expect this trend to continue in the future. However, we do aim to get closer to the customer in various ways:

- Socially: as an involved bank customers can count on
- Virtually: through smart technology with which customers can take care of their banking quickly and easily
- Personally: through involved advisors who help the customer get ahead in crucial times” (Corporate Social Responsibility Report Bank 2, 2015, p. 77).

**Revenue streams**

Subject of wholesale banking, are the loans provided to the SME’s. The results of the wholesale banking cover net interest income, net fee and commission income and other income as the revenue sources (Annual Report Bank 2, 2015). However wholesale banking differs from SME loans in scale and functionalities, indicated during the interviews was that the core business of lending money to customers is by attracting interest on money.

**Cost structure**

Besides attracting money from interests, the bank needs to pay interest on money lend from deposit holders. Also, employee costs is a major source of expense. At last, belonging to the costs involved with wholesale banking, are the other administrative expenses and depreciation (Annual Report Bank 2, 2015). The interviews confirm these costs by saying that costs of buildings are part of the cost structure of this business model.

**5.2 Sustainability**

Next are the results of the sustainability analysis of loans provided to SMEs at Bank 2. First, the internal principles, or underlying motivation to integrating sustainability at Bank 2 is discussed. Afterwards, an elaboration is given on the aspects of people, planet and profit at Bank 2. The level of sustainability is assigned to each of the P’s, as displayed in the overview below.

**Level of sustainability**



**Internal principles**

Principles	Sustainability level	Colour
Sustainability ambition/	According to Bank 2, sustainability is doing business with minimal harm to the environment as the business process is finished (Respondent 3, appendix 4). In the documents, sustainability is defined as “the quality of not being harmful to people,	Yellow

definition	communities, environment or depleting natural resources, and thereby supporting long-term social and ecological balance” (Sustainability Policy Framework Bank 2, 2015, p. 6). Besides, they have integrated sustainability into their internal business operations. Sustainability is part of the policy processes, products and services (Annual Report Bank 2, 2015). Besides, Bank 2 has implemented sustainability into their pricing model, by offering a discount on the interest rate of impact loans provided to sustainable customers (Annual Report Bank 2, 2015; European Investment Bank Bank 2, 2015; Respondent 4, appendix 4). Bank 2 has the ambition to adjust their pricing model, concerning the interest rates, to the level of sustainability of the customer (Respondent 3, appendix 4). The yellow level of sustainability is assigned to Bank 2’s sustainability ambition and definition, because of the importance highlighted to create value for the society and environment, and the win-win approach for customers and the bank via the pricing model adapted to sustainability.	
Internal drivers, motivation behind sustainability	According to Bank 2, sustainability is important because “it can be an important tool for companies to have a durable, or lasting existence” (Respondent 3, appendix 4, p. 101). Besides, sustainable business models are important for the welfare of future generations (Respondent 3, appendix 4). “Sustainability is essential to the long-term success of businesses. We therefore encourage and support all of our corporate clients to gradually improve” (Sustainably successful together Bank 2, 2014, p. 3). Given the long-term success of businesses, and the improvement of sustainability at customers, the level of sustainability is yellow.	
Criteria for decision making	Bank 2 sees sustainability “as a part of their cooperative identity” (Annual Report Bank 2, 2015, p. 71). They measure the progress of reaching towards sustainability ambitions through KPIs. They share the results with their stakeholders and enter in dialogues with them (Annual Report Bank 2, 2015). Besides sharing and discussing the results, Bank 2 discusses with relevant stakeholder groups social trends that the stakeholders feel that are most important. With this information, a vision is developed and communicated (Sustainably successful together Bank 2, 2014). In other words, Bank 2 takes into account the interests and opinion of relevant stakeholder groups before making decisions. Because of this, Bank 2 has the green level of sustainability in criteria for decision-making.	
Overall	<b>As a conclusion of internal principles, it can be stated that Bank 2 is between synergistic (yellow) and caring (green). The definition of sustainability for Bank 2 is “the quality of not being harmful to people, communities, environment or depleting natural resources, and thereby supporting long-term social and ecological balance.” They have already integrated sustainability into their internal business processes. Additionally, Bank 2 recognises sustainability to be essential to the long-term success of businesses and they encourage clients to be sustainable as well. Bank 2 enters in dialogues with stakeholders to share results on sustainability scores and based on that a vision is developed.</b>	

### People, Planet and Profit tables

People	Sustainability level	Colour
People management	The cooperative identity discussed earlier also plays an important role in people management at Bank 2. Employees are encouraged to carry out this identity by	

	<p>making it part of performance agreements and the individual evaluation of the employee. Managers set the right example, and are taught in their courses to support cooperation (Annual Report Bank 2, 2015). Besides, in case of a reorganisation employees are supported in looking for new jobs (Respondent 3, appendix 4). Bank 2 calls itself a cooperative bank, meaning that the bank encourages the participation of clients and members in their operations (Sustainably successful together Bank 2, 2014, p. 24). Through cooperation, Bank 2 wants to support people in achieving their ambitions (Sustainably successful together Bank 2, 2014, p. 27). Because of the importance of participation within the bank and the cooperative banking perspective, Bank 2 has the green level of sustainability in people management.</p>	
Workplace environment	<p>Bank 2 also has the green level of sustainability for the workplace environment. Bank 2 encourages a company culture that carries out the bank they want to be. Sustainability is promoted in the culture and plays a significant role (Sustainable successful together Bank 2, 2014). There is a strong focus on personal development and training (Annual Report Bank 2, 2015). Another argument is that research to employee satisfactory about their working place is gaining attention and becomes more important (Respondent 3, appendix 4). Bank 2 has included sustainability in its introduction programme, including information on how to apply sustainability in employees' jobs. Bank 2 also has a culture programme in which the values of the bank are re-evaluated and the desired culture and employee behaviour are discussed (Sustainably successful together Bank 2, 2014).</p>	
Safety and Health	<p>Within Bank 2, much attention is paid to the process of reducing work-related stress, because Bank 2 knows that vitality is the basis of resilient employees (Annual Report Bank 2, 2015). They attach a lot of importance to vitality, resilience and reducing absenteeism (Annual Report Bank 2, 2015). Family care, working together for vitality, moving together and sharing together are topics related to improving the vitality of Bank 2's employees (Annual Report Bank 2, 2015, p. 85). Besides, there is a vitality scan on the HR portal, which provides insights for employees on their vitality and on how to improve it (Annual Report Bank 2, 2015, p. 85). At last, Bank 2 has an Employee Benefit Budget that employees receive on the basis that they can make individual choices to purchase hours of leave, or get a bicycle scheme for example (Collective Labour Agreement Bank 2, 2016). This system of specific topics and related programmes improves health of Bank 2s' employees in different dimensions (individually/collective); therefore the yellow level of sustainability is assigned.</p>	
Diversity	<p>The level of diversity at Bank 2 is coloured yellow, because of the following reasons. Bank 2 has its own diversity board to carry out a diversity policy to reflect the society with respect to gender, cultural background and sexual preferences. From 2015, this diversity policy started focussing on cultural background and sexual preference besides gender diversity. Bank 2 wants to be ensured of commitment and involvement of diversity; therefore it has set up a diversity board, which oversees the implementation of the policy (Annual Report Bank 2, 2015).</p> <p>Targets are set for the proportion of women at the top of the bank. In 2020, the top tier of Bank 2 should consist of 30% women and the second tier of 40%</p>	

	women (Corporate Social Responsibility Report Bank 2, 2015). Bank 2 strives to have at least one job occupied by an employee with a disability working at every local Bank 2 and every central department (Annual Report Bank 2, 2015).	
Work ethics	Bank 2 works with a rating system to rate customers based on their sustainability initiatives. This includes also the sector the clients are in. For example, Bank 2 does not do business with the mining industry or sex industry (Respondent 4, appendix 4). Besides, Bank 2 is committed to discuss with clients how they can improve on sustainability aspects (Annual Report Bank 2, 2015; Respondent 3, appendix 4). Because of this policy and improvement projects, the yellow level of sustainability is applicable within 'Work ethics' at Bank 2.	
Consumers	<p>Bank 2 is connected to improve themselves and their customers to help making the world a better place, or at least not worse. They also connect businesses so that they can learn from each other. Besides, they "discuss sustainability services with our larger business customers, to share our knowledge about this and to support them in taking the next step" (Corporate Social Responsibility Report Bank 2, 2015, p. 78). And, as mentioned earlier, Bank 2 offers impact loans, which include a discount on the interest rate.</p> <p>The discussion about the customers' sustainability and the discount that is offered are results from the 'client photo'. Bank 2 "increased insights into its client' sustainability performance through the 'client photo'"(Annual Report Bank 2, 2015). The client photo categorizes the customer into a level of sustainability, from A till D. Category A are the leaders in sustainability, who receive the discount, and D are businesses that do not meet up to the requirements of the assessment and are unacceptable (Respondent 4, appendix 4). Bank 2 enters into dialogues with businesses to increase its sustainability and its category level (Respondent 3, appendix 4). However, only category A has a different pricing model, but the other categorizes do not have a different interest rate based on the level of sustainability (Respondent 3, appendix 4). And, small enterprises do not yet have an assessment, but will get a self-assessment based on its sustainability (Respondent 3, appendix 4). The assessment, knowledge sharing and integration of sustainability into the pricing model represent the yellow level of sustainability regarding customers, stating that Bank 2 is truly customer oriented in a sustainable way.</p>	
Suppliers/partners	Reputation is important to Bank 2, therefore the bank pays close attention to who their partners are and focus on long-term relationships. Partners are not assessed on sustainability, although "sustainability is in a way there, in the professionalism of parties, which goes hand in hand with sustainability" (Respondent 3, appendix 4). And, business partners and suppliers are monitored on sustainability by screening and engaging with them; Bank 2 expects them to meet obligations outlined in the 'Sustainability Statement for Business Partners of the Bank 2' (Sustainability Policy Framework Bank 2, 2015). Thereby, when obligations have not been met and there is no improvement, Bank 2 terminates the relationship with the supplier or partner (Sustainability Policy Framework Bank 2, 2015). Bank 2 has an agreement with a partner to lower the interest rates for customers, in order to support the SMEs (Respondent 4, appendix 4). The strategic partnership and the systematic control, or monitoring of the sustainability of suppliers and partners represent the	

	yellow level of sustainability.	
<b>Overall</b>	<b>As a conclusion of people, it can be stated that Bank 2 is between synergistic (yellow) and caring (green). They mainly scored ‘yellow’, but on people management and workplace environment they scored ‘green’. Bank 2 encourages participation of clients and members in their operations. Employees are supported to develop themselves to achieve ambitions and each employee has an Employee Benefit Budget. They attach a lot of importance to employee vitality and have a diversity board to carry out a diversity policy that reflects society. Work ethics are very important and they help businesses to improve their sustainability, based on improvement projects. Also, Bank 2 does not do business with customers within specific industries.</b>	

<b>Planet</b>	<b>Sustainability level</b>	<b>Colour</b>
Environmental management	Bank 2 is conscious about the environment and tries to leave a footprint that is as small as possible. They try to do that by reducing CO2 emissions per FTE by 10% and operate in a climate neutral manner. Their focus is on energy consumption in homes, ICT and mobility (Annual Report Bank 2, 2015). For example, all cars leased by Bank 2 are hybrid cars (Respondent 3, appendix 4). They also focus on the paper consumption and buildings are adjusted to become more environmental friendly (Respondent 3, appendix 4). Besides, Bank 2 has expectations regarding its customers, to know their potential impact on the environment and apply industry-specific good operating principles. Besides, Bank 2 has set expectations and requirements on customers who could potentially create significant impact, pollute the environment or have significant greenhouse gas emissions (Sustainability Policy Framework Bank 2, 2015). The minimization of the impact on the environment given by the targets set and policies implemented result in a yellow level of sustainability.	
Neighbourhood	Bank 2 has initiatives to develop its neighbourhood. They for example have a specific fund that backflow a certain percentage of the profit to its local economy (Respondent 3, appendix 4). Another example is that the Bank 2 has a separate foundation that focuses on the participation of vulnerable people in society (Annual Report Bank 2, 2015). Bank 2 perceives it as “their duty to let people participate in society independently and with dignity” (Annual Report Bank 2, 2015, p. 57). Supported are new cooperatives by financial products and services, knowledge sharing and networking (Annual Report Bank 2, 2015). Bank 2 not only finances projects, but also acts as a knowledge partner; “we provide a contribution, from our financial and content expertise, towards achieving the objectives established for each project” (Annual Report Bank 2, 2015, p. 62). Overall, the neighbourhood is supported and therefore the green level of sustainability is most appropriate.	
<b>Overall</b>	<b>As a conclusion of planet, it can be stated that Bank 2 is between synergistic (yellow) and caring (green). On environmental management they scored the yellow colour and on neighbourhood they scored a green colour. Bank 2 has several initiatives to leave an environmental footprint as small as possible. Besides, they employ several activities to develop their neighbourhood.</b>	

Profit	Sustainability level	Colour
Price determination	<p>Bank 2 handles fair prices, the prices (interest) companies have to pay on their loan is mostly based on a rating based on the risk Bank 2 is bearing by providing a certain firm a loan. In addition, Bank 2 has a so-called Rabo Impact loan, which provides a discount to firms that meet, by evidence, sustainability criteria. With the impact loan Bank 2 expects that “more SMEs will find their way to a sustainable business” (Dirken, in European Investment Bank Bank 2, 2015, para. 3).</p> <p>Besides, Bank 2 helps businesses to find additional finance next to the bank loans they provide. This process is mostly done for free. Because of the impact loan that offers a lower interest, the value is perceived based on the extent to which sustainability is integrated at the customer’s business. Therefore, the price is based on perceived value, although this is not yet the case for the whole pricing model. Nevertheless, Bank 2 has plans to base prices on the level of sustainability (Respondent 3, appendix 4), therefore the yellow level is most appropriate for the pricing model of Bank 2.</p>	
Shareholder value	<p>First of all, Bank 2 has no shareholders. No stocks are traded of the Bank 2. Instead we speak of stakeholder value. Bank 2 enters dialogues with stakeholders to improve its value. And as mentioned in ‘neighbourhood’, a percentage of the profit Bank 2 makes is reinvested in the local economy (Respondent 3, appendix 4). And, as mentioned in ‘Customers’, the pricing model of loan approvals is adjusted for leaders in sustainability, they get a discount on their interest rate, and meaning that in this way, a fair price is offered based on sustainability. As mentioned in ‘Criteria for decision-making’, Bank 2 takes into account the interests and opinion of relevant stakeholder groups before making decisions, even concerning their vision. Therefore, the turquoise level of sustainability is assigned. Bank 2 takes into consideration its stakeholders, and has no influence of shareholders in their business.</p>	
Investor relations	<p>Regarding investor relations, there is exchange of information between customers and the bank, and other relevant parties. Examples of the exchange can be found in the Annual Report of Bank 2 (2015), supporting local communities and the climate footprint are included in the key figures of the document. Another example can be found in other documents, such as the CSR Report of Bank 2 (2014), in which information on sustainable funding is given. According to Bank 2 (Annual Report Bank 2, 2015, p. 53), results are also shared with the stakeholders via info graphics and in periodic meetings (Annual Report Bank 2, 2015).</p> <p>And as mentioned earlier as sustainability criteria, Bank 2 includes social and environmental criteria into its loan approval process assessment (CSR Report Bank 2, 2014). Following on the assessment is an interaction with the customer to support sustainability and a long-term vision.</p> <p>The impression is given that detailed information on sustainable performance is represented in documents and other forms of channels, and social and environmental criteria are taken into account in the documentation and business processes of the bank. Therefore, the level of sustainability is given yellow.</p>	
Overall	<b>As a conclusion of profit, it can be stated that Bank 2 is between</b>	

<p><b>synergistic (yellow) and holistic (turquoise). The prices Bank 2 charges their customers are based on a risk rating methodology. In addition, they can provide an impact loan to businesses that met sustainability criteria. The strategic partnership with the European Investment Bank that concerns the impact loan, and the monitoring of other suppliers shows that Bank 2 pays attention to which their partners/suppliers are. They have dialogues with stakeholders and provide detailed information on sustainable performance to their investors.</b></p>	
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### **5.3 Conclusion**

Bank 2 has integrated sustainability into their business processes of providing loans to their customers, SMEs. This is done on a green-yellow level of sustainability, with a majority of the aspects having a yellow level. This conclusion is based on several results. First of all, Bank 2 finds sustainability important because of the welfare of future generations, and it can be a tool for their clients to have and maintain their right to exist. Therefore, Bank 2 enters dialogues with stakeholders and clients to encourage them to be sustainable. This is an important aspect within their business model, regarding the relationship with its customers. Secondly, they have a work ethic consisting of a policy not to finance SMEs that are in sectors that harm people and the planet. Meaning that within the customer segment of Bank 2's business model, they are selective in whom to provide services to. Thirdly, Bank 2 monitors business partners and suppliers by screening and engaging with them. Besides, the bank has a strategic partnership with the European Investment Bank to lower the interest rate for its customers. This implies that Bank 2 makes effective use of its key partner to create a win-win situation. Fourthly, sustainability is also integrated in relation to their employees. Bank 2 attaches importance to employee vitality, supports them to achieve ambitions via an individual Employee Benefit Budget. This implies that Bank 2 values their employees as a key resource as mentioned in its business model. Fifthly, is that Bank 2 has several activities to develop their neighbourhood and leave an environmental footprint as small as possible. Within its business model, their financials are impacted by the support in the local economy and the funding of foundations. And finally, Bank 2 provides an impact loan to businesses that met sustainability criteria. This implicates that the bank has integrated sustainability into its pricing model, impacting its revenue stream.

## 6. Bank 3

This chapter covers the results of the last bank analysed in this research, Bank 3. It also includes the description of the business model, and the analysis of its sustainability, using the same structure as the former chapters. The business model and the sustainability are described separately due to the difficulty of combining the dimensions of both frameworks. All, partly anonymized, references used for the documentary research can be found in appendix 6; all references of the interviews are included in appendix 4.

### 6.1 Business model

#### Value proposition

Bank 3's value proposition to SME's can be derived from several citations out of annual reports. "Industry Lending supports clients in selected industries, leading with sector specialised lending, creating relationships for clients to be introduced to all our services, and creating high-quality loan assets which redeploy customer deposits" (Annual Report Bank 3, 2014, p. 35). In their opinion they create added value to companies by supporting clients with sector specialised lending, in-depth knowledge about their customers, and making financial services available as much as possible.

#### Key activities

The key activity of Bank 3 is to provide financial services to companies. At the heart of that activity is the credit approval process. This consists of a risk rating system that contains "all the risk rating models to ensure a proper rating is given to a counterparty and a limit and exposure monitoring system which subsequently feeds into the credit approval system." This process is used to indicate counterparty's creditworthiness translated into a probability of default.

#### Key partners

To provide funding to companies, The European Investment Bank at their turn funds Bank 3 with money for loans to SMEs. Therefore the European Investment Bank is a key partner to the bank. Other funders of loans provided by Bank 3 are the deposit holders, who are to say a key partner of the offering. However, these deposit holders in 2014 were mainly funding Bank 3's assets. "Bank 3 Bank is currently in the comfortable position of being able to fund its assets from its deposits to a large extent" (Annual Report Bank 3, 2014, p. 11).

#### Key resources

For creating value, Bank 3 has three mainly resources. At first Bank 3 needs their people. As stated by Ralph Hamers: 'Committed people are key to delivering for our customers and for our future success' (Ralph Hamers, Annual Report Bank 3, 2015, p. 3). Secondly, Bank 3 needs capital to finance SMEs. This capital is funded via customers that have deposits at Bank 3 and also via the European Investment Bank. Thirdly and finally, Bank 3 needs their network. "The marketplace to meet customers, whether retail or business clients, is evolving towards virtual networks" (Annual Report Bank 3, 2014, p. 11).

#### Channels

These virtual networks are a first channel for Bank 3 to come in contact with (potential) customers. Other important channels are the shared platforms. An example of a platform is the 'InsideBusiness' platform. "... an online and mobile platform for corporate clients. It

simplifies how they do business with us by offering easy access to products and services together with tools that give them insight into their finances' (Ralph Hamers, Annual Report Bank 3, 2015, p. 2). Finally, the digital possibilities have a significant value for Bank 3 to contact their customers and vice versa. "Customers increasingly use digital channels to interact with us" (Annual Report Bank 3, 2014, p. 25). Therefore, they take measures to "expand digital banking further, while at the same time strengthening our local advisory capabilities in the branch network" (Annual Report Bank 3, 2014, p. 25).

### **Customer segment**

Bank 3 offers loans to Small and Medium sized Enterprises. However, there is no definition given of SMEs. SMEs are often combined with midcaps; this group exists of companies with less than 50 and 500 employees (Innovative companies Bank 3, 2015).

### **Customer relationship**

To increase customer experience, Bank 3 has an Omni channel approach (in their words "swipe, click, call, face") that will lead to "increased frequency of customer contact and will help us earn the primary relationship" (Annual Report Bank 3, 2014, p. 25). In relation with this Omni channel approach is digital banking. As mentioned in the channels part, Bank 3 expands digital banking further and at the same time strengthen their local advisory capabilities in the branch network.

### **Revenue streams**

The majority of the revenues of Bank 3 are earned by interest income generated from the loans. Besides, revenue is also earned by the difference of loan interest received and the interest Bank 3 has to pay to its deposit holders and the borrowings. Transactions and advisory services is another source of income (Annual Report Bank 3, 2014, p. 5). "To do that we are focusing on key priorities that are crucial to our future success. These include growing consumer and SME lending, improving operational excellence in areas like straight-through processing and digital availability of services, increasing retail cross-buy and generating more fee income" (Hamers in Annual Report Bank 3, 2015, p. 3).

### **Cost structure**

Savings from deposit holders and financing from the European Investment Bank funds the loans. Bank 3 has to pay interest on this, which is the first expense of the cost structure. Second are the wages of the employees. Bank 3 also has other expenses for example loan impairment, taxes and the cost of delivering core functions (Annual Report Bank 3, 2014, p. 5). "The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts" (Annual Report Bank 3, 2015, p. 134).

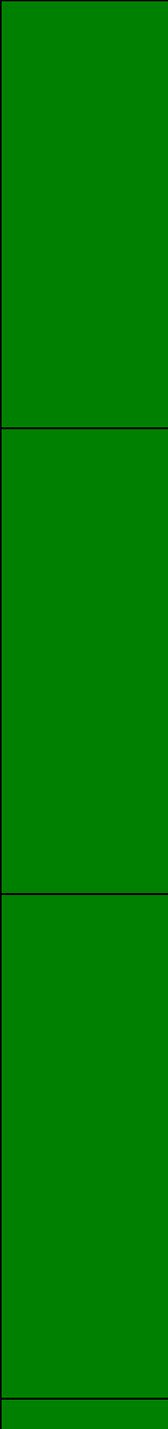
## **6.2 Sustainability**

At last are the results of the sustainability analysis of loans provided to SMEs at Bank 3. As in the former chapters, first, the internal principles, or underlying motivation to integrating sustainability at Bank 3 is discussed. Afterwards, an elaboration is given on the aspects of people, planet and profit at Bank 2. The level of sustainability is assigned to each of the P's, as displayed in the overview below.

### Level of sustainability

1 Pre (red)	2 Compliance-driven (blue)	3 Profit driven (orange)	4 Caring (green)	5 Synergistic (yellow)	6 Holistic (turquoise)
					

### Internal principles

Principles	Sustainability level	Colour
Sustainability ambition/ definition	According to Bank 3, sustainability is “a source of competitive advantage for companies” (Annual Report Bank 3, 2014, p. 7) and “is part of our business rather than an end in itself” (Annual Report Bank 3, 2014, p. 7). Bank 3 believes that it is their ultimate purpose to “support and stimulate economic, social and environmental progress leading to a better quality of life for people in society” (Annual Report Bank 3, 2014, p. 8). The sustainability efforts of Bank 3 focuses on two areas: “promoting financial empowerment for retail customers and supporting sustainable transitions for companies’ (Annual Report Bank 3, 2015, p.3). Because at Bank 3 sustainability concerns economic, social and environmental progress, and supporting sustainability at their customers, the green level of sustainability is given.	
Internal drivers, motivation behind sustainability	Bank 3 supports their customers sustainability practices to ensure a “healthy and strong portfolio and support tomorrow’s economy” (Annual Report Bank 3, 2014, p. 39). According to Ralph Hamers, CEO of Bank 3 (in Annual Report Bank 3, 2015, p. 3), how Bank 3 “acts and behaves is the basis of the relationship of trust we have with customers and of our responsible engagement in society”. Another motivation to Bank 3’s commitment to sustainability is the “positive contribution to the future development of society and at the same time creating exciting new opportunities for our customers and ourselves” (Hamers, Annual Report Bank 3, 2015, p. 4). A sustainable business is a better business, and integrating sustainability (Schreve, n.d.; Annual Report Bank 3, 2014). Supporting tomorrow’s economy, the aspect of trust, the positive contribution to future development of society and the belief that a sustainable business is a better business result in the green level of sustainability.	
Criteria for decision making	Bank 3 acknowledges that generating adequate returns for its shareholders while creating social, environmental and financial value for and with its stakeholders (Annual Report Bank 3, 2015). In order to create this value, stakeholders’ interests are taken into account. “We need to identify and understand the most important issues for our stakeholders and how these relate to the actions and decisions that we take. To gain this understanding, we conduct regular materiality assessments to find out what the key priorities for our stakeholders are and their potential impact on our organisation. The results guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework” (Annual Report Bank 3, 2014, p. 17). Because of the consensus with stakeholders and the social, environmental and financial progress that Bank 3 values, the bank has the green level of sustainability for decision-making criteria.	
<b>Overall</b>	<b>To conclude, the overall sustainability score of Bank 3 on principles is green.</b>	

**For Bank 3 sustainability is a source of competitive advantage for companies and it is part of their businesses rather than an end in itself. Bank 3 believes that a positive contribution to the future development of society and at creating new opportunities for customers and themselves is important. Their internal motivation for a sustainable bank is that they believe that a sustainable business is a better business. Stakeholders' interests are taken into account in relation to decision-making.**

### People, Planet and Profit tables

People	Sustainability level	Colour
People management	Bank 3 stimulates a performance culture, giving employees the scope to make their own decisions, encouraging sharing of successes and working together and having engaging and convincing leaders that energise and empower the employees (Annual Report Bank 3, 2014). Within the culture, embracing differences is important to connect with the customers and to reflect human diversity (Annual Report Bank 3, 2014). Bank 3 has the Orange code, a set of values and behaviours set up for employees, which includes that employees should be honesty, responsible and prudent. Besides, behavioural aspects of the code include that employees “take it on and make it happen, help others to be successful and are a step ahead” (Annual Report Bank 3, 2015, p. 41). Because of the performance culture, engaging leaders, and the supportive code of Bank 3 but also the fact that responsible, and autonomous working is important, the orange level of sustainability is assigned to people management.	
Workplace environment	Belonging to the performance culture are the investments made in human capital. Bank 3 invests in human capital to “generate increased revenues, more satisfied colleagues and customers and enhanced economic performance” Annual Report Bank 3, 2015, p. 5). Bank 3 wants to give their employees the means to shape and improve their own futures (Annual Report Bank 3, 2015), and to encourage them to “act on their own initiative and put customers first” (Annual Report Bank 3, 2014, p. 43). To support their employees in their development, Bank 3 offers coaching and has a performance measurement process including assessments, a review and planning (Annual Report Bank 3, 2014). Employees have an allocated budget to spent on training, professional development or personal development (Annual Report Bank 3, 2015). In the Bank 3 Learning Centre, employees can follow trainings and courses, including online courses (Annual Report Bank 3, 2015). Bank 3 has the green level of sustainability for its workplace environment, due to its importance to corporate culture and the budget for employees to develop themselves.	
Safety and Health	Bank 3 “encourages a proper work/life balance, which we believe benefits job satisfaction and performance” (Annual Report Bank 3, 2014, p. 45) and “helps employees to stay engaged” (Annual Report Bank 3, 2015, p. 44). The initiatives that have been set up for that are part time working options, the Energy@Bank 3 programme, working from home and support with managing stress (Annual Report Bank 3, 2014). Also, as part of a healthy work-life balance, Bank 3 encourages employees to “contribute to positive change in society and the communities where they live” (Annual Report Bank 3, 2015, p. 45). Because of the believe in improvements of in job satisfaction and performance, and the	

	related initiatives to improve health, the level of sustainability is orange. Namely, the motivation behind the initiatives originates from the believe to improve performance.	
Diversity	Bank 3 finds diversity important; they think that “the composition of our workforce should reflect society and our customers” (Annual Report Bank 3, 2014, p. 45) and that “we become a stronger, more resilient organisation by accommodating diverse talents, beliefs and perceptions in the workplace” (Annual Report Bank 3, 2014, p. 45). Therefore, Bank 3 tries to “accelerate the development of diversity, including in areas such as social origin, gender, age, background, sexual orientation, physical ability and religious beliefs. In particular, we aim to achieve an increase in the number of women in leadership positions” (Annual Report Bank 3, 2015, p. 45). However, the increase in the number of women in leadership positions is challenging, because Bank 3 is a financial organisation (Annual Report Bank 3, 2015). There are multiple initiatives to help increase this percentage (Annual Report Bank 3, 2015). Also, a Diversity Manifesto was published early in 2016 in order to keep diversity high on the agenda, and to set out standards and to ensure all managers understand what is expected from them (Annual Report Bank 3, 2015). The sustainability level of diversity is coloured green, because of the initiatives to increase the amount of women in management positions.	
Work ethics	Bank 3 has an Environmental and Social Risk (ESR) exclusion policy in which it does not provide financial services to companies that relate directly to animal welfare, defence/controversial weapons, energy, fisheries, forestry and agro commodities, gambling, genetic engineering, manufacturing, mining, pornography, protected areas and ship breaking activities (ESR Framework Bank 3, 2016). Besides, Bank 3 applies their knowledge to promote environmental and social improvements and sees the integration of environmental and social issues as an “integral part of our dialogue and assessment of clients” (ESR Framework Bank 3, 2016, p. 9). Because of the ESR exclusion policy and the promotion of improvements, the work ethics at Bank 3 has the yellow level of sustainability.	
Consumers	As mentioned in ‘Sustainability ambition/ definition’, Bank 3 supports its clients on becoming more sustainable, by addressing their sustainability issues and sharing knowledge (Annual Report Bank 3, 2014). Like Bank 1 and Bank 2, Bank 3 also has an assessment, focused on companies, based on sustainability criteria to measure and track the sustainability of its customers (Annual Report Bank 3, 2015; Bank 3 sustainable transitions, n.d.; Environmental Approach Bank 3, 2016). Based on the approach of the customer to “manage the environmental and social issues associated with their business activities and the benchmark to industry standards, (...) the Client ESR Assessment tool categorizes the client as: ‘Low Risk’, ‘Normal Risk’, ‘Increased Risk’, or ‘Unacceptable’. The client ESR outcome ‘Sustainable’ or ‘Low Risk’ refers to clients that actively apply best environmental and social practices not only to their own operations, but also to their partners and suppliers”. Engagement with ‘Unacceptable’ clients is not permitted unless there is concrete evidence that the client is taking adequate steps to improve their environmental and social performance” (ESR Framework Bank 3, 2016, p. 29).	

	Besides, the Bank 3 Groenbank offers favourable rates to projects, however this is not the case for loans (Annual Report Bank 3, 2014). The assessment based on sustainability criteria and by supporting the customers to become more sustainable shows that Bank 3 has integrated sustainability processes into their customer process; therefore it has the green level of sustainability.	
Suppliers/ partners	At Bank 3, all suppliers, even the third-party suppliers are screened on certain industries and products, such as human rights and controversial weapons (Annual Report Bank 3, 2014). Besides, the suppliers are asked to “comply with principles that promote human rights, fair labour practices, environmental protection and anti-corruption” (Environmental Approach Bank 3, 2016, p. 6). Bank 3 wants to keep both a competitive price and a fair and ethical relationship with the suppliers (ESR Framework Bank 3, 2016). Also, Bank 3 works closely with suppliers to work on environmental and social issues (Annual Report Bank 3, 2015). Suppliers of Bank 3 have to pass a supplier qualification process that “determines the level of social, environmental and financial risk associated with this supplier” (Annual Report Bank 3, 2015, p. 422). Because of the control of suppliers on sustainability and the cooperation between suppliers and the bank, Bank 3 has the yellow label of sustainability regarding suppliers.	
<b>Overall</b>	<b>Bank 3 has scored two times ‘orange’ on sustainability, three times ‘green’ and two times ‘yellow’. The main reason behind sustainability initiatives on people management, workplace environment, and safety and health is to increase performance. However, they compensate this with green and yellow scores on the rest of the factors. They try to reflect society in their employee diversity and have an ESR exclusion policy for assessing customers. They have the same kind of assessment for their suppliers / partners. They assess all their partners on the industries they are in, their products and human rights. For these reasons, the researcher is of opinion that Bank 3 ‘cares’ for people in relation to sustainability and therefore have a green colour.</b>	

Planet	Sustainability level	Colour
Environmental management	Bank 3 has a direct and indirect impact on the environment; the indirect impact is much greater via their financing portfolio and supply chain. For their direct impact, Bank 3 wants to reduce its footprint by 20% reduction in CO2 emission in 2020. Besides, Bank 3 wants to reduce energy consumption by improving the energy efficiency of buildings and data centers (Environmental Approach Bank 3, 2016, p. 4). Also, Bank 3 has a “Policy including standards on sourcing paper use. Partnering with suppliers to recycle the paper and separate the waste minimizes residual waste. The commitment of Bank 3 is to reduce global residual waste by 10% by 2017, and 20% by 2020” (Environmental Approach Bank 3, 2016, p. 6). According to Bank 3, “the issue of water stress is becoming increasingly important worldwide” (Environmental Approach Bank 3, 2016, p. 5). Bank 3 wants to reduce the water footprint by 10% by 2017, and 20% by 2020 (Environmental Approach Bank 3, 2016). And at last, Bank 3 encourages employees to reduce business trips, by facilitating videoconferencing and providing environmentally friendly means of travelling (Environmental Approach Bank 3,	

	<p>2016).</p> <p>Regarding their indirect impact, Bank 3 focuses on their client engagements and suppliers on companies with responsible environmental behaviour (Annual Report Bank 3, 2015; ESR Framework Bank 3, 2016). “Bank 3 identifies opportunities to finance sustainable projects and outperformers in its sector. Besides, Bank 3 tries to mitigate environmental risk in its lending portfolio” (Environmental Approach Bank 3, 2016, p. 6). And, as mentioned in ‘Work ethics’, Bank 3 has an ESR exclusion policy in which it does not provide loans to companies operating in specific industries (ESR Framework Bank 3, 2016). Because of the measures taken to minimize the direct and indirect impact on the environment, Bank 3 has the yellow level of sustainability.</p>	
Neighbourhood	<p>As mentioned in ‘Safety and Health’, employees are involved in local programmes or initiatives to improve the society. This involvement and support do not only impact the society, but also improves the work-life balance of that employee (Annual Report Bank 3, 2015). Bank 3 is also involved in improving society by other ways. “We contribute research and donate funds. We make our networks available and share core knowledge, expertise and skills. We also support schemes that promote financial literacy in children and help them to become moneywise” (Annual Report Bank 3, 2014, p. 30). Besides, Bank 3 supports the sustainable development by supporting sustainability at and with customers, as mentioned in ‘customers’</p> <p>Based on the support Bank 3 offers to its customers and society, it has the green level of sustainability in neighbourhood.</p>	
<b>Overall</b>	<p><b>Bank 3 is actively working on reducing their direct and indirect impact on the environment and therefore reducing their environmental footprint. They also do that by having initiatives to make a better environment in the landscape around Bank 3. Therefore the score on the planet part is between green and yellow.</b></p>	

<b>Profit</b>	<b>Sustainability level</b>	<b>Colour</b>
Price determination	<p>As mentioned in ‘Criteria for decision-making’, Bank 3 acknowledges that generating adequate returns for its shareholders is important, in combination with creating social, environmental and financial value for and with its stakeholders (Annual Report Bank 3, 2015). Meaning that maximizing shareholder value is not most important, but a balance is. And, “a fair price for our products and services increases accessibility for our customers and is important for our competitiveness in the marketplace” (Annual Report Bank 3, 2015, p. 21). Besides, a part of the profit is reinvested, and dividend payments to shareholders have been reinstated (Annual Report Bank 3, 2014). The green level of sustainability is chosen for prices, because of the balance between shareholders and other stakeholders, a citation on the importance of fair prices and the reinvestment of the profit at Bank 3.</p>	
Shareholder value	<p>As mentioned above, Bank 3 tries to balance the shareholder value with values from other stakeholders. Besides, Bank 3 argues that “we create most value, for ourselves and for our stakeholders, by maximising the positive impact of our activities and by optimising or minimising the level of resources</p>	

	we need to deploy” (Annual Report Bank 3, 2014, p. 6). The green level of sustainability fits best with shareholder value, by balancing shareholders and other stakeholders’ values.	
Investor relations	Bank 3 relates its business to not only shareholders, but also stakeholders. “We need to identify and understand the most important issues for our stakeholders and how these relate to the actions and decisions that we take. To gain this understanding, we conduct regular materiality assessments to find out what the key priorities for our stakeholders are and their potential impact on our organisation. The results guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework” (Annual Report Bank 3, 2014, p. 17). Regarding the exchange of information, Bank 3 argues that all stakeholders can expect the bank to act with integrity (Annual Report Bank 3, 2014). And, in the annual report non-financial information is included on sustainability matters such as CO2 emissions and sustainable transitions and assets (Annual Report Bank 3, 2015). Besides, as discussed earlier in ‘consumers’, Bank 3 exchanges knowledge with its customers to improve their sustainability. And the assessment done for customers is based on sustainability criteria. The stakeholder relation, sustainability criteria and information exchange in reports and with customers result in the green level of sustainability for investor relations.	
<b>Overall</b>	<b>Bank 3 scored the ‘green’ colour for the profit part of sustainability. Since they balance the interests of shareholders and other stakeholders. This is also translated in fair prices for customers and clear communication to and influence of investors (as part of stakeholders) on the policy of the bank.</b>	

### 6.3 Conclusion

For Bank 3, sustainable business is a better business and sustainability is therefore creating a better bank for a better world. From this statement, it can be assumed that sustainability is indeed integrated into the loans Bank 3 provides to SMEs. The overall level of sustainability for this integration is mainly green, with some aspects yellow and a few orange. This overall green level of sustainability can be explained as follows. Firstly, the main motivation behind sustainability is that sustainability is a source of competitive advantage for companies, and that Bank 3 wants to make a positive contribution to that. And as mentioned earlier, a sustainable business is a better business, according to Bank 3. Secondly, the profit driven level of sustainability, the orange level, is given for safety and health, and people management. This is due to the fact that Bank 3’s main motivation behind initiatives for these aspects is to increase performance. In the business model of Bank 3, this is described in other words by stating that people are key to delivering future success. Thirdly, supplier and work ethics compensate the orange level by having the yellow level of sustainability, because of its Environmental and Social Risk exclusion policy not to do business with certain suppliers, partners and possible customers based on human rights and the sector that company is in. Also, all companies are assessed on its sustainability, whether it is a customer or a supplier/partner. And, Bank 3 supports the improvement of social and environmental issues, by working closely with its customers and suppliers. In the business model of Bank 3, social and environmental elements are integrated via its suppliers and customers, which influences its customer segment and key partners. Fourthly, Bank 3 minimizes the direct and indirect impact they have on the environment, by reducing its direct

footprint in energy consumption and emissions, and by monitoring customers' and suppliers' environmental behaviour. The monitoring of sustainable behaviour influences their customer engagement, and therefore the relationship with the customer within the business model. Fifthly and last, even Bank 3 has shareholders whose interests have to be taken into consideration; their prices are determined based on fair value. This fair value is based on a balance between shareholders and other stakeholders, and influences the business model by its key priorities set within its revenue streams. Besides, Bank 3 exchanges information on sustainability matters, and with customers to improve their sustainability. Also, sustainability criteria have integrated into the risk assessment and therefore the loan approval process of customers. Meaning that Bank 3 has integrated sustainability into its key activities, namely its loan approval process.

## 7. Cross case analysis

In order to give an answer to the research question, a description was made of the business model of all banks. Afterwards, the sustainability of all banks was discussed and a conclusion was given for internal principles, people, planet and profit. And at last, a cross case analysis based on these outcomes for all banks is now discussed focussing on the business model, combined with the level of sustainability for internal principles, people, planet and profit.

Starting with the business model analysis, all 3 banks have in common that they provide loans to SMEs. However, the value proposition is described differently. Bank 1 focuses on advising its customers with specific sector knowledge and tries to be an innovative bank, in order to separate itself from the other banks. Bank 2 wants to be seen as a partner for its customers during strategic choices they have to make. Bank 3 states that it wants to create added value with sector specialised lending, in-depth knowledge about their customers and to make financial services available as much as possible. However, it can be stated that all banks want to offer more than the loan itself, by giving advise and sharing knowledge, and by being a strategic partner for its customers.

The key activities are similar, all banks have a loan approval process in which deposit holders and other sources of funding are the input of providing the loans, and have policies to minimize the risks as much as possible to provide the loan to the customer in the end. The European Investment Bank acts a key partner or funding partner to the banks in providing these loans. The European Investment Bank wants to stimulate SMEs and therefore funds the banks with favourable interest rates. Another key partner in funding the loans is the group of deposit holders.

Because of the amount of money needed to fund the loans, loan assets are a key resource needed. Besides, employees are for all banks a key resource. For Bank 1, reputation is a key resource, while for Bank 2 it is transparency to win back trust of the society. Bank 3 states that a network is a key resource needed in providing the loans.

All banks acknowledge the importance of digital channels, by means of apps, websites that provides self-service banking. Besides, there is less personal contact that concerns the type of relationship the banks have with their customers. There is less contact in person; this contact is becoming more rare and therefore more important. Bank 1 and Bank 3 have a specific platform for SMEs that contains information on loans and financing problems. Bank 2 is involved in several websites that also provide companies with the same information as Bank 1.

Regarding the specification of SMEs, Bank 1 and Bank 2 define SMEs as companies with a turnover from 1 million up to 250 million. Bank 3 has no public information on their definition of SMEs, however they state that their midcap group, which contains SMEs, exists of companies with less than 50 and 500 employees.

For the banks' revenue and cost streams, they all earn their money with interests on the loans, and fees. Besides, employee wages, loan impairment, administrative costs and interests for the deposit holders and other funding partners are the costs the banks have.

The comparison given on the business models is now followed by a comparison of the integration of sustainability in these business models.

<b>Internal principles</b>	<b>Level of sustainability</b>
Bank 1	
Bank 2	
Bank 3	

Both Bank 1 and Bank 3 acknowledge that sustainability should be supported and can contribute to the competitive advantage of its customers. Bank 2 goes a step further by stating that sustainability is essential to the long-term success of businesses and has implemented sustainability into its pricing model. Bank 1 and Bank 3 could integrate sustainability into their pricing model and could look further than competitive advantage towards the inevitable event that sustainability is needed in every company.

Where Bank 1 and Bank 3 want to contribute to a better world and a positive contribution to the future development of society, Bank 2 values the quality of not being harmful to people, communities, environment or the depletion of natural resources. These differences in describing the definition of sustainability and the implementation of sustainability in its pricing model are the reasons Bank 2 has a higher level of sustainability regarding internal principles than Bank 1 and Bank 3. Bank 1 and Bank 3 have similar motivations to integrate sustainability in their own organization and in their customers companies. Risk is thereby an important motivation, because sustainability businesses are better businesses, and risks are more effectively managed. Bank 2 is the only bank that looks further than risk, by rewarding the lower risks a sustainable company has. All banks enter into dialogues and interact with its (relevant) stakeholders in their decision-making process.

<b>People</b>	<b>Level of sustainability</b>
Bank 1	
Bank 2	
Bank 3	

As mentioned in the above paragraph of internal principles, Bank 2 has implemented sustainability in its pricing model when providing loans to SMEs. Therefore Bank 2 has a higher level in sustainability for People, since customers belong to this P. However, the interest rate discount is only for leaders in sustainability, it is not adjusted based on the categories given from the sustainability assessment. Bank 2 could improve its effectiveness in sustainability by scaling its customers on sustainability and assign different interest rates to those. Overall, all banks have a sustainability assessment for new customers in its loan approval process. And, all banks work with their customers and support them in becoming more sustainable. Additionally, all banks have an exclusion policy, meaning that they have chosen not to do business with customers who work in specific sectors that are not sustainable. Besides, they all monitor the sustainability of its suppliers and partners.

Regarding health, different initiatives and programmes have been set up by all banks to improve the well being of its employees. However, the reasons for these initiatives and

programmes are different. Bank 1 argues that it reduces the health risks for its employees, whereas Bank 3 thinks that it is important because it can increase performance. Thereby, Bank 3 has a performance culture, whereas Bank 1 describes it as a culture of continuous development and improvement and Bank 2 wants to develop a cooperative culture. This is consistent with the internal motivation of integrating sustainability. Bank 2 goes beyond performance reasons and has purely non-financial motivations to integrate sustainability into their people aspects. Bank 3 and Bank 1 are more focussed on performance motivations for becoming a sustainable bank, and have policies translated from that motivation.

All banks have diversity policies and the objective to have more women in management positions. However, only Bank 2 and Bank 1 have set specific targets based on a percentage and time period. Because of the performance culture and reasons to introduce health programmes and initiatives, Bank 3 scores lower on people sustainability than Bank 1. Becoming aware of other motivations to become sustainable besides performance motivations will increase the level of sustainability at Bank 3.

Bank 2 scores higher on people than Bank 1 due to proactive policies that Bank 2 has set to improve the circumstances in certain sectors and the strategic partnership to lower the interest rate in its pricing model. This is thereby a recommendation for Bank 1 to improve or organize these policies, and to create strategic partnership that could result in a win-win situation.

<b>Planet</b>	<b>Level of sustainability</b>
Bank 1	
Bank 2	
Bank 3	

As illustrated above, all banks are between synergistic (yellow) and caring (green). Meaning that Bank 2, Bank 1 and Bank 3 have a yellow level of sustainability for environmental management, and a green level of sustainability for neighbourhood. All banks want to minimize their impact on the environment, and have set specific objectives. They also have an exclusion policy as mentioned earlier, which does not harm the environment because of specific industries. And, the neighbourhood is supported by several projects, or policies that for example give employees the possibility to help children to become more moneywise, and by the backflow of profit funded into social projects. Increasing their level of sustainability requires a zero environmental impact and by creating a win-win approach in supporting the neighbourhood. Having profitable projects that support the neighbourhood development, for example, can do this.

<b>Profit</b>	<b>Level of sustainability</b>
Bank 1	
Bank 2	
Bank 3	

Bank 1 and Bank 3 have in common that they have shareholders, which interests are balanced with the interests of other stakeholders. Therefore, Bank 2 has a higher level of sustainability for 'shareholder value', because it doesn't have shareholders. Besides, Bank 2

has integrated sustainability into its pricing model that results in a price based on perceived value in the case of 'leaders' in sustainability. However, all banks share information on their sustainability activities, assess their customers based on sustainability criteria, monitor their suppliers on sustainability and involve stakeholders in their business activities. Stated from these results is that it is hard to increase the level of sustainability, because the banks can't simply suggest not to have shareholders any longer. The main point of improvement is the integration of sustainability into the pricing model; as mentioned earlier, Bank 3 and Bank 1 can do this by adjusting their interest rates based on the sustainability level of its customers.

All banks scored most often the green or yellow level of sustainability. The green level concerns balancing economic, social and ecological concerns, and initiatives that go beyond legal compliance and profit considerations. The yellow level of sustainability is one level further, and searches for a well-balanced, functional solutions creating value in the economic, social and ecological realms of corporate performance. Besides, with the yellow level, sustainability is important, and it is the inevitable direction progress takes.

Bank 1's level of sustainability regarding the loans provided to SMEs is the green level, with a few elements at a yellow level. Meaning that the bank has initiatives that go beyond legal compliance and profit considerations, and that the bank tries to balance economic, social and ecological values. But, on a few aspects they have developed sustainability further into their business, for which they got assigned the yellow level, mentioned below. Bank 1 values its continuous development and improvement culture and argues that improving health reduces the health risks. Also, Bank 1 has a diversity policy including objectives to increase the amount of women in management positions. Minimization of the impact on the environment is important to them, as well as supporting their customers in becoming more sustainable. At last, Bank 1 tries to balance shareholder interests with stakeholder interests, and publicly gives notes on their sustainability performance, based on environmental, social and financial criteria.

In the future, Bank 1 could integrate sustainability into the pricing model of providing loans to SMEs. Also, Bank 1 could become aware of the other motivations to integrate sustainability. These include integrating sustainability because of the long-term survival of the planet, or because of the responsibility towards future generations. And, as mentioned earlier, ABM AMRO could improve or organize policies that improve the circumstances in certain sectors. Changing their work ethics does this. Besides, Bank 1 could strive to create a win-win situation for their neighbourhood and the bank by its projects and initiatives. At last, zero environmental impact would also increase the extent to which sustainability is integrated into their business model.

In the case of Bank 2, the overall level of sustainability is yellow, with one exception of turquoise level and a few green levels. This is mainly caused by the fact that Bank 2 has no shareholders, and has integrated sustainability in its pricing model. In the future, Bank 2 could expand this by giving every category of sustainability a separate price, or interest rate. Also, Bank 2 could increase their integration of sustainability by having zero environmental impact. Bank 2 could as well create win-win situations like Bank 1 should for its neighbourhood to develop and to create an advantage for the bank.

Bank 3 has orange, green and yellow levels. The orange levels are assigned to 'people management' and 'safety and health', due to the performance culture the bank has. Bank 3 believes that improving health improves the performance, which is their motivation behind the health programmes. However, several yellow sustainability levels have been given because of its clear exclusion policy and sustainability assessment for suppliers, their interest to minimize its environmental footprint, and the balance between its shareholders and stakeholder interests. Bank 3 could, like Bank 1, enter into a strategic partnership in order to integrate sustainability into its pricing model. Besides, Bank 3 could review its performance culture and adjust its motivations to integrate sustainability for its employees. And, as the other banks, Bank 3 could lower its environmental impact to zero in order to have fully integrated sustainability within the planet dimension.

A few recommendations from this analysis are stated in order for banks to increase their level of sustainability:

- Banks should adjust their pricing model to the extent to which sustainability is integrated into the business models of their customers;
- Their employees should feel motivated and dedication should be supported by an underlying culture that supports collaboration and cooperation, instead of performance motivations;
- The banks should create win-win situations with their neighbourhood projects and suppliers; they should have strategic partnerships that favour both the bank and the environment;
- All banks should strive to have zero environmental impact.

# 8. Conclusion and discussion

## Answer to the research question

The objective of this research was to analyse the extent to which sustainability is integrated into the business models of banks' SME lending activities. Thereby, the focus was on 3 major banks in the Netherlands. Following on the research objective, the following research question was set up:

How and to what extent is sustainability effectively integrated into the business models of Dutch banks' Small and Medium Enterprises lending activities?

The answer on this question is surprising. The results of the documentary research and the interviews do not provide a clear view of the extent to which sustainability is effectively integrated into the business models of the banks. This is because the model that is used to indicate the level of sustainability consists of four p's and the business model Canvas consists of offering, customers, infrastructure, and financial viability. These different dimensions cannot be connected. However, by performing a cross case analysis, the differences between the extent to which sustainability is integrated into the banks' operations are clear. This is visualised in the figure underneath.

Sustainability	Level of sustainability	Explanation
Internal Principles	Green	Overall, all banks have find environmental and social care important, and balance ecological, social and environmental concerns in their motivation to integrate sustainability. This is consistent with the green level of sustainability. However, Bank 2 has a higher, yellow, sustainability level for their internal principles, based on their description of sustainability and the importance.
People	Yellow	In the engagement with customers and suppliers, sustainability is integrated on a green level via assessments and also by supporting sustainability at customers. Besides the assessment, Bank 2 has integrated sustainability into their pricing model; they create more sustainable value in that aspect. Therefore Bank 2 has a combination of green and yellow levels of sustainability for their people aspects. Bank 3 has a lower, orange, sustainability level due to their people management that involves initiatives to increase performance and has a strong performance culture. Bank 2 defines their workplace environment as cooperative and Bank 1 has a culture of continuous development and improvement. Furthermore, all banks have diversity programmes and work ethical policies.
Planet	Green	All banks are between the green and yellow level of sustainability for environmental and neighbourhood aspects. Namely, they all minimize their environmental footprint based on targets and support the neighbourhood.
Profit	Green	Bank 1 and Bank 3 are on the same level of sustainability for profit. They both have shareholders, but balance their interests with the interests of other stakeholders. Bank 2 however, is not listed on the

		<p>stock market and offers interest discounts for sustainable customers. Therefore, Bank 2 has the yellow level of sustainability, and Bank 1 and Bank 3 the green level.</p>
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All banks analysed have integrated sustainability into their operations, all with different underlying principles, different ways and therefore some difference in level of sustainability. A major difference is that Bank 2 has integrated sustainability into their pricing model, whereas Bank 3 and Bank 1 have not. Furthermore, there are differences in the extent to which suppliers are monitored on sustainability and the role that employees play in the business process. Comprehensive, the banks have a green level of sustainability, meaning that they care about sustainability and balance economic, social and environmental concerns.

### **Scientific implications**

What can be learned from this research is that banks have no specific business model for providing loans to SMEs. The business model they have consists of general policies that are implemented for multiple sizes of customers, or companies, besides SMEs. Also, the banks use the business model canvas as a framework for their customers to describe their business model, although they don't use it for their own business model regarding loans provided to SMEs. In this research, the business model canvas and the 4P framework were used to describe the business model and its sustainability. However, some aspects within the dimensions internal principles, people, planet, profit, could not be linked to the business model canvas building blocks. For example, the environmental and some social aspects named in the Planet dimension could not be linked to the business model canvas. A model with integrated sustainability aspects and business model aspects could make it more comprehensive when analysing the sustainability of a business model, or certain business. A start on how to combine these two frameworks is given in the future research part of the conclusion.

### **Practical implications**

The objective of this research was to analyse the extent to which sustainability is integrated into the business models of three major Dutch banks. Therefore, this research provided insights on the sustainability integration in business models focused on providing loans to SMEs from three banks. Multiple parties can use the information to improve their sustainability or to assess to what extent their bank or partner has integrated sustainability. These multiple parties can include the European Investment Bank, other banks and stakeholders. The banks analysed in this research can use the outcomes to improve their level of sustainability or to compare themselves with others.

Based on the findings in this research, a few recommendations can be stated that the banks can use in order to increase the level of sustainability:

- Banks should adjust their pricing model to the extent to which sustainability is integrated into the business models of their customers;
- Their employees should feel motivated and dedication should be supported by an underlying culture that supports collaboration and cooperation, instead of performance motivations;
- The banks should create win-win situations with their neighbourhood projects and suppliers; they should have strategic partnerships that favour both the bank and the environment;

- All banks should strive to have zero environmental impact.

### **Limitations and future research**

The descriptive research design of this study had the objective to describe to what extent sustainability is integrated into the business models, concerning loans provided to SMEs, of three major banks in the Netherlands. In describing this, the researcher had its objectives to conduct in total nine interviews and do an extensive documentary research. However, due to the inability to arrange interviews or gain data via a questionnaire, this objective is not met. This could have an impact on the results, because only the data from the documentary research is taken into account with Bank 3.

Another point is the relatively small sample size, meaning the 4 interviews for the other banks. Conducting more interviews increases the reliability and external validity of this research. The short time period plays an important factor in this research. However, the in-depth interviews and the documentary research gave related information or similar results on the business models and its sustainability.

A third point of discussion is the level of sustainability assigned to each dimension. These levels are chosen based on the results from the interviews and documentary research, however a different researcher could have had a different perspective on these results. The different perspectives could have resulted in different outcomes. Also, with the 4P framework, the description of the levels was minimal; this increases the possibility that other researchers could have had a different perspective. Although, multiple persons have reviewed the level of sustainability assigned to each sustainability dimension.

The fourth point of discussion is that the results are not specifically enough focused on SMEs, but on loans provided to all business customers, including SMEs. However, the sustainability policy for providing loans is similar to SMEs and other sized companies.

At last, there is the risk of missing information. There could have been other documents missing in this research that would have complemented to the results.

An important limitation of this research is time; the short time period plays an important factor for the amount of interviews conducted. With more time, the results of the interviews could have been checked by the interviewees, which would have increased the reliability of this research (Verhoeven, 2010).

Based on the points of discussion and the limitation are the following suggestions for future research. Research is needed on how to become more sustainable as a bank. Another point for future research is to analyse how to integrate sustainability into the business model canvas, or else said, how to integrate the 4P framework into the business model canvas. This point is elaborated on in the next paragraph.

In the introduction of this research it is mentioned that much literature is written on how banks can achieve a sustainable business model. In a sustainable business model, societal and environmental matters are integrated into the core business of a firm (Schaltegger and Wagner, 2006, as stated in Lüdeke, 2010). Therefore, the following table is developed that gives a start on how to combine the sustainability dimensions with business model aspects.

This table shows ways on how to integrate the dimensions into the business model canvas aspects.

<b>Integrating 4P framework in business model canvas</b>	
<b>Internal principles</b>	
Sustainability ambition / definition	The sustainability ambition can be integrated in the way a company does business, by the description of the offering and the explanation of how this is offered. However, it is hard to find the aspects of creating economic, social and environmental value within a value offering description of the business model. Sustainability aspects regarding people can be found in key resources, because of employees being a key resource to a company and perhaps ways are defined on how these employees are managed and treated. Sustainability in profit can be defined via the cost structure and revenue streams, where for example stable returns are an issue. Planet is harder to trace back to, because there is no aspect in the business model canvas mentioned that covers the external environment. Therefore, the definition of sustainability for environmental issues is less discussed than for people and profit.
Internal drivers / motivation behind sustainability	Less information is found on why stable returns are important for example, because the business model canvas is a mean to describing how business is done, instead of explaining why certain elements are important. However, this can be included by finding reasons to motivate the way of doing business, for example why a company finds employees important and why certain programmes are set up for them.
Criteria for decision making	The thoughts behind the decision making process are hard to find in the description of a business model. The underlying motivation or thoughts are often not described; this can only be added as an underlying factor. In this case, the decision making process can be included in the description of the key partners or key resources, or as part of the value proposition, how this is build up and how certain decisions are made.
<b>People</b>	
People management	In this research, employees are described as a key resource. Thereby, the people management within the company can be explained coherent to the key resource. It can be described as 'employee relationship', or 'key resource relationships' in comparison to the 'customer relationships' named as an aspect in the business model canvas. Whereby 'customer relationships' deals with the external environment, and 'employee relationship' deals with the internal environment.
Workplace environment	Consistent to the people management, this can be included in the key resources part, as part of the relationship the business has with its employees.
Safety and health	Also 'Safety and health' is part of the relationship the business has with its employees. It regards the arrangements the business has for its employees, such as health benefit programmes. This can be included in 'employee relationship'.
Diversity	Diversity is another aspect of people that concerns the employees of the company. This can be included with the other aspects of people,

	although the name then would be 'employee management' instead of 'employee relationship'. Employee management can be an aspect of the infrastructure business area of the business model canvas.
Work ethics	Work ethics concerns the external environment, namely policies to reject certain customers and suppliers within specific sectors and policies to introduce local or worldwide improvements. Therefore, it can be included in key partners, as supplier management. On the other hand, it is part of supplier segmentation, choosing which suppliers to partner up with. It could also be included in customer relationships.
Customers	The vision a company has regarding its customers can say if that company is truly customer oriented or sees customers as victims. This can be included in customer relationships, as the way the business sees its customers.
Suppliers	The identification of long-term, sustainable suppliers, together with the relationship the business has with its suppliers, are part of supplier management, or supplier relationship. This can be included in key partners, but also as an extra aspect of the business model canvas, namely supplier management.
<b>Planet</b>	
Environmental management	Environmental impact is an element of sustainability, which is not covered in the business model canvas in any way. For service companies it is harder to see the environment as a major factor impacting their business, because service companies have less impact on environmental issues. They do not use raw materials, except for their energy, water etc. use. However, companies could see environmental impact as a cost, in which they can include it in their cost structure. Most companies in this research have already done this, and have set targets to minimize their impact. Also, these costs can also be stated as cost savings, to see the minimization of environmental impact as an opportunity instead of cost.
Neighbourhood	Similar to environmental management, neighbourhood projects and investments could be included in their cost structure as a reinvestment of their profits, and to display it as a win-win approach.
<b>Profit</b>	
Price determination	Overall, the profit dimension can be included in the financial business area of the business model canvas. For price determination, the price set up for the offering provided by the company can be specified in the cost structure. The company can describe what determines their price, whether it is based on fair value, market value etc. and why. Besides, price determination is already supported by the cost structure described in this research. The costs named by the banks, for example the wages, fees, determine the price. Also, the extent to which sustainability is integrated into the business model of a customer can determine the price of a loan, else said, the interest rate of the loan.
Shareholder value	Shareholder value in combination with stakeholder value are important aspects that relate to the decision making process, in which shareholders or other stakeholders have an important impact on the

	<p>decisions made. In this case, the business model canvas can elaborate on this in their key partners or key resources part. Key partners could also be named as stakeholders, in which the decision making process can be discussed together with the value each specific stakeholder has on the companies operations.</p>
Investor relations	<p>Together with the decision making process and the stakeholder/shareholder value, the company can explain its investor relations within the stakeholders, or key partners/key resources part. Also, it can state within employee, customer and supplier relationship to what extent information is shared on their performance and sustainability.</p>

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# Appendix 1 Interview template

The objective of this interview is to gain an insight into the extent to which sustainability is integrated into the business models of banks' SME lending activities. During the interview, the business model of the SME lending activities of your bank will be discussed, based on the four business areas offering, infrastructure, customers and financial. The SME lending activities cover your bank providing loans to organizations, or large clients. The business model can be seen as a conceptual view of the way a bank does business, related to its SME lending activities (Osterwalder et al., 2005).

/

Het doel van dit interview is om een inzicht te krijgen in de mate waarin duurzaamheid is geïntegreerd in de business modellen van banken, met betrekking tot het verschaffen van lening activiteiten. Tijdens het interview zal het business model van de SME leningen van de bank worden besproken, die gebaseerd is op de vier business gebieden, offerings, infrastructure, customers en financial. De Midden en KleinBedrijf (MKB) leningen activiteiten betreft uw bank 's leningen aan organisaties met maximaal 250 werknemers. Het business model kan worden gezien als een conceptuele weergave van 'the way a bank does business', met betrekking tot de MKB leningen (Osterwalder et al., 2005).

## General

What is your position within the bank? / Wat is uw functie binnen de bank?

For how many years do you work at the bank? / Hoe lang werkt u al bij de bank?

## Internal Principles

These questions relate to the principles, or motivations underlying sustainability at your bank.

/ Deze vragen hebben betrekking op de onderliggende principes, of motivatie van sustainability bij uw bank.

What is your understanding of sustainability, related to the banking business? / Wat verstaat u onder sustainability, in relatie tot de bank?

To what extent and with what reason do you think sustainability is important? / In hoeverre vindt u sustainability belangrijk en waarom?

To what extent is this realized within the bank? / In hoeverre is dit gerealiseerd binnen de bank?

## Business model areas and sustainability

The following questions are focused on business model areas, and its sustainability within your bank. These questions are related to the 3P's of sustainability; People, Planet and Profit

/ Deze vragen zijn gerelateerd aan de 3P's van sustainability; People, Planet en Profit

## Offering

Can you give a description of the SME lending services of your bank? / Kunt u een beschrijving geven van de services die u verleent, gerelateerd aan de MKB lening verstrekkingen?

To what extent do you create sustainable value, related to the SME lending activities? / In hoeverre speelt duurzaamheid een rol, met betrekking tot de MKB lening verstrekkingen?

*(Examples: assessing loans applications to encourage sustainable innovation, sustainability check to measure effect on environment and society / Voorbeelden: assessment voor lening aanvragen)*

#### Infrastructure

Can you give a description of the infrastructure, thus the key partners, key activities and key resources, at your bank, related to the SME lending activities? / Kunt u een beschrijving geven van jullie infrastructuur, dus key partners, key activities en key resources, gerelateerd aan de MKB lening verstrekkingen?

To what extent is sustainability integrated in these aspects? / In hoeverre is duurzaamheid geïntegreerd in deze aspecten?

*(Examples: specific choice in investment partners, benefit programmes for employees as key resource / Voorbeelden: specifieke keuze voor investment partners, benefit programma's voor medewerkers als key resource)*

How are these aspects realized within the bank? / Hoe zijn deze aspecten gerealiseerd binnen de bank?

#### Customers

Can you give a description of your customers, thus the customer relations, customer segments and channels, of your bank, related to the SME lending activities? / Kunt u een beschrijving geven van jullie klanten, dus de customer relations, customer segment en distributiekanaal, met betrekking tot de MKB kredietverstrekkingen?

To what extent is sustainability integrated in these aspects? / In hoeverre is duurzaamheid geïntegreerd in deze aspecten?

*(Examples: sustainability assessment of customers, not financing unsustainable projects by selective financing (weapons industry, battery hens farms) / Voorbeelden: sustainability assessment van klanten, het niet financieren van unsustainable projecten (wapenindustrie, plofkipboerderijen))*

How are these aspects realized within the bank? / Hoe zijn deze aspecten gerealiseerd binnen de bank?

#### Financial

Can you give a description of the revenue streams and cost structure at your bank, related to the SME lending activities? / Kunt u een beschrijving geven van jullie revenue streams en cost structure, gerelateerd aan de MKB kredietverstrekkingen?

To what extent is sustainability integrated in these aspects? / In hoeverre is duurzaamheid geïntegreerd in deze aspecten?

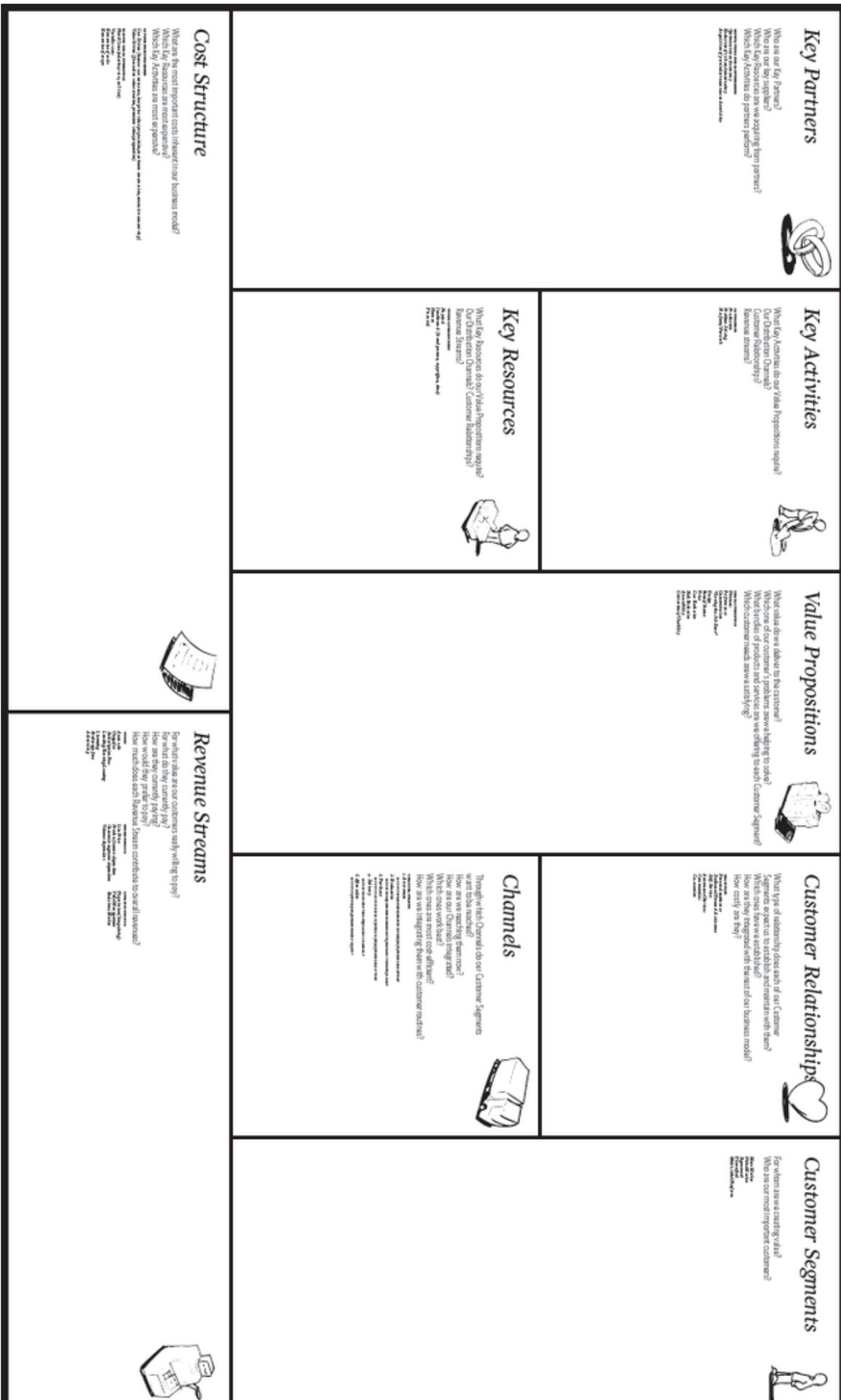
*(Example: focus on sustainable value driven instead of cost driven / Voorbeeld: focus op sustainable value in plaats van kostoptimalisatie)*

How are these aspects realized within the bank? / Hoe zijn deze aspecten gerealiseerd binnen de bank?

**Final questions / Eindvragen**

Are there other elements or aspects, not named yet, that contribute to the extent the business model is sustainable? / Zijn er andere elementen of aspecten, nog niet benoemd, die bijdragen aan de mate waarin een business model duurzaam is?

Business model canvas representing the four areas (used as an aid):



## Appendix 2 Codings interviews

### 2.1 Bank 1 Respondent 1

Fragments	Code	Answer
<b>General</b>		
1,2	Responsible for sustainability business banking, 9 years	Ik ben verantwoordelijk voor duurzaamheid binnen de zakelijke kant van Bank 1. En ik werk 9 jaar bij Bank 1
2.1	Works for 2 years now within this department	Nee. Ik werk in deze tak twee jaar.
<b>Internal principles</b>		
3	<p>Sustainability is a strategic perspective based on stakeholder value</p> <p>Realizing the importance to look at people and planet besides profit</p> <p>Sustainability fully integrated in the future, able to analyze the sustainability risks</p>	Duurzaamheid is een strategisch perspectief op basis van stakeholder value. Veel organisaties zijn gericht op shareholder value en we realiseren ons steeds meer dat naast profit ook naar people en planet te kijken. Het is een manier hoe je de strategie van een bedrijf insteekt. Op dit moment wordt duurzaamheid nog een beetje apart behandeld, maar in de toekomst is duurzaamheid een onderdeel van een beoordeling van het bedrijf. We kunnen ook een verlies- en winstrekening lezen, dus die moeten ook in staat zijn om kansen en risico's op het gebied van strategie of dus duurzaamheid te herkennen.
4	<p>No separation of sustainability within business</p> <p>Sustainability is regarding the future-proof of an organisation, that must be integrated in the assessment of companies</p>	Omdat ik sustainability heel erg belangrijk vind, vind ik dat het niet apart behandeld moet worden. Dus sustainability gaat over de toekomstbestendigheid van een organisatie. Toekomstbestendigheid is wel zo'n integraal onderdeel van je beoordeling van bedrijven.
5	Tool to assess sustainability risks of customers before providing a loan	We hebben grote stappen gezet. Voor de zakelijke tak, zetten we steeds meer goede stappen. Het feit dat we bijvoorbeeld een tooling hebben, waarbij we dus op een heel systematische manier duurzaamheidsrisico's van klanten die we leningen verstrekken in beeld gaan brengen.
5.1	Sustainability risks are used for ESG (Ecological, Social and Governmental/Governance and ethical risks)	Een concreet risico is als je een retailer van kleding bent, en je producten komen uit Bangladesh. Waar we die duurzaamheidsrisico's voor gebruiken is het ESG, dat staat voor Ecological, Social and Governmental or Governance and Ethical risks.
<b>Business model areas and sustainability</b>		
6	Small enterprises are treated in 'private' segment of bank	Ik ben verantwoordelijk voor het zakelijk bedrijf. Het klein bedrijf wordt behandeld in het segment particulieren. Waar ik met name bezig houdt dat zijn bedrijven met een omzet van ongeveer

	Middle enterprises are included in business banking, which covers turnover from 5 – 250 million	ondergrens 5 miljoen tot en met 250 miljoen omzet.
7	<p>Assessing sustainability risks before providing loans</p> <p>Advising and supporting companies with data on sustainability risks, to interact and spread knowledge</p> <p>No incentive has been set financially/ non-financially for sustainable customers</p>	<p>Waar we daadwerkelijke duurzaamheidsrisico's toetsen, daar moeten de bedrijven een lening hebben op dit moment die groter is dan 1 miljoen euro. Op dit moment brengen we met name de duurzaamheidsrisico's in beeld. Maar door de risico's in beeld te brengen bouwen we data op over de bedrijven. En met die data kunnen we dan verschillende dingen doen. We kunnen bedrijven adviseren, bij wijze van spreken we zien op gebied van milieu zien we alle bedrijven in uw sector zien we dit doen, en u doet iets anders. Dan kan je dat soort interactie aan gaan, een soort kennisverspreiding.</p> <p>En anderzijds kan je ook voorstellen dat bedrijven die heel goed zijn op het gebied van duurzaamheid dat we die bepaalde incentives geven. Moet dat een monetaire incentive zijn of moet dat een non-monetaire incentive zijn? Moet je bedrijven die het niet goed doen, straffen of juist aanmoedigen? Dat zijn best moeilijke vragen. Daar zijn we nog niet uit eerlijk gezegd.</p>
8, 9	<p>Shareholders, government, deposit holders</p> <p>No loans are provided to companies who are in nuclear weapons</p>	<p>Dus onze aandeelhouders, maar bijvoorbeeld ook andere banken, bijvoorbeeld de spaarders. Die zorgen dat ik geld heb aan mijn passiva kant en die zet ik dan uit aan de activa kant. Dat zijn in principe mijn toeleveranciers zou je kunnen zeggen.</p> <p>De overheid is natuurlijk voor een groot deel wel een aandeelhouder in Bank 1 dus die heeft wel een bepaalde ambities op het gebied van duurzaamheid.</p> <p>Spaarders die vragen wel dingen van Bank 1, maar het is moeilijk om dat heel expliciet te maken. We hebben bepaalde standaarden, bijvoorbeeld we geven geen krediet aan bedrijven die in de nucleaire wapens zitten. Dat doen we ook, omdat onze spaarders dat niet willen. Die willen niet dat we met hun geld nucleaire wapens mogelijk maken om die te produceren.</p>
8,1, 9	<p>Not selective, but funding partners could be supportive of sustainable projects</p> <p>European investment bank is another partner</p>	<p>Niet selectief, ja het model is iets te simpel eigenlijk. Met obligaties trekken we aan pensioenfondsen, obligatiebeleggers die in groene projecten investeren. Dat doen ze via Bank 1. Zo zou je kunnen zeggen dat we inderdaad voor een heel klein deel voor onze funding behoefte die Bank 1 heeft, wel heel specifiek green partners opzoekt.</p> <p>Europese investeringsbank, die zijn heel gericht op MKB en ook daar halen we ook wat geld op.</p>

		Wat spaarders willen daar houden we natuurlijk wel heel nadrukkelijk rekening mee. We hebben wel heel regelmatig stakeholder dialogen, om te kijken we zij dan willen.
8.2, 9	Employees are trained to look in stakeholder perspective instead of shareholder perspective	Die trainen we op het gebied van duurzaamheid. Vanuit de kredietverstrekking die ik in het begin schetste, praten we dus over toekomstbestendigheid en dat is gekoppeld aan de strategy op basis van stakeholders, leren we medewerkers dat ze vanuit het stakeholderperspectief problemen moeten benaderen in plaats vanuit het shareholderperspectief.
11	Not selective, but the bank could choose not to lend money anymore when customer does not become more sustainable	Het is wel heel selectief in zekere mate. Wij zijn er uiteindelijk voor de Nederlandse economie. Wij zijn er in principe voor ieder bedrijf, alleen we hebben wel een aantal minimumvoorwaarden. En klanten die er niet aan voldoen, die willen we wel helpen om aan die voorwaarden te voldoen op het gebied van duurzaamheid. Daar krijgen ze dan een bepaalde periode voor en als de klanten dan nog steeds zeggen van ja dat is helemaal niet die ik wil gaan. Dan kunnen we wel zeggen van We geven die organisatie gewoon geen geld meer. U zult naar een andere bank moeten gaan. Maar onze intentie is om inclusief te zijn.
12	Much thought about the negative social impact when disapproving loans to unsustainable companies	Op het moment dat wij zeggen we doen alleen maar een heel klein segment van de markt, dan treedt er ook maatschappelijke schade op. En dat is natuurlijk ook onze verantwoordelijkheid. We zijn niet alleen maar voor groen, milieu, ecologisch, maar we hebben ook een ja, grote verantwoordelijkheid dat het bedrijfsleven gewoon kan groeien omdat daar mensen aan het werk zijn. Die verdienen hebben zodat zij als consumenten producten kunnen kopen.
14	Short term investment are more expensive on the long term than long term investments  Sustainability is a business opportunity instead of a risk or cost	Duurzaamheid is vaak een begrip waarbij je over verschillende perspectieven praat. Het korte termijn en lange termijn perspectief. Dingen die op korte termijn goedkoop lijken te zijn, hoeven dat op lange termijn niet te zijn. Er worden kosten op de maatschappij afgewenteld, doordat bedrijven niet de ware kostprijs voor hun producten bepalen. Waardoor het goedkoop uiteindelijk toch een duurkoop is. Die balanceren is gewoon een beetje lastig, omdat lang niet iedereen dat lange termijn perspectief heeft ten aanzien van een investering. Een duurzaamheidsinvestering is in het begin wat duurder, maar op de lange termijn levert het meer op. Op de lange termijn heeft het natuurlijk ook gewoon met kosten te maken. Het hangt heel lang met elkaar samen. Als je nu kosten uitspaart, in de toekomst komen ze wel naar je toe. Ik benader duurzaamheid ook meer als een business opportunity dan dat ik het als een cost of risico zie.
15.1	Sustainable companies are better companies  Sustainable customers bring less risk on failure	Dan komt ook weer het antwoord van perspectief. Wat is winst? En winst ten koste van wie? Winst ten koste van je mededewerkers, het milieu, volksgezondheid. Dat is waar je je verantwoordelijkheid in wilt nemen. Duurzamere bedrijven zijn gewoon betere bedrijven. Niet beter vanuit een moralistisch oordeel, ook dat zou kunnen, maar veel

		meer vanuit de structuur, hoe ze rapporteren, zicht hebben op hun waardeketen.
15.2		Duurzame bedrijven zijn betere bedrijven. Omdat er een minder grote kans is op uitglijders, omdat ze betere aansluiting met de maatschappij hebben. Op het moment dat je geen aansluiting op de maatschappij hebt, maak je mogelijkwijs producten waar de maatschappij niet op zit te wachten. daarom is het ook belangrijk dat ABN als kredietverlener goed zicht heeft of bedrijven maatschappelijk relevante producten afleveren. Je wilt klanten van morgen financieren in plaats van de klanten van gisteren.
15.3	Sustainability concerns the future, the customer of tomorrow	Duurzaamheid gaat over toekomstbestendigheid dus over de klant van morgen.

## Respondent 2

Fragment	Code	Answer
<b>General</b>		
1,2	5 years, advisor and developer sustainable banking	Ik ben in 2011 begonnen bij Bank 1 op de afdeling Duurzaam bankieren. Dus dat is inmiddels 5 jaar geleden. En daar vorig jaar een project afgerond om bij alle kredietaanvragen zowel in Nederland als internationaal dat er verplicht een duurzaamheidsbeoordeling plaatsvindt van de duurzaamheidsprestaties van de klant. Indien duurzaamheid relevant is voor die klant.- Ik ontwikkel beleid dat aangeeft voor welke sectoren welke aspecten belangrijk zijn om mee te nemen in de beoordeling van de klant. Dat is uitgerold met een tool dat een iets breder beeld geeft van de duurzaamheidsstatus van klanten. En daarnaast geef ik ook adviezen aan kredietcommissies die twee keer per week bij elkaar komen over de grotere deals die gedaan worden door de bank om daar ook duurzaamheid in mee te nemen.
<b>Internal principles</b>		
3	<p>A better bank that contributes to a better world</p> <p>Better bank: eliminating waste, office organisation, CO2, long term relationships</p> <p>Better world: taking sustainability into consideration in the portfolio, not harming the environment, rewarding</p>	<p>Wij hebben als bank duurzaamheid gedefinieerd in strategie. Een betere bank die bijdraagt aan een betere wereld. Het ene gedeelte, dus "betere bank" gaat over onszelf en hoe nemen we duurzaamheid daarin mee? En "betere wereld" is, wat doen we richting onze klanten? En hoe nemen we duurzaamheid daarin mee en hoe dragen we daar ook bij aan duurzaamheid? "Betere bank" is niet het strategische onderdeel van duurzaamheid voor ons. Dat zit hem echt in kijken naar de eisen van onze eigen gebouwen bijvoorbeeld, het papier verbruik, het water verbruik, daar hebben we targets op. We zijn een kantoororganisatie, dus onze footprint is al niet zo groot als je dat vergelijkt met een industriebedrijf bijvoorbeeld. Dus dat is een gedeelte en het andere gedeelte van "betere bank" is nog wel ten aanzien van klanten. We streven naar lange termijn relaties, dus we denken na over integriteit van producten, bepaalde opslagen die je wel of niet doorberekend naar klanten, rentederivaten speelt nu heel veel. Hoe treed je daar in op.</p> <p>Ik werk dus aan het "Betere wereld" gedeelte. Dat gaat om die portefeuille die</p>

	sustainable behaviour and supporting sustainable initiatives	we hebben, al die miljarden, hoe neem je daar duurzaamheid in mee. En probeer je dus ook te bereiken dat door de leningen die je uitzet, enerzijds niet bijdraagt aan bedrijven die het milieu schaden of die mensenrechtenissues hebben in hun keten. Nou hoe denk je dan ook weer na over hoe je juist wel weer meer duurzame energie kan realiseren of hoe je duurzaam gedrag van bedrijven ook weer kan belonen.
4	Risk minimization, reputation	<p>Ik denk dat we nu heel goed zijn wat ik de afgelopen jaren heb ook gebouwd, dus dat risicobeheersingsgedeelte, dat bedrijven die als het voor hun relevant is, goed scoren op duurzaamheid dat het dan ook betere bedrijven zijn. Dat ze toekomstbestendiger zijn, lange termijn visie hebben, lange termijn succesvol zijn. Tegelijkertijd zijn we als bank natuurlijk een risico organisatie, dus we zijn ook gewend om in risico's te denken. Duurzaamheid kan dus ook als bedrijven bepaalde milieustandaarden niet hanteren, veiligheidsstandaarden. Dan kan dat ook operationele risico's voor het bedrijf betekenen, waardoor zij dus ook minder inkomen genereren en er uiteindelijk minder in staat zijn om bijvoorbeeld een lening af te lossen.</p> <p>En daarnaast speelt reputatierisico daar ook een rol bij. Dat zit hem meer in de internationale financiering aan grote palmoliebedrijven, bosbouwbedrijven, waar we niet zouden willen dat zo'n klant negatief in de media komt en dan wordt gelinkt aan Bank 1. We denken dat dat de reputatie van de bank dus ook schade aanbrengt op het moment dat bekend is dat wij heel actief zaken doen met bedrijven die allerlei milieu- en mensenstandaarden aan hun laars lappen. Met name de tool biedt daar ook heel veel handvatten toe. Dus die stelt enerzijds vast van voldoet het bedrijf aan onze minimeisen, nou dat is eigenlijk een ja/nee. En daar bovenop geeft hij nog aan, van hoe goed presteert hij dan in zijn sector en waar ligt zijn potentie dan. En juist dat veel met klanten bespreken om te kijken of we dat soort dingen eventueel kunnen financieren in de toekomst. Daarmee willen we echt bijdragen aan de verduurzaming van het bedrijfsleven.</p>
4.1	Shareholders interests, financial risk  Sustainable companies are better companies	<p>Ja we zijn ook beursgenoteerd. We merken dat er een groep aandeelhouders is die hier belang aan hecht. Je hebt natuurlijk altijd alle activistische aandeelhouders, maar ik denk dat als je kijkt naar het Nederlandse landschap, waar de grote pensioenfondsen wat wel partijen zijn die ook aandelen Bank 1 kopen, dat die dit heel belangrijk vinden. En het in die zin ook via die kant agenderen. Wat misschien daar ook nog belangrijk bij is, is dat wij ook veel obligaties uitgeven, om geld op te halen om uit te lenen. En we merken dat we dat vaak doen door een stuk van onze lening portefeuille door te zetten, aan ook weer pensioenfondsen of andere investeerders die gewoon een stukje kopen. En die willen steeds meer weten van: "Hoe duurzaam is dat stukje dat ik koop?" Weet ik zeker dat ik daarmee niet iets koop waar tabak in zit of bedrijven in zitten die mensenrechten schenden.</p> <p>Willen wij op die manier ook aan de funding kant makkelijk geld op willen blijven halen, dat wij ook dat inzichtelijk moeten hebben. Eigenlijk is het om financieel risico proberen te voorkomen, omdat duurzame bedrijven betere bedrijven zijn.</p>

5	GSRI tool	Zeker door de tool die we vorig jaar hebben opgeleverd, die GSRI, waarin we eigenlijk in alle klantgesprekken vanaf midden MKB over duurzaamheid in gesprek gaan met de klanten, dat we iets doen op het gebied van Green Bonds, waarvan nu de tweede al is gelanceerd. Dat dat zeker daaraan bijdraagt, maar tegelijkertijd is er altijd nog wel ruimte om sneller te gaan en meer te doen. Het gaat zo snel op het moment, dat we ook wel gewoon door moeten pakken en ik denk dat dat ook wel gebeurt.
<b>Business model areas and sustainability</b>		
6	Successful because of the succes of our customers, extensive sector knowledge, innovative and supportive business banking	Ik denk dat wij over het algemeen willen uitstralen dat wij een bank zijn die succesvol is door het succes van onze klanten zoals we dat zo mooi noemen. Waarbij we ons proberen te onderscheiden door sector kennis waarin de klant opereert. Onze bankiers weten veel van de sectorindustrie, wij proberen heel erg door ons expertisecentrum, de sector advisory kennis te ontwikkelen en proactief te delen met klanten. Ik denk dat dat de sterkste propositie is die wij hebben. En daarbij innovatief zakelijke bank zijn. Die ook verder kijkt dan de neus lang is als het gaat om het helpen van nieuwe klanten. Dat is de propositie.
7	Extensive sector knowledge and knowledge of sustainability	Dat is daar onderdeel van. Alleen dat is denk ik eerder onderdeel van de sector kennis, doordat we dat heel erg uitdragen. Als van we "kom bij ons bankieren want wij geven ook advies over duurzaamheid". Hoe het op mij overkomt is denk ik dat het eerst sector kennis is, en onderdeel van sector kennis is kennis over duurzaamheid in de sector van de klant.
8	Loans are provided by savings and funding (European Central Bank)  Analyzing and assessing loan request  Setting interest rate and approval by credit commission  Money transferred to customer	Daar waar vraag is, voorzien zij die van krediet. wat wij hebben door middel van opgehaalde funding. Wat deels spaartegoeden zijn van particulieren en deels funding door de uitgifte van bonds en wat we ook bij de Europese Centrale Bank ophalen. Dat is eigenlijk ons kapitaal en daaruit vinden wij die leningen. Die worden dan vervolgens volgens een intern proces worden die leningen beoordeeld. Er wordt opgeschreven waar het voor dient, hoeveel is het, wat is de business case eronder en in welk tempo wordt het afgelost. Er wordt een beoordeling gemaakt van de kredietwaardigheid van het bedrijf. Wat vervolgens ook de hoogte van het rentetarief bepaald en intern wordt dat dan door een kredietcommissie beoordeeld. Na goedkeuring wordt die som geld over gemaakt naar de klant.
8.1	Knowledge of sector and sustainability aspects related to the sector  Capital  Employees	Sector kennis, kennis over duurzaamheid. Een andere resource is natuurlijk ook kapitaal.
9	Education budget individually and per	Ja, we hebben een jaarlijks opleidingsbudget per medewerker. Dat bestaat uit een individueel budget en een afdelingsbudget. Dus er wordt best wel

	department	geïnvesteed in kennis van medewerkers en ook employability speelt daar steeds meer een rol in. Er wordt wel heel nadrukkelijk gezegd dat je een brede set aan vaardigheden moet ontwikkelen wat denk ik ook heel gezond is. Met name voor functies die gedigitaliseerd kunnen worden. Of gaan verdwijnen als kantoren gesloten worden.
11	Small enterprises till 1 million SME is covered in turnover between 1 and 250 million	Klein bedrijf is tot 1 mln. 250 miljoen is vervolgens ook nog opgedeeld in klein zakelijk, midden zakelijk en groot zakelijk. En daarbinnen vallen MKB bedrijven. Grootzakelijk zit je inderdaad al tussen de 100 en 250 miljoen. Wij denken in die business lines en we dienen een bedrijf vooral in naar omzetcategorie. En het verschil is wel zeker bij klein bedrijf, dus tot 1 miljoen.
11.1	Contact digitally  No often visits from bank  Relationship is dependent on size (related to turnover) customer  Providing reports on sector knowledge	Daar is de dienstverlening voornamelijk digitaal en zal de relatiemanager in de regel niet zo heel vaak langskomen. Misschien eens in de twee jaar als hij daar tijd voor heeft en na gelang je omzet stijgt, dus als je in dat midden bedrijf komt en daar heb je dus ook weer klein, midden en groot in, dan heb je ook echt wel relatiemanagers die minder veel klanten hebben. En die dus ook meer tijd kunnen besteden aan de klant. Dat zijn ook klanten die uiteraard meer vragen. Die meer behoefte hebben, omdat ze groter zijn. Ze hebben meer geld nodig, meer specifieke betalingsdiensten. En dat rechtvaardigt dus ook het model waarin je meer tijd hebt voor je klanten. Daarin proberen we klanten te bezoeken en daarnaast ook met rapporten over sector kennis. En dat soort zaken.
11.2	Apps and personal contact	Er is een app voor zakelijke klanten, een specifieke app zoals die ook voor particulieren is. Daar zitten alle insights in. Het speelt een niet hele grote rol, maar zeker bij midden en bovenkant MKB is het persoonlijke contact ook een belangrijke factor.
12	Sustainability profile to identify big risks  Extensive sustainability profile and status for bigger customers	Duurzaamheid is daar op twee manieren in geïntegreerd.  Op het moment dat een klant ook daadwerkelijk klant wordt, wordt er vanuit risicoperspectief gekeken wat het duurzaamheidsprofiel is van die klant. Dat is eigenlijk een hele basic check. Alleen om daar ook grote risico's mogelijk uit te halen.  En op het moment dat hij krediet krijgt, dan zal bij iedere lening boven de 1 miljoen een uitgebreid duurzaamheidsprofiel gemaakt worden van klanten. Indien sustainability relevant is voor die klant. En daar zullen we hooguit dat aangeven aan de klant, maar als het relevanter is. Dan wordt daar een uitgebreid beoordeling gemaakt van de duurzaamheidsstatus van die klant. Dat is ook wat dan wordt mee genomen in het gesprek met die klant. Dus daar zal de klant dan zeker iets in merken in zijn propositie.
12.1	New customers are not often denied because of sustainability matters	Dat gebeurt af en toe. Eerlijk gezegd niet zo vaak binnen de MKB portefeuille, want daar zitten dat soort zaken eigenlijk haast niet. Het zit hem meer in de internationale sfeer dat het toch even wat vaker voorkomt. Dat gebeurt eigenlijk niet zo heel vaak bij MKB, nee.
14	Interest	Ja.
14.1	Fees	Bij internationale betalingstransacties zijn er fees die betaald moeten worden. Het zijn kosten, net als dat jij maandelijks een bedrag betaald voor je

		rekening moeten zakelijke klanten dat ook. Die zijn over het algemeen wat duurder dan een particuliere rekening, dus dat soort inkomsten moet je dan aan denken.
14.2	Costs of employees  Costs external parties (sector research)  Loan impairment	Ja, die infrastructuur, sectoronderzoek, daar huur je toch ook vaak externe partijen voor in. Voorzieningen. Er betaald iemand wel eens iets niet terug en dan ben je het geld kwijt.
15	No discount of interest rate dependent on sustainability profile	Nu nog niet zo om eerlijk te zijn. Eigenlijk niet. Het is onderdeel van de kwalitatieve beoordeling van een klant. Het is wel zo dat we nu voor vastgoedklanten bijvoorbeeld, dat is geen MKB, hebben we specifiek een lening bedacht voor energie efficiënte maatregelen voor kantoren. Dus daar hebben we ook gewoon een product wat geld oplevert zou je kunnen zeggen. En ik voorzie ook wel dat er dat soort producten komen voor kleine bedrijven. En dat kunnen we natuurlijk ook. Er kan best iemand komen die zegt van 'Ik ga mijn hal vernieuwen en hij wordt energiezuiniger'. Dus dat soort dingen financieren we nu ook wel, maar het is nog niet een specifiek product. En we passen nog ook nu de kredietwaardigheid of de rentepercentages niet aan op de duurzaamheidsstatus van de klant. We zijn aan het kijken / onderzoeken voorzichtig of we dat kunnen gaan doen.
15.1	Considerate in money borrowings to customers	Dat betekent dat we heel zorgvuldig zijn in wie lenen we geld.
<b>Final question</b>		
17	Sustainability aspects per sector	Het voordeel is dat wij hebben gekozen voor een sectorindeling dat het nu wel heel snel kan gaan. Dus dat we ook echt kijken naar wat is belangrijk in wiens sector uit het oogpunt van duurzaamheid en hoe kunnen we dat versnellen. Binnen iedere sector, dat is misschien nog iets meer ambitie dan realiteit op dit moment, maar dat binnen iedere sector ook een duurzaam product hebben. En ik merk wel dat er aan wordt gewerkt en dat de resultaten daarvan in de komende jaren ook wel zichtbaar van worden. En nouja niet de allerkleinste, maar leningen boven de 1 miljoen dat die door de tool heen gaan. Ik denk dat het goed weergeeft welke kant we daarmee op willen gaan.

**2.2 Bank 2**  
**Respondent 3**

Fragment	Code	Answer
<b>General</b>		
1, 2	Accountmanager Grootzakelijk (SME), 21 years	Ik werk sinds '95 bij de Bank 2. 21 jaar. Ik ben sinds vier jaar accountmanager grootzakelijk, dat houdt bij ons in dat ik sta opgesteld voor klanten vanaf 5 miljoen euro. Dat is bij ons grootzakelijk.
<b>Internal principles</b>		
3	Ecological concerns, not harming the environment	Hoe je je werk doet, met zo min mogelijk belasting van het milieu, en zo duurzaam mogelijk en de wereld zo min mogelijk en zo goed mogelijk achterlaat nadat je het bedrijfsproces hebt doorlopen.
4	Future generations, personal beliefs, economic importance, sustainable right to exist for companies/customers	In de kern omdat ik wel geloof en belangrijk vindt. Om het zo goed mogelijk achter te laten voor generaties na ons. Waarom geloof ik in het belang van sustainability, omdat ik op termijn geloof dat dat ook economisch een belangrijke tool zal zijn voor ondernemingen. En daardoor ook op die manier ondernemingen ook duurzamer zijn in hun bestaansrecht.
4.1	Awareness, sustainable business model of customers	Ik geloof er wel in dat het anders moet. En daarbij is economie een belangrijke drijfveer om dingen in werking te zetten. Dus als je op die manier ook een duurzaam bedrijfsmodel hebt, waar je ook geld aan kunt verdienen, en daarmee de onderneming dus langer bestaansrecht heeft. Je ziet dat de beweging is gaande, dat men denkt van we moeten dingen anders doen. Dat is een kwestie, dat kan allemaal veel sneller, maar die beweging is wel in gang gezet.
5	Integrated in operations, ecological concerns in process, sustainability initiatives for customers, helping organizations in becoming more sustainable, classification of customers based on sustainability	<p>In onze bedrijfsvoering.</p> <p>Hebben we het over papier daar letten we op. In gebouwen waar we in zitten, letten we op, dus als je puur kijkt naar ons proces, daar zijn we strak mee bezig. Als je kijkt naar vervoer, mobiliteit, waar we op die manier mee bezig zijn, auto's van de bank zijn allemaal hybride.</p> <p>Maar dat zitten we ook in het beleggingsbedrijf, waar beleggen we in, welke fondsen houden we aan, daar zitten ook dat soort elementen in. En wat doen wij nou ter bevordering van duurzaamheid bij onze bedrijven, bij onze klanten. Nou dat is als circulaire economie, die challenge is een voorbeeld, waar leuke initiatieven uitkomen. Dat zijn de dingen waar we het in zoeken. Om die beweging te kunnen maken.</p> <p>Als je kijkt naar onze bedrijven, onze klanten, we zijn bezig met het programma duurzame koplopers. Dat zijn duurzame koplopers waar we in gesprek gaan met de ondernemers en we inschatten dat die goed bezig zijn met duurzaamheid en waar zouden jullie in kunnen verbeteren. Dus eigenlijk gaat het gesprek, het dialoog over hoe kun je dan verbeteringen inbrengen. Ik geloof er ook in dat als je op het moment een onderneming hebt die echt bezig is met duurzaamheid, dan is het over het algemeen een onderneming die ook op de rest van zijn bedrijfsprocessen verder is dan de</p>

		<p>gemiddelde ondernemer. Die heeft alles redelijk op orde. Het is wel van belang, dat als je iets wilt financieren van een onderneming. Want waar het vaak mis gaat is op het management aansturing, dat zijn 1 van de grootste faalfactoren. Als je ruimte hebt om te kijken naar duurzaamheid dan zegt dat vaak al iets over de rest. En daardoor zie je vaak duurzaam ondernemingen over het algemeen ook beter presteren, in ieder geval meedoen in de bovenkant.</p> <p>Wat doen wij daar mee in onze financieringsbeoordeling? Nog te weinig, maar wij raten bedrijven wel. Op het moment dat een bedrijf, dat gaat dan wel over een bedrijf met meer dan een miljoen aan financiering bij ons hebben uitstaan, die bedrijven krijgen allemaal een label, van A t/m D. A dan ben je koploper, D dan ben je onacceptabel. Die klanten zouden eigenlijk niet bij ons moeten zijn. B is de meest voorkomende, je doet eigenlijk gewoon mee met wat de markt vraagt. Maar niet heel actief, je bent geen koploper. C zit daar nog weer wat onder. En D dan wordt het al redelijk onacceptabel. Die C categorie is eigenlijk die scoort ergens te weinig op. Dus dan zou je eigenlijk afspraken met die ondernemer moeten maken van hoe zou je die beweging kunnen zetten dat hij tenminste naar de B gaat.</p>
5.1	<p>Providing a discount for sustainable customers, disapproving large customers based on sustainability or nature of business</p> <p>Strategic partnership with European Investmentbank to provide discount</p>	<p>Bij onze large corporaties, vanuit Utrecht, daar zie je al dat het nog wel eens een weigering kan zijn. En wat we nog niet doen, is het vertalen naar tarifiering. En dat gaan we denk ik wel doen.</p> <p>We hebben leeninstrumenten die ook echt gericht zijn op duurzaamheid. Je hebt groen leningen, dat heeft elke bank, maar we hebben ook impact financiering, dat is voor de duurzaamheid koplopers dus ook bedrijven die een duurzaamheid kenmerk hebben, volgens ons lijstje. En die daarbij moeten we wel motiveren waarom het een duurzame koploper is. Waaruit blijkt nou dat hij duurzaam, bovengemiddeld duurzaam is. Dat moeten wij beargumenteren, dan krijgen ze extra korting op hun tarief. En dat heeft alleen de Bank 2 overigens, de Bank 2 heeft dat aangezet via de Europese investeringsbank.</p>
<b>Business model areas and sustainability</b>		
6	Strategic financing partner	<p>In onze dienstverlening kijken we naar wat is het verzoek waar de klant mee komt, wat is financiering, wat is de investering, en hoe kunnen we het gaan invullen. Wij kijken naar kunnen we het zelf allemaal bancair, of moeten andere partijen er bij gaan zitten om het allemaal financierbaar te maken. Als het plan goed is, gaan we kijken naar hoe we het gaan financieren, dan is nee geen optie eigenlijk. Wij willen ook zeker in het zakelijke domein, gezien worden als partner voor de ondernemer, bij strategische keuzes die die maakt.</p>
7	Sustainability assessment, improving sustainable business of customer	<p>Bij een miljoen plus gaan wij ze echt beoordelen, van, dan gaan we ze typeren. Daar waar die onder de norm valt gaan we met ze in gesprek met hoe ze nou die beweging kunnen zetten dat we daar slagen in maken. En dat zit het wel in het kader van meedenken, tenzij het onacceptabel is dan moet het, dan moet er iets gebeuren.</p>
7.1	Not a sustainability	Daar wordt niet op die manier een kwalificatie aangegaan.

	assessment for small enterprises	
7.2	Self-assessment for small enterprises	Dat komt er wel, maar dat komt er in de vorm van een soort self-assessment. Die doen de aanvragen veel meer online, en de ondernemer moet dan zelf aangeven op bepaalde vragen hoe die met bepaalde duurzaamheid kenmerken bezig is.
8	Accountants, investors, funding partners (key partners)	Onze partners bestaan nu uit accountants, waar we contacten mee onderhouden. Investors zijn de mede participanten, binnen de Bank 2 groep hebben we natuurlijk wel meerdere participanten, gelinkt aan de Bank 2, Bank 2 participatie partij, gelinkt aan de Bank 2. Nog een aantal fondsen, MBO groeifondsen, fondsen die gelinkt zijn aan de Bank 2, de Lage Landen Lease heb je het dan over, dat is dan weer een partner van ons.
9	Sustainability is taken into account depending on the importance of relationship with partner	Het is wel afhankelijk van de relatie die je hebt. Maar als je kijkt naar de accountants bijvoorbeeld, daar onderhouden wij contacten mee, maar die gaan wij niet direct screenen op duurzaamheid. Het zit impliciet er altijd wel bij in, duurzaamheid in de professionaliteit van partijen, die gaan wel hand in hand.
8	Providing full package of financial and non financial services (key activity)	Huisbankierschap, dus niet alleen maar geld schuiven.
9, 10	Involvement in society,	Als je kijkt naar de bank zelf, bij de Bank 2 zit ook een heel stuk maatschappelijke betrokkenheid. En we hebben dus ook een stimuleringsfonds, die een x percentage van de winst laat terugvloeien, het is wel iets wat we weer terug laten vloeien naar onze lokale economie.
8, 9, 10	Employees (key resource)  Social plan, individual arrangements and personal development, improving workplace environment individually, supporting dedication and motivation  Applying expertise with large customers to affect whole chain	ik denk dat de bank, dat de bank, we zitten nu natuurlijk in een iets lastiger pakket qua reorganisaties en dergelijke, aan de andere kant, als je kijkt naar hoe dat gebeurt, ook zo'n reorganisatie, dan zie je dat daar ook een heel sociaal plan ligt. Dat zit hem in vergoeding, maar ook in begeleiding. Dan worden ze begeleid naar ander werk, daar kun je voor kiezen. Daar is heel veel aandacht voor. Ontwikkeling van bestaand personeel, daar is ook heel veel ruimte voor in opleiding en dergelijke. We doen jaarlijks een medewerkerstevredenheid onderzoek, dat gaat steeds meer naar bevlogenheid toe. Dus daar wordt heel veel aandacht voor gegeven, de inrichting voor vertrouwenspersonen dat soort zaken, dat zit er allemaal bij in, om nou te kijken van heb je nou een plezierige werkomgeving. En hoe kun je nou je medewerkers laten ontwikkelen, en daar wordt ook steeds op gestuurd. En als je dus echt grotere ondernemers hebt, die kunnen ook vaak wat in de keten te werk stellen. Die kunnen dus vaak ook met hun klanten in gesprek.
11	Digitalization by email and chat, less contact in person (distribution channels)	Wat het steeds meer gaat worden is digitale kanaal en wat er natuurlijk al helemaal is. Digitaal mail en chat. In deze tijd moet je regelen dat alle kanalen goed zijn, de personele contacten die worden schaarser. Wat schaarser is, wordt waardevoller. Dat wordt belangrijker. Dus het gaat erom dat je contacten, dat je daar ook bewust van bent, dat je op dat moment

	Scarce interaction with customers in person, more via email and chat (customer relations)	goed voorbereid, dus je op dat moment ook. Want je hebt eigenlijk maar 2 keer in het jaar de kans om de kans dan echt even te binden en indruk te maken.
11	SME starts from 500.000 of obligation/obligo to 5 million turnover (customer segments)	MKB is waar wij actief zijn. 5 miljoen plus is ook nog in een grote range ook nog MKB, wij doen van 5 miljoen tot 100 miljoen. Dus dat is een hele brede range. En daaronder zit dan bij ons het MKB, die doet dan vanaf 5 ton obligo tot 5 miljoen omzet.
12	Choosing not to accept new customer based on sustainability aspects  Organising and providing courses for customers to improve and develop sustainability	Bij grotere, bij de large customers, daar kan het ook zijn dat we het niet doen. Ik hoop altijd wel dat we het niet niet doen om de publieke opinie. Maar die afweging zullen we moeten maken. Wij hebben ook een programma circulaire economie, waarbij de koplopers van de markt een heel programma onderlopen, met verschillende ondernemers, verschillende branches, om dan te gaan kijken van hoe kun je nou circulaire gedachten binnen jouw bedrijfsproces verder brengen. Door dus ook te leren van andere ondernemingen doe je dat dan. Wij brengen de bedrijven dan bij elkaar, vanuit Bank 2 Nederland in dit geval.
14	The core business is lending money to customers by attracting and paying interest on money from deposit holders (revenue and cost stream)	Wij trekken geld aan en wij trekken geld uit. Dat is de core business nog steeds, waarbij de betalingsverkeer ook een belangrijke uithoek is daar krijgen we per transactie ook gewoon geld. We hebben natuurlijk een hele betaalstraat, die ingericht is vanuit het bankenlandschap, maar hoe meer er over jouw bankstraat loopt, hoe groter de verdiensten. Helemaal traditioneel is het inderdaad het geld aantrekken, spaarders willen nog steeds het geld hebben. Ze hoeven nog steeds niet te betalen. Ze krijgen nog steeds iets en dat geld kunnen we dan weer uitzetten aan financieringen natuurlijk. Alleen daarin geld dat alles wat we financieren moet weer een x percentage moet weer aangehouden in de vorm van geld. Dat is dus het aantrekken van geld.
14.1	No fee income for process of selecting financing options (income stream)	Ja, zakelijk steeds iets minder. Bij ons betaal je geen soort abonnementskosten. Wat je misschien wel zou kunnen zien, is financieel regisseurschap, dat op het moment dat je ondernemer een goed idee hebt het niet meer geheel bancair gaat financieren. Dus dan gaan we kijken naar andere partijen, dat is heel tijdintensief, daar gaan heel veel uren in zitten. Het kan zijn dat we daar wel meer naar een fee structuur gaan. Maar dat is op dit moment, omdat we daarmee volop ervaring mee aan het opdoen zijn, nog niet zo. Maar we hopen daarmee uiteindelijk wel een klant binnen te houden en op die manier te financieren. Maar dat proces an sich wordt niet helemaal betaald. Maar toe, maar dat zijn, dat is meer transactie fee dan een abonnement.
14.2	Costs of buildings and employee costs (cost streams)	Wat hebben we aan kosten, los van de gebouwen, dat is personeel.
15	The risk rating depends the amount of	Hoeveel geld we moeten aanhouden, dat is afhankelijk van je risico rating. Dus elk bedrijf over de miljoen obligo, waar we uitzetting over hebben

	<p>money the bank keeps as a buffer</p> <p>Risk rating based on financial and non-financial information</p> <p>The larger the buffer needed, the less money earned</p>	<p>gedaan, wordt bij ons geplot over risico model, en dan wordt het gekeken van wat is nou het economic capital, wat moet je aanhouden voor die financiering. Nou dat heeft alles te maken met hoe in welke continuïteitsklasse zit nou die onderneming. Hoe groot is de kans op default. Dus dan heb je dan zit je al heel snel, dan moet je een heel groot deel inhouden qua capital.</p> <p>Wij zijn er bij gebaat om bij onze klanten in de portefeuille een zo laag mogelijke rating te hebben natuurlijk. Maar we moeten het wel zo raten zoals het is.</p> <p>Maar een deel daarvan is door de cijfers bepaald, en een deel is niet financiële vraag. Dat zit hem in de organisatie, in het management, op tijd de informatie, wat voor een sector zit ie, hoe cyclus is dat. Dat bepaalt hoeveel geld je moet aanhouden, dat bepaald voor een belangrijk deel onze kostprijs. Want dat geld moeten wij weer aantrekken.</p>
15, 16	<p>Target is to improve the cost-income rate, by focussing on costs</p> <p>Decrease amount of employees because of cost savings</p>	<p>Hoofdzakelijk, als je gaat kijken naar onze balans, wat zou het zijn, 70/80 procent is personeelskosten. Waar we ook naartoe moeten, dat is cost-income, dat we hebben, zet ons verdienmodel ook echt onder druk. Wij zitten op iets van 60 procent, 59% cost-income. Dus op het moment van ons inkomen, gaat 60% op aan kosten. Dat is niet goed, dat moet beter, onze kosten moeten daarom ook naar de 50%, dat is ons doel.</p> <p>Vandaar al die bewegingen die je nu ook ziet, herstructurering, Je ziet dat er veel meer processen weggezet is en minder met mensen. Minder controles op dat onderdeel, meer afvoerproefstelsel.</p>
<b>Final question</b>		
17	<p>Sustainability is about long term value</p>	<p>Uit die invalshoek People Planet Profit, voor bedrijven is het heel belangrijk dat je in je keten. En pak je je rol ook op, nou dat kan niet elk bedrijf. Duurzame modellen, dat je niet gaat voor korte winst. Duurzaamheid vraagt ook investeringen, en je ziet niet direct revenue er in terug.</p>

#### Respondent 4

Fragment	Code	Answer
<b>General</b>		
1	Business developer sustainability	Mijn functie is zoals het heet business developer sustainability, soort van consultant. Consultancy kan eigenlijk twee kanten op. De ene kant is richting klanten, dus het direct adviseren van klanten met zoals wij dat noemen een strategisch dialoog over hun business model. Dus dat is de ene kant. De andere kant is dat ik ook consultant ben richting interne collega's. Dus accountmanagers van de bank. Om zover te krijgen dat duurzaamheid wordt geïntegreerd in het klanten proces. Dat zij duurzaamheid meenemen richting hun klanten.
2	10 years	Ik werk inmiddels ongeveer 10 jaar bij de Rabo.
2.1	Started HR, banker afterwards sustainability	Ik ben begonnen binnen HR, Human Resources. Toen ben ik bankier geworden. Dat heb ik vijf jaar gedaan. En nu doe ik dit 3 jaar.

	department	
<b>Internal principles</b>		
3	People Planet Profit, future proof business model	Je hebt duurzaamheid people planet profit, dat heb je waarschijnlijk wel meegekregen. wat wij zien binnen de Rabo is dat de discussie vroeger heel erg ging over de planet kant, milieu kant, dat doet ie overigens nog steeds, maar je ziet wel dat people en profit er steeds meer in worden meegenomen. People als in mensen in de maatschappij, en profit ook als in wat voor verdienmodel zit daaronder. Dus die strategische dialoog met de klant die wij willen voeren, is van in hoeverre heb jij een toekomstbestendig business model. Dus van heb jij een sustainable business model. En daar hoort bij voor mens maatschappij en milieu acceptabel is. Dus die combi. Vroeger begon de discussie bij het milieu, maar tegenwoordig begint de discussie bij ons in ieder geval bij de profit kant.
3.1	Analyzing revenue model based on primair processes (circulair economy)	Ja, kijk de vraag is, het mooie is ik begin vaak bij om te kijken van waar zijn ze nou mee bezig op dit moment. Dus dat die kant gaan we steeds meer op, dat het niet meer gaat over je Co2 uitstoot, maar steeds meer van hoe kun je nou met name met je primaire processen in het bedrijf, met minder met de bedrijfsvoering, die is ook belangrijk, wat kun je nou in je primaire processen doen? En hoe kun je daar ook een verdienmodel aan hangen. Dan gaat het hand in hand, duurzaamheid en winst maken.
4	Not harming the environment, improving well being of world  Decreasing risks for customers and bank because of future-proof business model	Wij vinden het van belang dat zowel onszelf als onze klanten meehelpen om de wereld beter, of in ieder geval niet slechter te maken. Wij willen een wereld waarin alles weer blijft draaien. Nou dat is eigenlijk uiteindelijk ook wat wij willen stimuleren. Ook omdat wij denken dat, wij willen die discussie voeren van toekomstbestendigheid van een business model. Bankieren denken meteen aan risico's, maar het doel is ook dat we zeggen dat duurzame bedrijven hebben ook een toekomstbestendig business model.
5	Integrated in business structure, still improving	Wat mij betreft is dat uiteraard nog lang niet genoeg. Ik zie absoluut een hele duidelijke beweging In de structuur van de Rabo zit het al best in. We zijn opgericht als de ene boer die de andere boer leent. Dus dat zit al een beetje in de gedachtengoed.
<b>Business model areas and sustainability</b>		
7	Sustainability: impactloan, lower interest percentage Clientphoto, categorised from A-D on sustainability business model	Als funding partner hebben we de Europese investeringsbank, als bank hebben we inderdaad ervoor gezorgd dat we die impactlening uitgeven. En dat betekent dat bij bedrijven die toonbare duurzame koploper zijn, dat die rente korting krijgen. Wat wij daarnaast ook doen, dat noemen wij de klant foto, dat we als we een lening hebben, die enigszins significant is, een best wel grote lening, dan moet je bij ons ook de klantfoto inleveren. Dat moet de accountmanager doen. De klantenfoto is eigenlijk dat je de klant categoriseert, A ben je duurzame koploper, B ben jij mainstream bedrijf op het gebied van duurzaamheid, C ben jij een achterblijver, en D zijn bedrijven die gewoon niet voldoen aan onze lijst. Dat is wel de manier om voor ons in ieder geval, om een beeld te krijgen van die duurzame koplopers.
8	European Investmentbank (Key	Bijvoorbeeld partners is de Europese investeringsbank waar ik het net over had. De Europese investeringsbank die wil het MKB ook stimuleren in

	partners)	Europa. Het geld is van de EB, dat geld, dat potje, dat lenen wij weer door aan onze klanten.
8.1	Accountmanagers (Key resources)	Het gaat met name over de accountmanagers, die het gesprek over duurzaamheid moeten aangaan.
8.2	Funding Employees (Key partners)	Wij moeten funding aantrekken. Dat is 1 van onze belangrijkste resources, naast personeel. En die funding die kunnen we dus bijvoorbeeld aantrekken via de kapitaalmarkt, maar dat kan ook gewoon via een financial institution,
8.3	Reputation is important	Nee, de Europese centrale bank, voor alle banken is reputatie belangrijk, voor duurzaamheid. Want als je als bank iets verkeerd investeert, levert dat zoveel schade op voor je reputatie. Dan kun je nog zoveel goede dingen doen, maar iedereen onthoudt dat je in de verkeerde investering zat.
11	Different interests of customers in interaction (Customer relationships)	Je hebt klanten die vinden het belangrijk, en die vinden het ook belangrijk dat ze bij een bank zitten die veel met duurzaamheid doet. Je hebt een groep klanten die interesseert het helemaal niks.
11	SME: maximum of 250 employees (Customer segments)	MKB is dan tot 250FTE. Er zijn meerdere definities binnen de Bank 2, maar dit is er eentje van.
11.1	Less personal contact, more digitalized (Distribution channels)  Mining and sex industry business areas not supported according to policy	Dat wordt steeds minder, dat we naar bedrijven toe gaan. Het wordt steeds meer dat je echt bezig bent met kijken van wat kun je allemaal computergestuurd doen. Daar zit duurzaamheid ook deels in. Alleen dat is dan niet weer de dialoog waar ik het over had met onze grootzakelijke klanten. Dat hangt weer een beetje dan hangt ook deels van de grote van de klanten af.  Dus we doen geen mining, dus dingen uit de grond halen, we doen geen seks industrie, we hebben een beleid.
11.2	Sustainability in 3 ways: Knowledge Socializing/networking Financial solutions	Ja, ja kijk daar zijn we natuurlijk als bank vollop in ontwikkeling. Ehm we doen eigenlijk op het gebied van duurzaamheid drie dingen: kennis, we geven kennis aan onze klanten. Twee is netwerken: dat betekent dat we zelf op die netwerkevenementen rondlopen en het organiseren en op die manier hebben we contact met onze klanten. En de derde zijn oplossingen, financiële oplossingen. Dus we hebben diverse netwerken waarin wij zitten, of dat nou lokaal is, daar spreken we onze klanten, en proberen we ook partijen aan elkaar te verbinden. Hier zouden ze uiteindelijk voordeel van moeten hebben. We proberen als een soort intermediair te werken.
14	Interest (Revenue stream)	Ja, ja.
14.1	Fee (revenue stream)	Nou bijvoorbeeld stel we doen een financiering, dan krijg je gedurende het jaar, of jaren dat je financiert, krijg je interest. Wat je ook krijgt, is een fee, een eenmalige fee, die je die je krijgt omdat je de deal hebt gesloten. Dus stel jij regelt de financiering als bank, dan krijg je daar geld voor.
14.2	Wages, personnel costs  IT costs	Personeelskosten. Dat is een grote kostenpost. IT is ook een belangrijke kostenpost. Je ziet dat steeds meer IT gerelateerd is. Allerlei systemen moeten ontwikkeld worden, er wordt heel veel geïnvesteerd in IT. Dus momenteel is dat een grote kostenpost.

	(cost stream)	
15, 16	<p>Large amount of sustainable loans</p> <p>Future impairment costs are minimized because of less risks</p>	<p>Wij hebben, alle financieringen die we doen, geen idee hoe groot dat is, in ieder geval 22 miljard zijn leningen aan duurzame financieringen, zou je kunnen zeggen. Ik denk dat dat een aardige graatmeter is van hoeveel financieren wij aan duurzame bedrijven. Dus dat is die 22 miljard.</p> <p>En toekomstige afschrijvingen. Dat betekent dus eigenlijk dat als het slecht gaat met het bedrijf, dan moeten wij als bank, meteen een voorziening treffen. Het idee is he bij duurzame bedrijven als we nou, als wij vinden, ik noem het even het risicoprofiel van die bedrijven, laag is, dan zou die potentiële voorzieningen die hoeven dan ook niet zo hoog te zijn. Wij hebben het idee dat de risico's minder worden wanneer een bedrijf meer bezig is met duurzaamheid.</p>
<b>Final question</b>		
17	Structural changes needed with circular economy loan customers	1 van de dingen waar ik mee bezig ben is de circulaire economie. En wat dat, dat vereist wel een andere manier van kijken van ons als bank tegen business modellen. Dat betekent wel, dat de balans veel langer wordt.

## Appendix 3 Sustainability tables

	<b>MULTIPLE LEVELS OF CORPORATE SUSTAINABILITY</b>					
<b>PRINCIPLES</b>	<b>Pre-CS (Red)</b>	<b>Compliance - driven CS (Blue)</b>	<b>Profit-driven CS (Orange)</b>	<b>Caring CS (Green)</b>	<b>Synergistic CS (Yellow)</b>	<b>Holistic CS (Turquoise)</b>
<b>CS ambition level / definition</b>	At this level there is basically no ambition for CS. However, some steps labelled as CS might be initiated if forced from outside (e.g. through legislation or a buyers' strike).	CS at this level consists of providing welfare to society, within the limits of regulations from the rightful authorities. In addition, organizations might respond to charity and stewardship considerations.	CS at this level consists of the integration of social, ethical and ecological aspects into business operations and decision-making, provided it contributes to the financial bottom line.	CS consists of balancing economic, social and ecological concerns, which are all important in themselves. CS initiatives go beyond legal compliance and beyond profit considerations.	CS consists of a search for well-balanced, functional solutions creating value in the economic, social and ecological realms of corporate performance, in a synergistic, win-together approach with all relevant stakeholders.	CS is fully integrated and embedded in every aspect of the organization, aimed at contributing to the quality and continuation of life of every being and entity, now and in the future.
<b>Internal drivers / motivation behind CS</b>	The awareness that CS could increase personal power (e.g. through reputation	A sense of moral duty (e.g. regarding charity or stewardship): CS is perceived as a duty or	Awareness of the business case for CS: CS is promoted when it is thought to contribute to	Personal values and beliefs of top-management and all participants that social and	Personal values and beliefs of all stakeholders as well as top-management that sustainability,	Conviction that sustainability on a worldwide scale is the only alternative, since all beings and
	improvement)	correct behaviour	personal success and the financial bottom line * Relevant issues e.g.: reputation in various markets, or a perceived profit risk in not installing a CS policy (e.g. possibility of scandals)	environmental care are important as such	social and environmental aspects are important as such and inevitable given long-term trends	phenomena are mutually interdependent. Each person or organization therefore has a universal responsibility towards all other beings, both in the present and of future generations.
<b>Criteria for decision making</b>	The impact of the decision on personal power	The decision should be taken by the correct authority according to the proper procedures and in line with the basic purpose	Financial criterium: Shortest 'pay out period', highest expected profit, return on investment or shareholder value	* People, Planet, and maybe Profit * Taken after consensus or at least with consent of all relevant stakeholders	Balanced, functional decision, taking into account all available expertise and considerations with long term view perspective	In line with and in favour of holistic interests for survival of life on the planet

<b>PROFIT</b>	<b>Pre-CS (Red)</b>	<b>Compliance - driven CS (Blue)</b>	<b>Profit-driven CS (Orange)</b>	<b>Caring CS (Green)</b>	<b>Synergistic CS (Yellow)</b>	<b>Holistic CS (Turquoise)</b>
<b>Prices based on:</b>	What they can get away with	Integral cost price plus	Market price/value	Fair price	Perceived value	
<b>Shareholder value</b>	Shareholders are only relevant when powerful	Keep owners satisfied	Maximising shareholder value is key; Managing perceptions of potential shareholders to increase stock price	Balancing shareholder value with interest of other legitimate stakeholders; Expand "ownership" possibilities	Increase of stakeholder values furthers shareholder returns as well doing something of use.	Fair price for owners, no stocks traded.
<b>Investor relations</b>	Tell them whatever it takes to keep them from interfering; Possibility of manipulating financial and other information	In line with relevant regulations (e.g. issued by SEC)	Proactive managing of relations to secure financing at minimum costs	<ul style="list-style-type: none"> <li>Stakeholder relation</li> <li>Beginning of exchange of social and environmental information</li> <li>Participatory</li> </ul>	<ul style="list-style-type: none"> <li>SRI orientation</li> <li>Full info on Corporate Sustainable Performance</li> </ul>	
<b>PLANET</b>						
<b>Environmental management</b>	Environments are exploited for for short-term gain without concern for long-term consequences.	Compliance oriented and use of simple improvements (such as taller pipes)	Environmental measures must directly improve profitability [e.g. waste reduction, reducing energy use] or indirectly [e.g. high visibility projects boosting reputation ]	Eco-efficiency [see WBCSD]	Minimise impact on the environment (e.g. emissions, waste and extraction of raw materials) Use of insight in systemic interdependencies	Pursuit to reach zero impact on the environment (e.g. emissions, waste and extraction of raw materials)
<b>Neighbourhood</b>	Non issue	Compliance with relevant regulations; charity (richesse oblige)	High visibility projects boosting reputation	Supporting neighbourhood development	Together win approach	
<b>PEOPLE</b>						
<b>People Management<sup>8</sup></b>	Autocratic; Exploitive	Custodial; Authoritarian	Supportive; Manipulative	Collegial; Participative	Motivational; Interactive	
<b>Workplace environment</b>	Permanent supervision;	Compliance: meeting physical	Cost-effective actions to	Endeavours specifically to	Individual and collective	

	Communication is top-down; Risk of exploitation of employees	and safety requirements; Standardisation of work	improve employee motivation in order to increase productivity and decrease employee turnover	increase personnel well-being; Corporate culture is often considered a major theme	alignment of requirements and facilities, supporting dedication and individual motivation	
<b>Safety &amp; Health</b>	Respond to acute problems	Compliance with regulations; Inventory of common problems and systematic response	Cost-benefit appraisals of possible improvements	Management system on safety and health, including socio-psychological dimensions	Pro-active policy, linked with people management (HRM) and custom made arrangements for individual employees	
<b>Diversity</b>	Non issue	Homogenic labour force	Diversity only receives attention when it increases results	Policies for emancipation of women, coloured and disabled persons	Women and minorities in management positions (provided they qualify)	
<b>Work Ethics and globalisation: (e.g. bribery, child labour)</b>	Non issue	Ethical code describes the one and only correct way to handle	Pragmatism;	Ethical imperialism: act abroad as when at home [ e.g. total ban on bribery and child labour]	Situational relativism; Applying appropriate expertise to introduce local improvements	Proactive policies for introducing better institutions world wide
<b>Consumers</b>	Victims	Company oriented, supply push	Market oriented, but still basically supply push	Discovery of the human being behind the customer	Truly customer oriented: e.g. co-creation, design for all	Integrated production-consumer systems
<b>Suppliers</b>	'Players who are trying to get to us before we get to them'	As few as possible; focus on economies of scale and vertical integration (hierarchies); Loyalty; Tradition.	<ul style="list-style-type: none"> <li>• Sub contracting based on strict cost based contracts (win-lose approach)</li> <li>• Output control</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of co-makship</li> <li>• Process control and internal audits (e.g. introduction of SA 8000)</li> </ul>	<ul style="list-style-type: none"> <li>• Strategic partnerships (together win approach)</li> <li>• Systemic quality control, externally verified</li> </ul>	Integrated supply chains

# Appendix 4 Documentary research – sustainability citations

## 4.1 Bank 1

### Internal principles

Principles	Motivation
Sustainability ambition / definition	<p>“Sustainability aims to strike a balance between people, planet and profit” (Sustainability Report Bank 1, 2014, p. 62).</p> <p>“By focusing on doing business sustainably, we create opportunities for our clients and our bank. Consistent with our sustainability commitment to strike a balance between people, planet and profit, we continue to selectively develop new markets, products and services, as well as new forms of collaboration. We use our strategy to tackle the sustainability issues that confront Bank 1 and our clients in today’s world – an approach in which innovation also features strongly” (Sustainability Report, 2014, p. 8).</p> <p>“We take responsibility for the great impact that we, as a bank, have on society; a responsibility that extends beyond our own business processes” (Sustainability Report Bank 1, 2014, p. 11).</p>
Internal drivers, motivation behind sustainability	<p>“Our commitment to being a good corporate citizen and contributing to a better world stems from our own sense of responsibility and from our duty to help restore trust in the financial sector.” (Gerrit Zalm, Chairman of the Managing Board, in Sustainability Report Bank 1, 2014, p. 4).</p> <p>“At Corporate Banking, sustainable business practices are key to our success” (Business Report Bank 1, 2014, p. 49).</p> <p>“We believe that value creation and sustainability go hand in hand” (Strategic Report, 2014, p. 19).</p> <p>“Sustainable financial services are becoming ever more important. We see growing demand among our clients and there is an increasing awareness of the material influence sustainability has on financial performance and risk” (Sustainability Report Bank 1, 2014, p. 30).</p>
Criteria for decision making	<p>“We define stakeholders as the groups or individuals we influence through our activities, products and services, and who in their turn affect our ability to achieve our goals. Bank 1 has identified stakeholder groups that are of material importance to the sustainable success of our business. We strive to maintain a constructive dialogue with these stakeholder groups and to take account of their views in our decision-making” (Sustainability Report Bank 1, 2014, p. 10).</p> <p>“We systematically balance the bank’s interests with those of our stakeholders. This is vital to restoring trust in the banking sector, and hence to our own long-term success” (Sustainability</p>

	<p>Report Bank 1, 2014, p. 10).</p> <p>“When providing loans to clients, we incorporate environmental, social and ethical criteria in the credit approval process. In some cases, we reach the conclusion that the criteria have not been met. At other times, we receive new information about how our existing clients conduct their business. In these cases we enter into dialogue with them to gain a solid understanding of the situation. If necessary, we demand sustainability improvements, which we incorporate in the loan documentation if possible. It may take several years to reach the desired result. We regularly monitor and discuss progress with each client, and then decide on a case-by-case basis how to take the engagement process forward. If we are not able to enforce improvements, we will ultimately withdraw. Our focus is on our larger clients and large transactions” (Sustainability Report Bank 1, 2014, p. 35).</p>
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### People, Planet and Profit tables

<u>People</u>	<u>Motivation</u>
People management	<p>“At Bank 1, we understand that our employees are key to forging and growing lasting relationships with our clients” (Business Report Bank 1, 2014, p. 78).</p> <p>“Engaged professionals drive sustainable business performance. Defining a strong corporate identity and creating a culture of excellence are the aims of attracting, developing and keeping their employees” (Business Report, 2014, Bank 1, p. 78).</p>
Workplace environment	<p>“We promote sustainability internally and encourage our staff to get involved” (Business Report Bank 1, 2014, p. 83).</p> <p>“We aim to further embed sustainability in our daily operations and to invest in the empowerment, knowledge, skills, development and working environment of our employees” (Business Report Bank 1, 2014, p. 51).</p> <p>Initiatives:</p> <ul style="list-style-type: none"> <li>- “A key initiative in this respect is our LEEFVitaal! programme in the Netherlands, which promotes awareness of the benefits of a healthy lifestyle to help staff keep fit and healthy. Employees are invited once every three years for a free, comprehensive health check, in which an online questionnaire and physical examination are used to keep track of health risks and biological age. Where necessary, we then coach our staff to help them improve their lifestyle” (Sustainability Report Bank 1, 2014, p. 18).</li> <li>- “Other initiatives include a dedicated intranet site on health and vitality and our LEEFVitaal! ‘markets’, where employees can get more information and a free health check” (Sustainability Report Bank 1, 2014, p. 18).</li> <li>- “Employees are also given the opportunity to take part in mindfulness courses and to order books on health and lifestyle using their personal Sustainable Employability Budget” (Sustainability Report Bank 1, 2014, p. 18).</li> <li>- “Once every three years, employees receive an online questionnaire, the ‘Balansmeter’. Using the results of this survey, employees who are at risk of sickness absence are identified and offered assistance” (Sustainability Report Bank 1, 2014, p. 18).</li> <li>- “To facilitate talent and ambition, we launched Partner of the Future in 2014, our</li> </ul>

	<p>sponsorship strategy designed to help people discover their talents and achieve their ambitions. Partner of the Future focuses on the areas of entrepreneurship, education, sport, art and culture, and identifies the links between them. The Bank 1 Foundation gives form to our social commitment by encouraging bank employees to volunteer for community projects. Our employees volunteered 11,811 times on behalf of the Foundation in 2014, helping our social target groups” (Business Report Bank 1, 2014, p. 84).</p>
Safety and health	<p>“Bank 1 defines the health and safety of its employees as something that we may not think about every day, but that impacts our daily lives. Healthy, safe and good working conditions enhance job enjoyment and reduce the chance of illness, accidents, injuries and damage. Bank 1 seeks to offer its staff a safe and healthy working environment by providing the right conditions and by actively informing them how best to prevent health risks” (Sustainability Report Bank 1, 2014, p. 18).</p>
Diversity	<p>“Diversity plays an important role at Bank 1, by focusing on gender, cultural background and disability” (Business Report, 2014, Bank 1, p. 78).</p>
Work Ethics	<p>“In the case of lending, we service companies that satisfy our environmental, social and ethical standards (ESE). The criteria have been defined based on international treaties and voluntary agreements like the UN Global Compact, the OECD Guidelines for Multinational Enterprises, UN Guiding Principles on Business and Human Rights and the standards of the International Labour Organisation (ILO)” (Sustainability Report Bank 1, 2014, p. 30-31).</p> <p>“We do not do business with companies that are not willing to, or capable of running their business responsibly. Also, we refrain from engaging in business activities that are illegal or that we consider to be substandard or unethical” (Sustainability Report Bank 1, 2014, p. 31).</p>
Consumers	<p>“We take a responsible approach to doing business with companies and other professional parties. Based on the integrated sustainability assessment in our client acceptance process, we decide whether we want to set up a business relationship with them in the first place. Next, we assess specific client transactions. As a matter of course, we include environmental, social and ethical (ESE) criteria in our standard financial assessment process” (Business Report Bank 1, 2014, p. 84).</p> <p>“We seek to respond to the evolving market and hence also to the changing needs of our clients, approaching them fairly and openly, learning from our experiences and understanding the importance of delivering optimum service” (Sustainability Report, 2014, p. 2).</p> <p>“Besides playing an active role in society regarding sustainability issues, we also support our clients in their transition to sustainable practices. An example is the We Sustain programme introduced in 2014, a contest challenging staff bank-wide to come up with ideas to help our clients make their operations more sustainable” (Business Report Bank 1, 2014, p. 49).</p>
Suppliers/ Partners	<p>“Sustainability plays a key part in the selection of suppliers. We apply the FIRA evaluation system, for instance, to give us insight into and a grip on our suppliers’ sustainability performance” (Sustainability Report Bank 1, 2014, p. 11).</p>

<u>Planet</u>	<u>Motivation</u>
Environmental management	<p>“Although the environmental impact of financial services providers is limited, we are concentrating our efforts on reducing our energy consumption. Our target is to decrease energy consumption in 2017 by 20-30% compared with 2012. Based on the</p>

	<p>reduction of 31% achieved in 2014, we met our 2017 target, thanks in part to a mild winter and to building closures” (Business Report Bank 1, 2014, p. 83).</p> <p>“We are also maintaining our bank-wide drive to reduce our environmental footprint” (Sustainability Report Bank 1, 2014, p. 6).</p> <p>“The direct environmental impact of financial services providers is rather limited given the nature of their activities. Bank 1’s impact on the environment consists primarily of the bank’s energy consumption, CO2 emissions and waste generation. We are concentrating our efforts on reducing our energy consumption and waste generation, and are using Dutch wind power by purchasing Guarantees of Origin. We track energy consumption and waste production at our branches and offices in order to make adjustments where possible” (Sustainability Report Bank 1, 2014, p. 18).</p> <p>Initiatives:</p> <ul style="list-style-type: none"> <li>- A label floor space</li> <li>- BREEAM certified office space</li> <li>- Dry-cooling system installed at one of our data centres, saved 15% electricity consumption and 21 million litres of water on annual basis</li> <li>- Purchase biogas for own use</li> <li>- Committed to reducing waste output</li> </ul> <p>(Sustainability Report Bank 1, 2014).</p>
Neighbourhood	<p>“Bank 1 seeks to offer clients products and services that have a positive, sustainable impact on society. We support a range of green projects, including the financing of large scale off-shore wind parks such as Gemini (the world’s second largest offshore wind farm project). Other deals concluded in 2014 include the financing of a sustainable cold-storage warehouse in the Dutch town of Urk, financing of a new boiler for a biomass power centre and the provision of financing for compressed natural gas stations” (Business Report Bank 1, 2014, p. 85).</p> <p>“As part of our commitment to contributing to a better world, we actively seek out ways to offer our financial expertise to society. We do this by focusing on three areas: social entrepreneurship, facilitating talent and ambition, and sharing sector-specific knowledge. When it comes to social entrepreneurship, we support entrepreneurs that share our vision. For instance, Bank 1 has structured and co-financed continental Europe’s first Social Impact Bond. In 2015, we will investigate whether the concept can be rolled out further to other municipalities and departments. Bank 1 Informal Investor Services brings together Private Banking clients and SMEs, including social enterprises. Private Banking clients invest in these social enterprises and often offer advice as well” (Business Report Bank 1, 2014, p. 83-84).</p>
<u>Profit</u>	<u>Motivation</u>
Price determination	<p>“We aim to improve our profitability by managing based on risk/reward, while focusing on the allocation of capital within business lines to improve our return on equity and to offer a profitable overall client proposition. To help us reach this goal, we strive to improve both cost efficiency and operational efficiency” (Business Report Bank 1, 2014, p. 52)</p> <p>“Bank 1 evaluates sustainability risks based on a set of principles and rules that constitute the</p>

	bank's environmental, social and ethical policies. We apply them when assessing clients, credit applications and other transactions" (Sustainability Report Bank 1, 2014, p. 12).
Shareholder value	"Bank 1 strives to put clients' interests first and to create long-term, sustainable value for all of our stakeholders, including clients, investors/shareholders, employees, the environment and society at large. We take the interests of these stakeholders seriously and believe it is our responsibility to manage the impact of our activities. In doing so, we focus on systematically balancing the bank's interests with those of our stakeholders" (Strategic Report, 2014, p. 15)
Investor relations	<p>"Regularly engaging in a dialogue helps us to identify important areas for our stakeholders. We apply the materiality principle when discussing sustainability topics. This means that we focus on the issues that are most important to our key stakeholders and to our business, where we are actually in a position to influence the outcomes" (Strategic Report, 2014, p. 15).</p> <p>"We put our financial expertise to work in three areas:</p> <ul style="list-style-type: none"> <li>- Partner of the Future: under our new strategy we help people discover their talents and achieve their ambitions, even when we don't have an immediate commercial incentive for doing so.</li> <li>- Social entrepreneurship: we believe that value creation and sustainability go hand in hand, and we support entrepreneurs that try to realise this.</li> <li>- Sharing sector-specific knowledge: we create expert knowledge on several sectors, and share these with our clients" (Sustainability Report Bank 1, 2014, p. 25).</li> </ul> <p>"We recognise our dependence and impact on the forms of capital that are fundamental to our ability to create long-term value. Output values:</p> <ul style="list-style-type: none"> <li>- Employee engagement score 76%</li> <li>- Number of times employees volunteered for the community: 10045</li> <li>- Digital impact fund: EUR 10 million</li> <li>- Social impact fund: EUR 10 million" (Annual Report Bank 1, 2015, p. 37).</li> </ul>

## 4.2 Bank 2

### Internal principles

<u>Principles</u>	<u>Motivation</u>
Sustainability ambition / definition	<p>“We integrate sustainability into our internal business operations and communicate transparently about our vision and activities” (Annual Report Bank 2, 2015, p. 52).</p> <p>“Bank 2 strives to ensure continuous improvement in its sustainability performance and communicates transparently on related activities” (Annual Report Bank 2, 2015, p. 54).</p> <p>“We become sustainably successful together by linking our financial services, knowledge and relevant networks to the ambitions of our customers” (Annual Report Bank 2, 2015, p. 52).</p> <p>“Bank 2 established its sustainability as part of all relevant policy processes, products and services” (Annual Report Bank 2, 2015, p. 53).</p>
Internal drivers, motivation behind sustainability	<p>‘We are present in society and are strongly involved with our customers and members. We want to continue our responsive role, particularly in a world where customer needs, economic development, technological advances and increasingly stringent bank regulations are changing faster than ever’ (Annual Report Bank 2, 2015, p. 12).</p> <p>“Due to our own cooperative background, we consider it our duty to let people participate in society independently and with dignity” (Annual Report Bank 2, 2015, p. 57).</p> <p>“Sustainability is essential to the long-term success of businesses. We therefore encourage and support all of our corporate clients to gradually improve” (Sustainably successful together Bank 2, 2014, p. 3).</p>
Criteria for decision making	<p>“We use Key Performance Indicators (KPIs) to measure the progress towards realising our sustainability ambitions; sharing our results with our stakeholders via various channels such as the Annual Report, infographics, publications and in periodic meetings. We enter into dialogues with our stakeholders and sometimes adjust our goals as a result” (Annual Report Bank 2, 2015, p. 53).</p> <p>“We see sustainability as a part of our cooperative identity. This becomes clear among other things from the fact that we count sustainability as one of our core values” (Annual Report Bank 2, 2015, p. 71).</p> <p>“We work with all relevant group divisions to evaluate what social trends our clients and stakeholders feel are the most important. Based on this information, we then select a number of issues on which we would like to position ourselves and which we can manage effectively. We draft a vision report, take positions and communicate them on a strategic basis. We also measure its effect on Bank 2’s reputation in relation to sustainability among the public and our stakeholders” (Sustainably successful together Bank 2, 2014, p. 24).</p>

### People, Planet and Profit tables

<u>People</u>	<u>Motivation</u>
People management	<p>“We see sustainability as a part of our cooperative identity. This becomes clear among other things from the fact that we count sustainability as one of our core values. We indicate that</p>

	<p>the willingness and enthusiasm of our employees to display these core values on a daily basis form an important part of the selection criteria. The desired competencies are determined in function profiles and are part of the performance agreements and the individual evaluation of the employee. We think it is important that managers set the right example in this. In addition, all management courses encourage managers to carry out the cooperation on a daily basis” (Annual Report Bank 2, 2015, p. 71).</p>
<p>Workplace environment</p>	<p>“There is continuous focus on personal development and training, as well as on building a diverse workforce. In this way, we strive to show our customers and society as a whole that we are the bank that is fully focused on its customers’ (Annual Report Bank 2, 2015, p. 13).</p> <p>“Bank 2 encourages a culture that reflects the bank we want to be and in which sustainability plays an important role” (Annual Report Bank 2, 2015, p. 71).</p> <p>“Bank 2 promotes a culture that reflects the bank we strive to be and in which sustainability plays a significant role” (Sustainably successful together Bank 2, 2014, p. 25).</p> <p>“We provide a company-wide culture programme in which we re-evaluate the values of our organisation as a cooperative bank, as well as define the desired culture and employee behaviour” (Sustainably successful together Bank 2, 2014, p. 25).</p>
<p>Safety and health</p>	<p>“A good organisation has an interest in healthy employees. For this reason, Bank 2 attaches a lot of importance to vitality, resilience and minimising absenteeism” (Annual Report Bank 2, 2015, p. 84).</p> <p>“Vitality is the basis of resilient employees. In 2015 as well, employees were encouraged and facilitated to take responsibility for their vitality” (Annual Report Bank 2, 2015, p. 85).</p> <p>“The cause of work-related stress lies partly in the organisation of work and partly in the way in which employees and managers deal with pressure and uncertainty. Therefore, a proper approach to work-related stress focuses both on the organisation, the manager and on the individual employee” (Annual Report Bank 2, 2015, p. 85).</p> <p>“Topics in 2015 were: Family care, Working together for vitality, Moving together and Sharing together. In the vitality campaigns, the information and available tools are always referred to. On the HR portal, employees will find a digital vitality scan, providing insight into the degree of vitality, while giving tips on how to improve vitality. In 2015, the vitality scan was completed 3,047 times” (Annual Report Bank 2, 2015, p. 85).</p> <p>“Employees can use the Employee Benefit Budget awarded every month to choose options in the Benefit Shop. In addition, May’s holiday allowance and December’s annual allowance can also be used in the Benefit Shop, in which case they will be paid out net of the amounts spent. In the Benefit Shop, the EBB can be spent on the following at the employee’s discretion:</p> <ul style="list-style-type: none"> <li>- purchasing hours of leave (*);</li> <li>- payment into Flexioen;</li> <li>- payment into the lifestyle savings scheme (**); § bicycle scheme;</li> <li>- trade union fee;</li> <li>- cash payment” (Collective Labour Agreement Bank 2, 2016, p. 24).</li> </ul>

Diversity	<p>“To support the diversity policy, a diversity board was established. The bank does not want to leave any talent untapped: we are convinced that diversity contributes to a better bank both for our customers and for our employees” (Corporate Social Responsibility Report Bank 2, 2015, p. 81).</p> <p>“As from 2012, the diversity policy was mainly focused on gender diversity, but this was widened in 2015. Bank 2 is committed to a culture in which we do not exclude anyone, where everyone feels valued and where all talents are used, regardless of one’s gender, cultural background or sexual preference. Through more diversity, we become a better bank in all respects, both for customers and employees” (Corporate Social Responsibility Report Bank 2, 2015, p. 81).</p> <p>“Finally, we also strive to reflect society from a cultural point of view. With a number of ambassadors of local Bank 2s and central units, therefore, at the end of 2015 a long-term plan was initiated. In 2016, this plan will be implemented” (Corporate Social Responsibility Report Bank 2, 2015, p. 81).</p> <p>“Targets are set for the proportion of women at the top of the company. In 2020, the top tier of Bank 2 should consist of 30% women and the second tier of 40% women” (Corporate Social Responsibility Report Bank 2, 2015, p. 81).</p> <p>“To ensure commitment and involvement from the top, a diversity board has been set up. It consists of two members of the Executive Board and a number of directors of central units and local Bank 2s. The diversity board oversees the implementation of the diversity policy” (Annual Report Bank 2, 2015, p. 84).</p> <p>“Agreements have also been made about the deployment of people with a work disability. According to the agreements, made between social partners, to make 100,000 jobs available to people with an occupational disability, it was agreed within Bank 2 that each local Bank 2 and each central department should at least have one job occupied by an employee with an occupational disability in the coming years” (Annual Report Bank 2, 2015, p. 84).</p>
Work Ethics	<p>“Bank 2 is committed to a culture in which we do not exclude anyone, where everyone feels valued and where all talents are used, regardless of one’s gender, cultural background or sexual preference” (Corporate Social Responsibility Report Bank 2, 2015, p. 84).</p> <p>“Significant results this year included exclusion by our customers of suppliers who did not want to adapt their behaviour and a first publication of a CSR report” (Annual Report Bank 2, 2015, p. 65).</p> <p>“We encourage and support all our corporate clients in their efforts to gradually make their businesses more sustainable” (Annual Report Bank 2, 2015, p. 52).</p>
Consumers	<p>“We encourage and support all our corporate clients in their efforts to gradually make their businesses more sustainable” (Annual Report Bank 2, 2015, p. 52).</p> <p>“We discuss sustainability services with our larger business customers, to share our knowledge about this and to support them in taking the next step” (Corporate Social</p>

	<p>Responsibility Report Bank 2, 2015, p. 78).</p> <p>“In 2015, we supported our business customers with financing and through the launch of new services, such as the Rabo Impact Loan. We increased insight into our clients’ sustainability performance through the ‘client photo’. And we trained our employees to initiate discussions about sustainability” (Annual Report Bank 2, 2015, p. 62).</p>
Suppliers	<p>“Significant results this year included exclusion by our customers of suppliers who did not want to adapt their behaviour and a first publication of a CSR report” (Annual Report Bank 2, 2015, p. 65).</p> <p>“Many business owners could use a little boost. That’s why in 2015 we signed with our leasing subsidiary DLL and the European Investment Bank an agreement to support Dutch companies. Thanks to this credit facility a total of 400 million euros will be available. This money is distributed among approximately 300 companies who receive an interest discount on their funding. This facility is intended to encourage Dutch companies that need investment to develop. The total amount is split between Bank 2 and DLL, who lend 200 million euros each (Corporate Social Responsibility Report Bank 2, 2015, p. 78).</p> <p>“Bank 2 shows the sustainability performances of business customers in order to help them make the next sustainable step. In addition, we assess the sustainability performances of our business customers and rank them in five categories. In this way, the customer as well as the bank gains an understanding of the company’s sustainability performance. We encourage the customer to improve their performance step-by-step. This contributes to their business success and at the same time improves the risk profile of our loan portfolio” (Annual Report Bank 2, 2015, p. 65).</p> <p>“Bank 2 expects its business partners and suppliers to meet the obligations outlined in the Sustainability Statement for Business Partners of the Bank 2 and those in our procurement criteria. We monitor our suppliers’ commitment to sustainability by screening and engaging with them. In cases where our suppliers have not met the required obligations, and if ongoing engagement does not lead to improvements over time, we may terminate the relationship on the basis of pre-determined criteria” (Sustainability Policy Framework Bank 2, 2015, p. 25).</p>

Planet	Motivation
Environmental management	<p>“Furthermore, Bank 2 keeps working to reduce the CO2 emissions per FTE by 10% and operates in a climate neutral manner. The focus is on energy consumption in homes, ICT and mobility. In 2015, it became clear that the challenge to reach these goals is becoming greater. This is due among other things to the (projected) decrease in the number of employees and virtualisation. Due to the latter development, our energy needs increase to support our digital services” (Annual Report Bank 2, 2015, p. 70).</p>
Neighbourhood	<p>“The World Wildlife Fund (WWF) and Bank 2 have been collaborating since 2011 with the purpose of setting up projects with customers in order to create an earnings model for sustainable food production. Bank 2 finances these projects with funds from the partnership budget and is also involved in the projects as a knowledge partner. We provide a contribution, from our financial and content expertise, towards achieving the objectives established for each project” (Annual Report Bank 2, 2015, p. 62).</p>

	<p>“Due to our own cooperative background, we consider it our duty to let people participate in society independently and with dignity. We support new cooperatives by means of financial services, knowledge and network” (Annual Report Bank 2, 2015, p. 57).</p> <p>“Bank 2 Foundation is the public fund of Bank 2, offering disadvantaged people a better outlook by making them self-sufficient. It has been active for over 40 years. In the Netherlands, the foundation focuses on vulnerable groups’ participation in society. The foundation’s activities include cooperating with social welfare organisations and social enterprises to encourage labour participation of people who are far-removed from the labour market, to make people financially self-sufficient and to make sports accessible for people with disabilities and for children who grow up in poverty” (Annual Report Bank 2, 2015, p. 58).</p> <p>“We help our customers integrate the outcomes into their operations. In addition, Bank 2 cooperates with innovative customers and social partners on ambitious sustainability projects in agribusiness value chains” (Annual Report Bank 2, 2015, p. 58-59).</p> <p>“In 2015, Rabo Groen bank had a large market share in the Dutch market for green financing for the SME and food and agri customers, with EUR 310 million issued in new green financing. In addition to many wind and solar energy projects, we also financed a number of impressive circular projects in 2015” (Annual Report Bank 2, 2015, p. 64).</p> <p>“DLL searches continuously for innovative ways in which to combine profitability with social and environmental benefits” (Annual Report Bank 2, 2015, p. 64).</p>
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<u>Profit</u>	<u>Motivation</u>
Price determination	<p>“We would like to provide an extra stimulus to sustainable enterprises. That is why Bank 2 introduced the Rabo Impactlending (‘impact loan’) together with the European Investment Bank (EIB) at the end of 2015. The Rabo impact loan is a business loan with an interest rate rebate aimed at sustainable companies. Companies that meet selected sustainability criteria are eligible for an interest rate rebate on new financing: as much as 1.20% depending on the duration. Bank 2 is the first Dutch bank that rewards customers financially for their sustainability efforts with an interest rate rebate via the EIB” (Annual Report Bank 2, 2015, p. 63).</p>
Shareholder value	<p>“ (...) sharing our results with our stakeholders via various channels such as the Annual Report, infographics, publications and in periodic meetings. We enter into dialogues with our stakeholders and sometimes adjust our goals as a result” (Annual Report Bank 2, 2015, p. 53).</p> <p>“The Bank 2 Foundation provides cooperatives with working capital loans and investments. The cooperative has access to resources to issue loans to its members under fair market conditions” (Annual Report Bank 2, 2015, p. 58).</p>
Investor relations	<p>“With our knowledge, networks and monetary contributions, we support people and organisations who strengthen their local communities; we see that as a translation of ‘Invested in each other’” (Annual Report Bank 2, 2015, p. 55).</p>

“We integrate sustainability into our internal business operations and communicate transparently about our vision and activities” (Annual Report Bank 2, 2015, p. 52).

“Sustainability is essential for the long-term success of businesses. That is why we encourage and support all our business customers in the gradual development of sustainability within their business. Sustainability is part of our sector visions and we regularly share our knowledge with our business customers. We review our larger clients’ performance periodically, explore further opportunities for improvement and work together with the client in order to improve their performance systematically. We also connect our customers with each other to exchange knowledge about sustainability and to create shared commercial opportunities. We also provide customised financial solutions in order to make optimal use of these opportunities. Moreover, we support leaders in sustainability by giving them priority in financing and by doubling the number of services we offer them. In this way, we combine business success for our customers with sustainable innovation for society” (Annual Report Bank 2, 2015, p. 62).

“The Equator Principles (EPs) are a voluntary system of standards for identifying, assessing and managing social and environmental risks in project financing” (CSR Reporting Bank 2, 2014).

“Key figures. Supporting local communities: Bank 2 foundation 16.3 million EUR, cooperative dividends 38.1 million EUR, Donations Bank 2 Group 6.9 million EUR. Climate footprint: CO2 emission attributable to businesses 182 000 tonnes CO2, Co2 emission per FTE 3.5 tonnes CO2” (Annual Report Bank 2, 2015, p. 8)

“Key Figures. Total sustainable financing: 21.903 million euros” (CSR Report Bank 2, 2014).

“We use Key Performance Indicators (KPIs) to measure the progress towards realising our sustainability ambitions; sharing our results with our stakeholders via various channels such as the Annual Report, infographics, publications and in periodic meetings” (Annual Report Bank 2, 2015, p. 53).

### 4.3 Bank 3

#### Internal principles

Principles	Motivation
Sustainability ambition / definition	<p>‘We are committed to the sustainable development of society through responsible financing and to supporting our clients with sustainable transitions’ (Annual Report Bank 3, 2015, p.2).</p> <p>‘Our sustainability efforts focus on two areas: promoting financial empowerment for retail customers and supporting sustainable transitions for companies’ (Annual Report Bank 3, 2015, p.3).</p> <p>‘We see sustainability as a source of competitive advantage for companies’ (Annual Report Bank 3, 2015, p. 7).</p> <p>“We view sustainability as part of our business rather than an end in itself” (Annual Report Bank 3, 2014, p. 7).</p> <p>“We believe that the ultimate purpose of a financial institution is to support and stimulate economic, social and environmental progress leading to a better quality of life for people in society” (Annual Report Bank 3, 2014, p. 8).</p>
Internal drivers, motivation behind sustainability	<p>“By focusing on clients who adopt best-in-class sustainable practices to prepare for the scarcity and rising costs of resources and energy, we ensure a healthy and strong portfolio and support tomorrow’s economy” (Annual Report Bank 3, 2014, p. 39).</p> <p>“How we act and behave is the basis of the relationship of trust we have with customers and of our responsible engagement in society” (Ralph Hamers, Annual Report Bank 3, 2015, p. 3)</p> <p>“Global economic growth will place increasing demands on natural resources and brings the risks of global warming. Our clients are responding by adopting more sustainable business practices, and we are adapting our lending to support them” (Annual Report Bank 3, 2014, p. 34).</p> <p>“Facilitating economic growth by playing our role as a bank should go hand in hand with social progress and environmental preservation or else our results cannot be sustained in the long term” (Annual Report Bank 3, 2014, p. 8).</p> <p>‘With our commitment to sustainability we are making a positive contribution to the future development of society and at the same time creating exciting new opportunities for our customers and ourselves’ (Ralph Hamers, Annual Report Bank 3, 2015, p. 4).</p> <p>‘We strongly believe that financial services play a significant role in creating a sustainable world’ (Annual Report Bank 3, 2015, p. 33).</p> <p>“One of the ways in which we strive to accelerate the transition to a more sustainable economy is by backing ambitious and responsible entrepreneurs and companies. We also believe that doing so will create a higher quality asset portfolio in the long term” (Annual Report Bank 3, 2014, p. 8).</p>

	<p>“We believe that our own profitability and performance depends on our ability to marshal our resources to meet social, economic and environmental issues” (Annual Report Bank 3, 2014, p. 6).</p> <p>“We are focusing on sustainable lending as we believe that sustainable business is good business. We are committed to working with our clients on addressing their sustainability challenges” (Annual Report Bank 3, 2014, p. 34).</p> <p>“We strongly believe that sustainable business is better business, but if you do not integrate this philosophy into your entire business it will never become mainstream” (Schreve, n.d.).</p> <p>We are focusing on sustainable lending as we believe that sustainable business is good business. We are committed to working with our clients on addressing their sustainability challenges” (Annual Report Bank 3, 2014, p. 34).</p>
Criteria for decision making	<p>‘The role of a financial institution is to support and promote economic, social and environmental progress leading to a better quality of life for people in society, while generating adequate returns for shareholders. This is what the value we create for and with our stakeholders, such as customers and shareholders, should be about’ (Annual Report Bank 3, 2015, p. 5).</p> <p>‘Being a financially healthy and stable company is important to us and our stakeholders’ (Annual Report Bank 3, 2015, p. 21).</p> <p>‘Managing risks is at the heart of what we do and can have a material impact on our business and society. Safe banking requires strong risk management, both financial and non-financial, which is part of our daily business (Annual Report Bank 3, 2015, p. 21).</p> <p>“Bank 3 has embedded sustainability assessments into its core business processes and assesses the environmental and social impact of every lending opportunity” (Annual Report Bank 3, 2014, p. 40).</p> <p>“We need to identify and understand the most important issues for our stakeholders and how these relate to the actions and decisions that we take. To gain this understanding, we conduct regular materiality assessments to find out what the key priorities for our stakeholders are and their potential impact on our organisation. The results guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework” (Annual Report Bank 3, 2014, p. 17).</p> <p>“An extensive network of Bank 3 experts, from across business disciplines and regions regularly engages with both internal and external stakeholders. For the 2014 materiality assessment, this network reached out to seven stakeholder groups in seven countries through a materiality survey” (Annual Report Bank 3, 2014, p. 17).</p> <p>“The key outcomes of our materiality assessment coincide with our purpose, customer promise, and strategic priorities that were presented in March 2014. We are pleased with these results but we are not complacent. We will continue to assess the expectations of our stakeholders and work to improve our performance on high-priority material issues” (Annual</p>

Report Bank 3, 2014, p. 17).

**People, Planet and Profit tables**

People	<u>Motivation</u>
<p>People management</p>	<p>“A strong culture needs engaging and convincing leaders. True Orange leaders are clear about what they expect from their people. They energise their teams and empower them to deliver on our promises to customers and other stakeholders” (Annual Report Bank 3, 2014, p. 43).</p> <p>“Bank 3 stimulates a performance culture, giving employees scope to make their own decisions in an environment where we encourage sharing of successes, working together and getting ahead. We combine this with clear roles and accountability. We believe this combination generates increased levels of business, more satisfied customers and enhanced economic performance” (Annual Report Bank 3, 2014, p. 43).</p> <p>“Shared global behaviours backed by strong values are critical to the performance culture we aim to build. But that culture should not be monolithic. Embracing difference is equally important both to reflect human diversity and to ensure we connect with our customers at the local level. We also encourage employees to grow and give back to society. A corporate culture that embraces difference is part of this process” (Annual Report Bank 3, 2014, p. 43).</p> <p>“In 2015, Bank 3 introduced the Orange Code. Inspired by the aim to put “integrity, above all”, the code is a manifesto that sets out who we are, how we work and helps to strengthen our relationship of trust with our customers.</p> <p>The Orange Code comprises:            Values that set the standard – the non-negotiable promises we make to the world and the principles we stick to no matter what.</p> <ul style="list-style-type: none"> <li>• We are honest</li> <li>• We are responsible</li> <li>• We are prudent</li> </ul> <p>Bank 3 Behaviours - the commitments we make to each other and the standards by which we will measure each other’s performance.</p> <ul style="list-style-type: none"> <li>• You take it on and make it happen</li> <li>• You help others to be successful</li> <li>• You are a step ahead” (Annual Report Bank 3, 2015, p. 41).</li> </ul>
<p>Workplace environment</p>	<p>“We empower our employees, provide them with the tools they need and encourage them to act on their own initiative and put customers first” (Annual Report Bank 3, 2014, p. 43).</p> <p>“We believe that investing in human capital will generate increased revenues, more satisfied colleagues and customers and enhanced economic performance” (Annual Report Bank 3, 2015, p. 5).</p> <p>“We believe that in addition to assisting its customers, a bank should also give employees the means to shape and improve their own futures” (Annual Report Bank 3, 2015, p. 5).</p> <p>“All employees are enrolled in performance management processes which encompass a</p>

	<p>formal planning, mid-year review and year-end assessment. We offer coaching which can help employees further develop professionally and personally” (Annual Report Bank 3, 2014, p. 44).</p> <p>“We allocate a budget for employees for training, professional development and personal development. In 2015, we invested EUR 68 million in learning and development” (Annual Report Bank 3, 2015, p. 43).</p> <p>“Globally, much of this training is offered through our online Bank 3 Learning Centre. Here we offer a variety of educational and business reading, inspirational videos and e-learning courses that are available for all. This includes our Promoting Integrity online training for all employees which is designed to strengthen our internal control environment. More than 65 percent of learning is now carried out via online channels such as e-learning” (Annual Report Bank 3, 2015, p. 43).</p>
Safety and health	<p>“We encourage a proper work/life balance, which we believe benefits job satisfaction and performance. We have introduced a range of initiatives including allowing part-time working/sabbaticals, the Energy@Bank 3 programme, making it possible to work from home and support with managing stress” (Annual Report Bank 3, 2014, p. 45).</p> <p>“We encourage a positive work-life balance. We believe it helps employees to stay engaged and enhances performance. Bank 3’s business units have implemented a range of initiatives to support employee wellbeing and flexible working, including the Energy at Bank 3 programme in the Netherlands and FlexBank 3 in Turkey” (Annual Report Bank 3, 2015, p. 44).</p> <p>“As part of our focus on a healthy work-life balance, we also encourage our employees to contribute to positive change in society and the communities where they live. A wide of range of local programmes give employees opportunities to contribute their time or to make a financial contribution to worthy causes such as UNICEF” (Annual Report Bank 3, 2015, p. 45).</p>
Diversity	<p>“Our approach to inclusiveness drives diversity, creative collaboration and empowerment – the very essence of our Bank 3 strategy. We believe the composition of our workforce should reflect society and our customers. We become a stronger, more resilient organisation by accommodating diverse talents, beliefs and perceptions in the workplace” (Annual Report Bank 3, 2014, p. 45).</p> <p>“The primary objective of our remuneration policy is to retain and recruit highly qualified employees and new talent. We do not discriminate based on age, gender or cultural background” (Annual Report Bank 3, 2014, p. 45).</p> <p>“We work hard to improve diversity through training, networking and mentoring programmes, and by strengthening our leadership pipeline” (Annual Report Bank 3, 2014, p. 45).</p> <p>“At Bank 3, we aim to accelerate the development of diversity, including in areas such as social origin, gender, age, background, sexual orientation, physical ability and religious beliefs. In particular, we aim to achieve an increase in the number of women in leadership positions” (Annual Report Bank 3, 2015, p. 45).</p>

	<p>“However, as with many financial organisations, achieving this is challenging. Of our managers of managers, 29% were women at end-2015. We are doing well in some countries, but in key markets, such as the Benelux, we need to do more to make the gender balance more representative” (Annual Report Bank 3, 2015, p. 45).</p> <p>“Our top leaders fully support this objective. They have introduced a range of initiatives to help increase the number of women in leadership roles. These include diverse interview and decision panels in the recruitment process, inclusion of female candidates on succession lists, and tracking and analysing the number of female appointments, promotions and leavers to gain more insight into problems and potential solutions. We also promote the mentoring of female future leaders and actively support flexible working” (Annual Report Bank 3, 2015, p. 45).</p> <p>“To keep diversity high on the agenda, early in 2016 we published a Diversity Manifesto. This sets out clear standards and ensures all managers understand what we expect and require of them” (Annual Report Bank 3, 2015, p. 45).</p> <p>“We have a number of Bank 3 internal networks in place that foster diversity. These include:</p> <ul style="list-style-type: none"> <li>• Crossing – a network focused on cultural diversity</li> <li>• Lioness – a community of Bank 3 women who want to realise their personal ambitions.</li> <li>• Gala – a community focusing on an inclusive workplace where LGBT employees are visible, accepted and valued.</li> <li>• Ring – a community focusing on creating networking opportunities for young employees. Membership is open to employees up to 35 years of age.</li> <li>• Experience – a community for senior Bank 3 employees” (Annual Report Bank 3, 2015, p. 45).</li> </ul>
Work Ethics	<p>‘Still, we cannot go as far as some would like. For example, withdrawing completely from financing activities such as oil, gas and uranium mining would affect important linked sectors: the transport industry including freight transport, shipping and aviation (oil); electricity production and heating (gas); cancer treatment with medical isotopes (uranium)’ (Annual Report Bank 3, 2015, p.20).</p> <p>“In identifying sustainable opportunities, we use the combination of a best-in-class assessment with a negative screening of certain industries and products (for example, controversial weapons), and controversial behaviour such as violations of human rights” (Annual Report Bank 3, 2014, p. 31).</p> <p>Bank 3 has an Environmental and Social Risk exclusion policy in which it does not provide financial services to companies that relate directly to animal welfare, defence/controversial weapons, energy, fisheries, forestry and agro commodities, gambling, genetic engineering, manufacturing, mining, pornography, protected areas and ship breaking activities (ESR Framework Bank 3, 2016).</p> <p>“When providing financial services, Bank 3 integrates environmental and social issues as an integral part of our dialogue and assessment of clients. Bank 3 will work with clients to promote environmental and social improvements and will not enter into business engagements where Bank 3’s Environmental and Social Policies are not expected to be met.” (ESR Framework Bank 3, 2016, p. 9).</p>

Consumers	<p>“We are focusing on sustainable lending as we believe that sustainable business is good business. We are committed to working with our clients on addressing their sustainability challenges” (Annual Report Bank 3, 2014, p. 34).</p> <p>“In addition to an ESR assessment, our lending clients and transactions are reviewed against externally recognised sustainability criteria, so we can measure and track how much of our portfolio is sustainable” (Annual Report Bank 3, 2015, p. 33).</p> <p>“Bank 3 Groenbank offers lending services at favourable rates for a diverse range of sustainable projects, from wind turbines to organic farming to solar panels, both in and outside the Netherlands. As such, it encourages businesses to put their activities on a more sustainable footing” (Annual Report Bank 3, 2014, p. 30).</p> <p>“We strengthened our support in 2014 by incorporating systematic and automated ESR assessments into mainstream data systems for client information and for lending data” (Bank 3 sustainable transitions, n.d.).</p> <p>“The Client ESR Assessment is designed to allow an overall understanding of the company’s approach to manage the environmental and social issues associated with their business activities and benchmarks it against industry standards. These industry standards take into consideration international standards and best practice guidance. Based on the answers provided, the Client ESR Assessment tool categorizes the client as: ‘Low Risk’, ‘Normal Risk’, ‘Increased Risk’, or ‘Unacceptable’. The client ESR outcome ‘Sustainable’ or ‘Low Risk’ refers to clients that actively apply best environmental and social practices not only to their own operations, but also to their partners and suppliers”. Engagement with ‘Unacceptable’ clients is not permitted unless there is concrete evidence that the client is taking adequate steps to improve their environmental and social performance” (ESR Framework Bank 3, 2016, p. 29).</p> <p>However the ESR framework focuses specifically on corporate clients (Environmental Approach Bank 3, 2016, p. 6).</p>
Suppliers	<p>“In identifying sustainable opportunities, we use the combination of a best-in-class assessment with a negative screening of certain industries and products (for example, controversial weapons), and controversial behaviour such as violations of human rights. This SRI methodology covers all asset classes, including government bonds, corporate bonds and relatively new products, such as index trackers. We use the same methodology to assess investment funds offered by third-party suppliers” (Annual Report Bank 3, 2014, p. 31).</p> <p>Bank 3 asked its suppliers to “agree to compliance with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption” (Environmental Approach Bank 3, 2016, p. 6).</p> <p>“Maintaining both competitive consumer prices and fair and ethical relationships with suppliers” (ESR Framework Bank 3, 2016, p. 24).</p> <p>“We are committed to reducing this impact and will work closely with customers and suppliers to take advantage of opportunities within the low-carbon economy of the future” (Annual Report Bank 3, 2015, p. 421).</p>

	<p>“We have implemented, globally, a supplier qualification (SQ) process that helps us determine the levels of social, environmental and financial risks associated with a supplier. Once suppliers pass the SQ process, they are qualified to become Bank 3 suppliers and the Bank 3 Procurement Sustainability Standards (IPSS) apply. Compliance is then monitored via our partnership with EcoVadis Sustainability Monitoring” (Annual Report Bank 3, 2015, p. 422).</p>
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<u>Planet</u>	<u>Motivation</u>
Environmental management	<p>“Our activities impact the environment. This includes the direct impact we have from the operations of our buildings, from IT systems and from business travel. However, our indirect impact on the environment is much greater through our financing portfolio and our procurement supply chain. We are committed to reducing our own footprint by 20 percent in 2020 and to working closely with both customers and suppliers to help them adapt and take advantage of opportunities in the low-carbon economy of the future” (Annual Report Bank 3, 2015, p.5).</p> <p>“There is increasing demand for alternative sources of energy. We support clients seeking alternative energy sources with innovative financing solutions” (Annual Report Bank 3, 2014, p. 35).</p> <p>“Bank 3 supports the protection and preservation of the environment and believes that it can make an important contribution to the promotion of good environmental practices. Therefore, Bank 3 focuses its client engagements on companies with responsible environmental behaviour as evidenced by their performance</p> <p>For clients that operate in industry sectors with a high environmental footprint, Bank 3 is interested in seeing that such clients adequately manage their environmental footprint. In jurisdictions where potential environmental and social impacts are not adequately safeguarded by the regulatory frameworks, Bank 3’s approval authority will decide on a case-by-case basis whether a third party environmental audit is required for business engagements that may have an impact on the environment. Where such an audit is required, financing will only be allowed when the results of the audit confirm compliance with applicable law and regulations.” (ESR Framework Bank 3, 2016, p. 6).</p> <p>Bank 3 has an Environmental and Social Risk exclusion policy in which it does not provide financial services to companies that relate directly to animal welfare, defence/controversial weapons, energy, fisheries, forestry and agro commodities, gambling, genetic engineering, manufacturing, mining, pornography, protected areas and ship breaking activities (ESR Framework Bank 3, 2016).</p> <p>“At Bank 3 we understand that our activities impact the environment we operate in - both directly, through the operations of our buildings, IT systems and business travel, but also indirectly, through our financing portfolio and our through our procurement supply chains” (Environmental Approach Bank 3, 2016, p. 3).</p> <ul style="list-style-type: none"> <li>- Direct impact: Bank 3 manages its direct footprint on the environment in the following areas: <ul style="list-style-type: none"> <li>o Energy: monitoring, reporting and reducing the energy consumption. This is</li> </ul> </li> </ul>

	<p>done by “improving the energy efficiency of buildings and data centers” (p. 4).</p> <ul style="list-style-type: none"> <li>○ Business travel: Bank 3 encourages employees to reduce business trips, by facilitating videoconferencing and providing environmentally friendly means of travelling.</li> <li>○ Carbon Off-setting: Minimizing the carbon footprint, Bank 3 has been carbon neutral since 2007. Bank 3 will reduce its CO2-emission by 10% by 2017 and 20% by 2020, and would like to remain carbon neutral, by off-setting remaining carbon emissions.</li> <li>○ Water: measuring and reporting the water consumption, because according to Bank 3 “the issue of water stress is becoming increasingly important worldwide” (p. 5). Bank 3 wants to reduce the water footprint by 10% by 2017, and 20% by 2020</li> <li>○ Paper use and waste: Policy including standards on sourcing paper use. Partnering with suppliers to recycle the paper and separate the waste minimizes residual waste. The commitment of Bank 3 is to reduce global residual waste by 10% by 2017, and 20% by 2020.</li> </ul> <p>- Indirect impact: Bank 3 has a indirect impact on the environment by the financing activities it provides. Therefore, Bank 3 identifies opportunities to finance sustainable projects and outperformers in its sector. Besides, Bank 3 tries to mitigate environmental risk in its lending portfolio. The ESR framework is an example of this. Another indirect impact on the environment is via cooperation with the suppliers of Bank 3. Bank 3 asked its suppliers to “agree to compliance with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption” (Environmental Approach Bank 3, 2016, p. 6).</p>
Neighbourhood	<p>“We financially empower customers by striving to make banking clear and easy and available anytime- anywhere, and through our efforts to ensure they have the information and tools they need to make smart financial decisions. We also promote this in the communities where we operate through programmes to support the teaching of financial literacy in schools. And through our partnership with UNICEF we support life skills training, including financial literacy training, for adolescents in less developed countries” (Annual Report Bank 3, 2015, p.3).</p> <p>“Bank 3’s role in driving sustainable transitions for our corporate clients is ever more important. This includes financing for clients who contribute to a better and more sustainable world by developing solutions to broader social and environmental challenges. The value of sustainable transitions financed rose in 2015 to EUR 23.8 billion” (Annual Report Bank 3, 2015, p.3).</p> <p>“Through our client and transaction assessments, we identify those clients with the best environmental record in their sector (outperformers). We focus on those outperformers in all our sectors” (Annual Report Bank 3, 2015, p. 35).</p> <p>“We believe that our main role as a bank is to support the sustainable development of the communities and societies where we operate. Our sustainability efforts focus on two areas: promoting financial empowerment for retail customers and supporting sustainable transitions for companies” (Ralph Hamers, Annual Report Bank 3, 2015, p. 3).</p> <p>“We contribute research and donate funds. We make our networks available and share core</p>

	<p>knowledge, expertise and skills. We also support schemes that promote financial literacy in children and help them to become moneywise” (Annual Report Bank 3, 2014, p. 30).</p> <p>“As part of our focus on a healthy work-life balance, we also encourage our employees to contribute to positive change in society and the communities where they live. A wide of range of local programmes give employees opportunities to contribute their time or to make a financial contribution to worthy causes such as UNICEF” (Annual Report Bank 3, 2015, p. 45).</p>
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<u>Profit</u>	<u>Motivation</u>
Price determination	<p>“A fair price for our products and services increases accessibility for our customers and is important for our competitiveness in the marketplace” (Annual Report Bank 3, 2015, p. 21).</p> <p>“We reinvest part of our profits and have reinstated dividend payments to our shareholders” (Annual Report Bank 3, 2014, p. 6).</p>
Shareholder value	<p>“We create most value, for ourselves and for our stakeholders, by maximising the positive impact of our activities and by optimising or minimising the level of resources we need to deploy” (Annual Report Bank 3, 2014, p. 6).</p> <p>“We reinvest part of our profits and have reinstated dividend payments to our shareholders” (Annual Report Bank 3, 2014, p. 6).</p>
Investor relations	<p>“Our operations touch the lives of many stakeholders, including customers, employees, shareholders and suppliers. Each individual stakeholder can expect us to act with integrity” (Annual Report Bank 3, 2014, p. 6).</p> <p>“We need to identify and understand the most important issues for our stakeholders and how these relate to the actions and decisions that we take. To gain this understanding, we conduct regular materiality assessments to find out what the key priorities for our stakeholders are and their potential impact on our organisation. The results guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework” (Annual Report Bank 3, 2014, p. 17).</p>

# Appendix 5 Documentary research references list

## **Documents used for the Bank 1 research:**

Bank 1 Annual Report (2015).

Bank 1 Business Report (2014).

Bank 1 Strategic Report (2014).

Bank 1 Sustainability Report (2014).

Diversity Bank 1 (n.d.). Diversity in our organisation.

European Investment Bank Bank 1 (2016). *EUR 250 miljoen EIB funding via Bank 1 naar het Nederlands bedrijfsleven* [Press release].

Organisation Bank 1 (n.d.). Organisation.

## **Documents used for the Bank 2 research:**

Bank 2 Annual Report (2015).

Bank 2 Collective Labour Agreement (2016).

Bank 2 Corporate Social Responsibility Report (2015).

Bank 2 CSR Reporting (2014).

Bank 2 Sustainably Successful Together (2014)

Bank 2 Sustainability Policy Framework (2015).

European Investment Bank Bank 2 (2015). *Bank 2 en EIB stimuleren MKB en midkaps om duurzaam te investeren* [Press release].

## **Documents used for the Bank 3 research:**

Bank 3 Annual Report (2014).

Bank 3 Annual Report (2015).

Bank 3 Environmental approach (2016).

Bank 3 ESR Framework (2016).

Bank 3 sustainable transitions (n.d.).

European Investment Bank Bank 3 (2016). *New EIB lending programme of 350 million with Bank 3 for SMEs* [Press release].

Innovative companies Bank 3 (2015). *50 million for innovative companies*.

Schreve (n.d). *Sustainability, a business opportunity for banks*.