

Stakeholder dialogue

Stakeholder dialogue by ABN AMRO on Social Entrepreneurship as part of the ABN AMRO Social Impact Programme

Goal – Engaging with stakeholders on approach to Social Entrepreneurship

As part of ABN AMRO's stakeholder management and in order to further develop ABN AMRO's social impact programme, ABN AMRO conducted a stakeholder dialogue on 21 January 2020. We organised this dialogue to obtain input and feedback on, in particular, our cooperation with social entrepreneurs. The dialogue provides ABN AMRO with a better understanding of what is important to stakeholders, helping the bank to take action. The meeting was attended by representatives of civil society organisations, academics, consultants, social entrepreneurs, ABN AMRO clients and employees. A total of 25 stakeholders were present.

Context

The bank's strategy distinguishes three focus areas: Climate, Circular and Social Impact. Social impact is about the urgency of changing the way our economy works. While Climate and Circular Economy have been largely understood and integrated into the bank, Social Impact remains sometimes perceived as a more complex area. After all, societal problems are often multifaceted, and sometimes the positive impact that the bank may achieve goes unrecognised. However, because such problems occur across all levels of society, they also concern all levels of the bank. This all boils down to the key question 'Could the bank be part of the solution?'. But we also stop to consider 'Could the bank be part of the problem?'. The framework for Social Impact in the bank consists of three themes: Human Rights, Inclusion & Diversity, and Social Entrepreneurs.

As a bank, we need to stake out a more clearly defined role in the area of Social Impact. The takeaways from the stakeholder meeting will be compiled in an advisory document on ABN AMRO's approach.

Stakeholder observations and suggestions

The observations and suggestions below have been derived from stakeholders' questions and opinions on ABN AMRO's social impact approach. These represent critical and constructive efforts by external stakeholders to encourage ABN AMRO to strengthen its approach to and dealings with social entrepreneurs. The stakeholder meeting was held under Chatham house rule, which is why the observations and suggestions below have been anonymised.

Four questions were put to those attending the stakeholder dialogue

- ▶ What opportunities do you see?
- ▶ What is the ideal position for ABN AMRO on social impact/entrepreneurship?
- ▶ What collaborations/partnerships do you suggest for ABN AMRO?
- ▶ What are the don'ts?

Discussions and observations

“Your knowledge and network should facilitate matchmaking and mobilisation of capital”

► **Financing social entrepreneurs (input from the group)**

As a bank, are you fit for purpose? Currently, too much attention goes to the negative aspects of financing entrepreneurs; culture within the bank centres on credit risks and first or second line of defence. Too much business as usual. But it doesn't have to be this way, especially when you're dealing with social entrepreneurs. Banking for Better needs to be translated into a mandate that states exactly how you can move from a defensive to a proactive approach.

ABN AMRO has the image of a bank that builds connections: networking and moving capital between entrepreneurs, investors and the bank itself. A bank that clearly defines what you do and do not invest in. As a bank, you can oversee the entire range of investments, as well as the opportunities and solutions that are available. For example, you could find the perfect partner for equity while providing the operating capital yourselves, or you could link a social enterprise to a launching client and offer reverse factoring.

“A change maker in the business, from the business”

As you create these links and provide this capital, you have to continuously track and respond to demand within the funding market. Invest NL, for instance, only offers funding upward of 5 million, which means that the overwhelming majority of social entrepreneurs are not eligible.

Finally, you need to work on comprehensive value creation at client level. ABN AMRO could encourage clients to give this more thought and take this into account when documenting loan requests. Focus a little more on the non-financial indicators in your credit decisions. After all, there's more to value than money.

► **Legislation & Compliance**

Banks are faced with a great deal of rules and regulations. Meanwhile, more and more people, including social entrepreneurs, are denied access to the financial system. Banks such as ABN AMRO are expected to do more in terms of lobbying and influencing in this area. Banks shouldn't just meekly accept all this regulation. And they certainly shouldn't hide behind rules and policies.

“Organising this stakeholder dialogue is good and meaningful”

► **Purpose**

Make sure you don't end up claiming you're making an impact without having changed your core business. This is not meant to be business as usual with some cosmetic changes.

It's important that the ExCo and the layers beneath truly understand what the purpose is about. The ExCo should lobby and enter into collaborations where needed in line with the purpose. They should also align the KPIs for employees with the purpose. Giving top priority to your share price (short-termism) could clash with your purpose 'Banking for better, for generations to come'. Instead, flip the script and enter into a dialogue with your investors.

“Become the accelerator of systematic change across the board”

► Collaborations

Funding is only one of the services ABN AMRO provides; the bank also has a network that can be used to boost cooperation in all kinds of ways. This network is still under-utilised. You can also extend your cooperation efforts to retail clients; you'll make much more impact by opening up your client network

and encouraging sustainable and socially responsible purchasing behaviour.

To expand your network, create partnerships and mobilise your existing ones (for example by intensifying cooperation with Social Finance NL). Have the courage to experiment – it's the only way to make this work. Keep an eye out for future collaboration partners with the potential to scale up. Take on the role of coordinator in this area.

► Suggestions

- ▷ ABN AMRO needs to set concrete objectives and targets with regard to social entrepreneurs.
- ▷ Translate 'Banking for better' into a clear mandate. Right now, it's too much business as usual, so don't be afraid to shake things up. You need to with this target group.
- ▷ Avoid only working on 'fun' projects. You need to be a pioneer, leading in the direction that the world is really heading. Focus first and foremost on your product offering; the core of the bank is its products and services, so you need to put more effort into those. Create and improve products and services from an impact point of view. Alongside that, consider your opportunities in light of the bank's other roles.
- ▷ Make sure you actually are 'fit for purpose'. You're now focusing too much on the negatives of entrepreneurship, i.e. credit risk.
- ▷ Set a clear strategic goal and look for suitable partners, not the other way around.
- ▷ Actively seek out social entrepreneurs that you want in your portfolio.
- ▷ Don't always meekly accept regulations; lobbying can be very productive.
- ▷ Avoid claiming impact without having actually changed the core business.

About ABN AMRO

ABN AMRO serves retail, private and corporate banking clients with a primary focus on the Netherlands and with selective operations internationally. ABN AMRO offers a full range of services to its clients, not only in the Netherlands, but wherever their business takes them. ABN AMRO draws up a plan of action, monitors progress and reports the results in the Annual Report, Impact Report or online.