

Climate Statement

Introduction

In December 2015, 196 countries adopted the Paris Agreement: a commitment to hold “the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels”. The milestone agreement furthermore states that parties should be “making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development”.¹

ABN AMRO fully acknowledges its role in achieving the Paris Agreement objective. ABN AMRO’s contribution to the Paris Agreement’s goals aligns with our purpose *Banking for better, for generations to come* and the bank wide strategy to *Accelerate the sustainability shift*. We aim to make a positive impact by doing what we’re good at – offering financial services for our clients, broadly ranging from financial advice, savings, loans, investment and clearing services.

This sustainability shift is key for our clients and to society. The shift offers opportunities for a bank at the heart of society, such as ABN AMRO. But climate change naturally also presents us with risks. The World Economic Forum Global Risks Report described that climate action failure and extreme weather are amongst the risks with the highest likelihood and highest impact on society.² In late 2019, UN Secretary-General António Guterres warned that a “point of no-return” on climate change is “in sight and hurtling towards us”.

This document sets out what ‘accelerating the sustainability shift’ means in relation to climate change: what is our goal, and what are the actions that we have implemented and plan to implement to achieve it. This document also describes how climate change related risks are managed. Taking these two angles together represents the *ABN AMRO Climate Strategy*.

Our goal on Climate

The ABN AMRO bank-wide goal is to bring our lending and client investment portfolio in line with at least a well-below 2-degree scenario and to support the transition to a net zero economy in 2050.³

All strategic actions described in this statement will contribute to this overall goal, but we do not yet know with certainty where we stand on our pathway to bringing our portfolios in line with Paris. Measuring is therefore a crucial starting point of our approach, followed by setting (intermediate) targets to reach our bank-wide goal and reporting on our performance. This cyclic approach follows from our commitments on climate such as the Principles for Responsible Banking⁴ and the Dutch Financial Sector Climate Accord and entails that this Climate Statement is a living document and will be updated at least once a year to reflect our actions and endeavors.

Clients are front and center in reaching our goal. Through our clients we can truly improve our impact on climate. We support our clients' transition by sharing our expertise, providing financial products and services and engaging with our clients.

Our risk management

Climate risk is included in ABN AMRO's risk taxonomy, risk appetite and financial planning as part of sustainability risk. We consider two separate but interconnected types of climate risk: physical and transition risk.⁵ We manage climate risk at client level in line with our Sustainability Risk Policy Framework, and at portfolio level in line with our broader objective of maintaining a moderate risk profile and the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD).

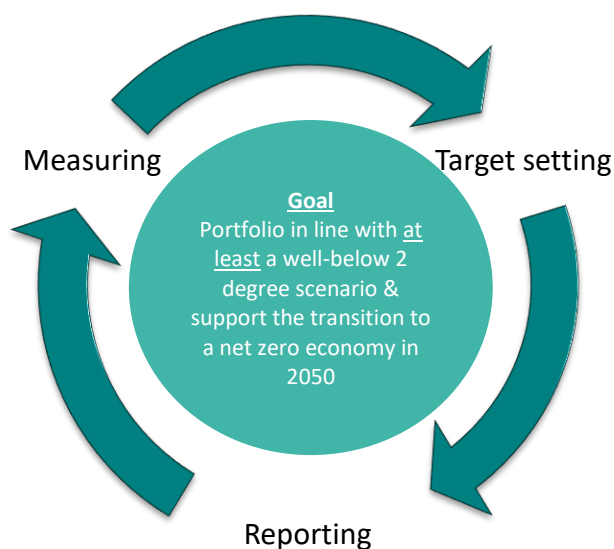
Our governance related to this Climate Statement

The ultimate responsibility for the ABN AMRO Climate Strategy lies with the Executive Committee. The director Strategy & Sustainability directly reports to the CEO and the CEO is primarily responsible for setting and agreeing strategy at the highest level for the whole undertaking and to build consensus on this strategy. The CRO is responsible for sustainability risk including climate risk. Progress on the ABN AMRO Climate Strategy is discussed on a regular basis in the Executive Committee as part of the Monthly Strategic Exco Dialogue.

Executive Committee and its delegated committees⁶ are supported by the Sustainability Advisory Committee, which oversees and advises on strategic and regulatory implementation across the bank and by the Engagement Advisory Committee, which monitors engagement with clients.

Our cyclic approach

Key to our Climate Strategy is our cyclic approach of measuring, setting targets and reporting. This approach is taken at all relevant levels: our lending portfolio, our investment portfolio and our own operations.



Our strategic actions

Lending

Measuring

- We continuously measure the energy efficiency label of our residential and commercial mortgage portfolio as part of our [Mission 2030](#).
- In [2019](#) we made a climate risk scenario analysis (physical risk) on our residential mortgage portfolio.
- We built on previous climate risk analysis (transition risk) to further assess climate risks associated with our energy portfolio, in line with the TCFD recommendation and in close cooperation with the UNEP FI, and intend to disclose progress early 2021.
- We are developing a heatmap of climate vulnerability, based on which we will set priorities for further scenario analysis in 2020 and beyond.
- We [measure the greenhouse gas \(GHG\) intensity](#) of our loan portfolio using the PCAF⁷ methodology.
- In 2019/2020 we [benchmarked our energy portfolio](#) (upstream fossil fuel and utilities) against the Paris Agreement objective.
- We are specifically [benchmarking our portfolio related to coal](#) against the Paris Agreement objective.
- We measure the coal fired power generation capacity in our energy portfolio.
- We are working with other organizations to build knowledge on climate (including UNEP FI and the 2 Degrees investment initiative).
- We [measure](#) the GHG emissions of our shipping portfolio and benchmark it against the decarbonization objectives set by the International Maritime Organization (IMO).

Target setting

- As part of our [Mission 2030](#) we want to raise the average energy label of all the residential and commercial real estate properties that we finance to energy label 'A'.
- In 2020 we target that [20% or our total energy portfolio](#) is renewable energy. The targets beyond 2020 will be set this year.
- We aim to improve the shipping portfolio's energy efficiency by increasing the percentage of 'A' and 'B' labels to 30% by [2022](#).
- We intend to publish Science Based Targets (SBTs) for our mortgage portfolio before October 2020 and we are working on SBTs for the rest of our portfolio.

Actions to achieve targets

- We [train](#) our mortgage advisers to become certified Sustainable Living Adviser. This training enables them to advise and encourage their clients in making their house more energy efficient. The percentage of ABN AMRO advisors that has followed the training approaches 80%.
- With our [partners](#) we help homeowners to make their homes more energy efficient.
- We [assess the sustainability](#) (including climate) performance of all our corporate lending clients as part of our regular credit review. The outcome of this Client Assessment on Sustainability (CAS) is input of our regular client dialogue.
- We intend to analyze our portfolio in all relevant sectors on climate risk and opportunities (transition and physical) in line with TCFD. The priority setting is based on the aforementioned heatmap, which is ongoing.
- For [GHG intensive sectors](#) we ask our clients to measure their scope 1 and 2 emissions and sometimes their scope 3 emissions and develop targets to reduce these. Having a clear climate transition strategy is a minimum requirement for clients in for example the utilities sector.
- We exclude [large-scale ruminant farming, new coal-fired power plants and the acquisition or building of thermal coal mines](#) from financing because of their impact on climate.
- We offer sustainability linked loans (reduction of the credit margin provided that the client meets sustainability targets) and sustainable finance or green loans.
- We are in the process of reviewing and updating the requirements for our corporate clients in the energy sector and we will review the climate requirements for our corporate clients in other sectors.

Reporting

- We reported on the outcomes of the climate risk scenario analysis (physical risk) on our residential mortgage portfolio and the our benchmarking of our energy portfolio (upstream fossil fuel and utilities) against the Paris Agreement objective in our [Integrated Annual Review](#).
- We [report](#) on the GHG intensity of our loan portfolio per business line and per sector.
- We [report](#) on the energy label of our residential and commercial real estate portfolio.
- [We report our integrated profit and loss related to climate.](#)

Client investments

Measuring

- We [measure](#) the GHG intensity of our client investments using the PCAF methodology.
- We intend to analyse climate risk in our client investment portfolio in line with the TCFD recommendations as of 2020.

Target setting

- In 2020 we want to have increased our sustainable investments (client assets) to EUR 22.5 billion and EUR 30 billion by [2022](#). (By 2019, clients' sustainable investments had grown to EUR 20.6 billion meaning that we already surpassed our EUR 16 billion target for 2020).

Actions to achieve targets

- Private Banking in the Netherlands has made sustainable investing the [norm](#): all new clients are first offered sustainable products and services. This will be introduced in other countries as well in the coming year(s).
- Our Discretionary Portfolio Management (DPM) clients with a sustainable mandate receive a quarterly report of the GHG intensity and Paris Alignment of their portfolios. We intend to provide this service to more Private Banking clients.
- We enable clients to invest in sustainable projects such as solar panels, wind parks and climate neutral real estate through our ABN AMRO [Green Bonds](#).

Reporting

- We [report](#) in the Annual Report and Integrated Annual Review on our progress on investment targets and the total assets under management classified as sustainable.
- We [report](#) on the GHG emissions related to our clients investments.

Own operations

Measuring

- We [measure](#) the GHG emissions of our buildings (rented and owned) using the PCAF methodology.
- We measure the energy efficiency of our buildings using energy label certification which is documented in the governmental database EP-Online.⁸
- We measure the primary energy use per m2 of our buildings based on smart metering of energy use per energy source.
- We [measure](#) the GHG emissions of our business air travel and lease cars which are used for our business operations.

Target setting

- In [2023](#) we aim for all our offices and branches in the Netherlands to have the A label certification.
- By [2030](#) at the latest we aim to have Paris-proofed our head office at Gustav Mahlerlaan and our offices at Foppingadreef (both in Amsterdam), together with several branch offices in the Netherlands. Meaning that the actual primary energy use must be below of 50kwh per m2.
- In 2020 we aim for 25% of our lease car fleet to be electric. In [2025](#) we target that 100% is electric.

Actions to achieve targets

- We use sustainable energy sources to meet our energy needs in the Netherlands.
- We are working on the certification of heating and cooling as a sustainable source which would bring our sustainable sourcing for energy needs to 100% in the Netherlands.
- Internationally we have made country specific estimates for our real estate related emissions, we are working on improving our access to location specific data.
- The transition of our buildings to label A and Paris Proof is embedded in our multiyear maintenance and renovation planning making use of the branch concept “Greene”.
- We compensate our CO2 emissions related to air travel, car lease and the energy used the buildings we use.
- We banned business air travel for the trajectories Amsterdam - Brussel – Paris.
- New employees by default receive a public transport [season ticket](#).
- From July 2019 onwards the bank will only issue [electric lease](#) cars to employees who need a car for work.

Reporting

- We [report](#) in our Integrated Annual Review on our total compensated CO2 emissions; the emissions related to our rented and owned buildings for our business operations; our progress related to Mission 2030 and the CO2 emissions related to our car fleet.

Our Commitments

ABN AMRO committed to Climate action amongst others through the following initiatives:

1. [Accounting for Sustainability \(A4S\)](#)
2. [Dutch Climate Accord \(financial sector\)](#)
3. [Equator Principles](#)
4. [Getting to Zero Coalition](#)
5. [Partnership Carbon Accounting Financials \(PCAF\)](#)
6. [Poseidon Principles](#)
7. [Science Based Targets initiative \(SBTi\)](#)
8. [Spitsbergen ambitie](#)
9. [Sustainable Development Goals \(SDGs\)](#)
10. [Task Force on Climate-related Financial Disclosures \(TCFD\) - Pilot 2.0 for Banks](#)
11. [UN Principles for Responsible Banking \(PRB\)](#)
12. [UN Principles for Responsible Investment \(PRI\)](#)

¹ Paris Agreement Article 2.1(c)

² <https://www.weforum.org/reports/the-global-risks-report-2020>

³ This goal follows from our commitment to amongst others Accounting for Sustainability, PCAF, Principles for Responsible Banking and the Dutch Climate Accord.

⁴ With the Principles on Responsible Banking signatories are committing to strategically aligning their business with the SDGs and the Paris Agreement on climate change.

⁵ Integrated Annual Review 2019

⁶ E.g. Group Risk Committee, Group Disclosure Committee, Group Central Credit Committee, Scenario & Stress Test Committee, Sustainability Advisory Committee.

⁷ <https://carbonaccountingfinancials.com/about>

⁸ <https://www.ep-online.nl>