

ABN AMRO

EuDA Annual Conference

Sustainability at ABN AMRO

Ann-Christin Stucke – 21-11-2024



Agenda

1 Regulatory landscape of sustainability

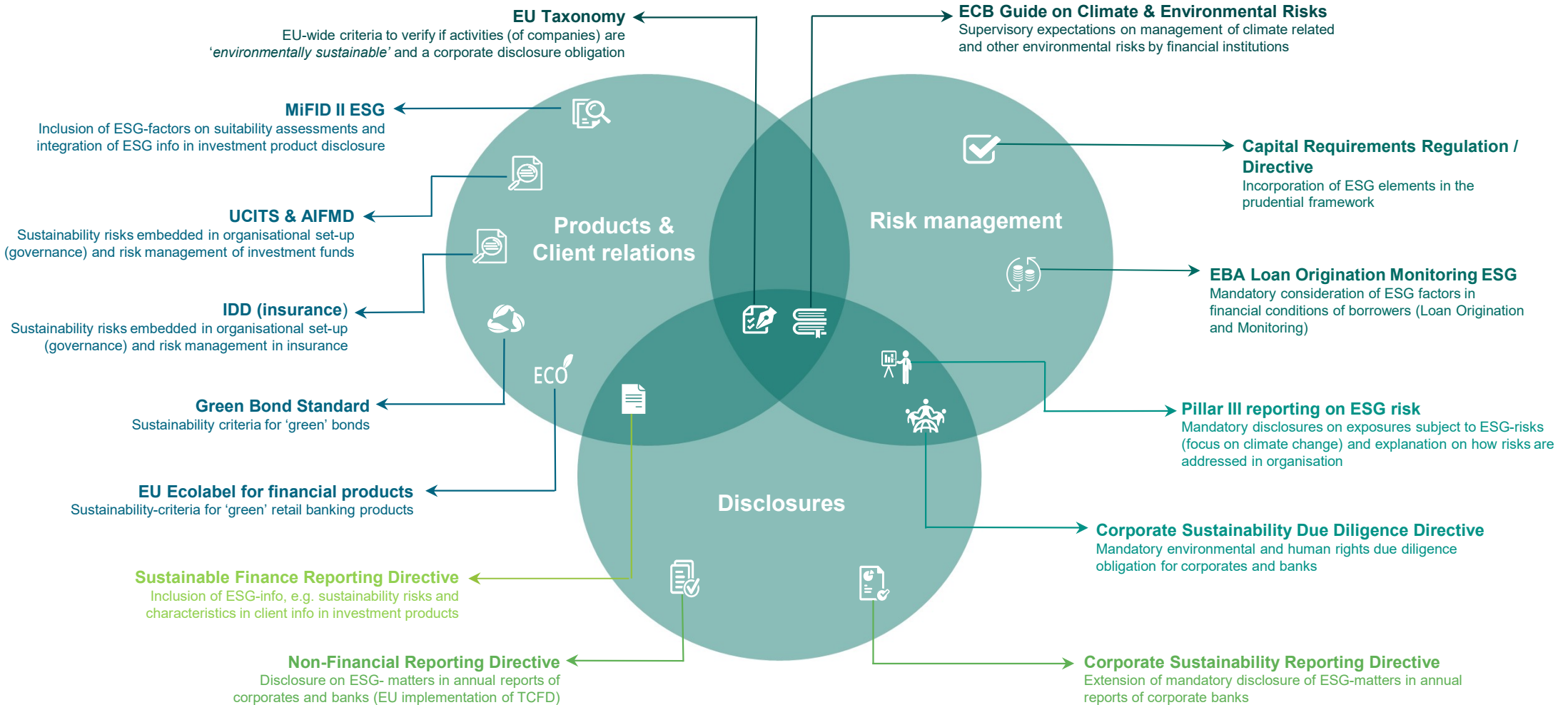
2 Sustainability at ABN AMRO

3 Sustainability Risk Framework

1

Regulatory landscape of sustainability

Regulatory landscape on sustainability



Engagement with counterparties on transition plans is an accelerating area

Both regulators and supervisors require banks to have solid transition plans in place

Voluntary initiatives and guidelines are developing....



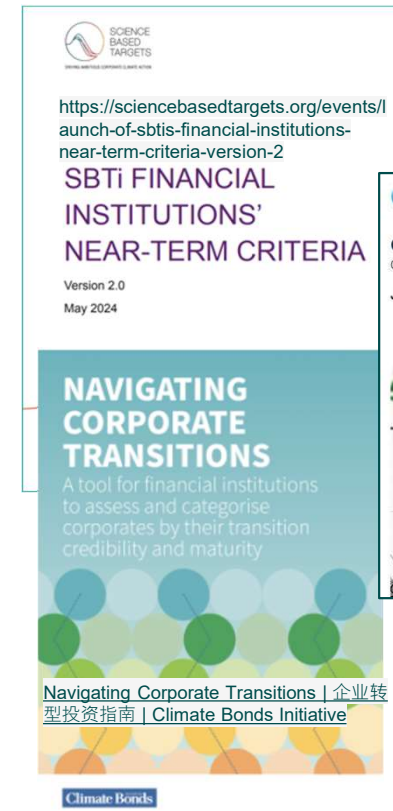
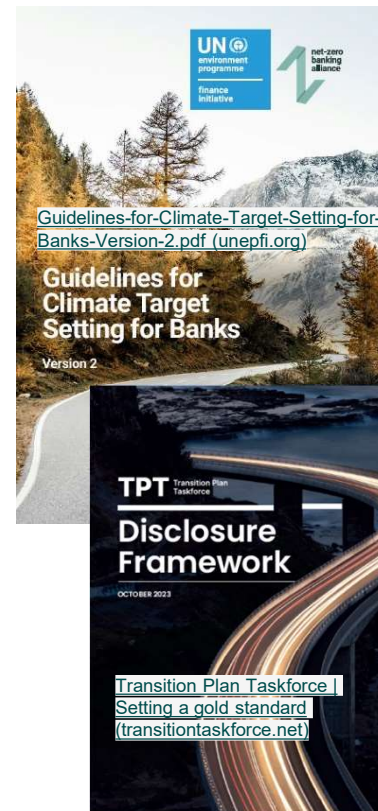
EBA (2024). Consultation paper: Draft guidelines on the management of ESG risks ([link](#))

- **Gather comprehensive data** on ESG risks, including counterparties' sustainability profiles and transition plans
- Engage with counterparties aiming at improving their ESG risk profile, in particular by asking for and **assessing the soundness of at least large corporate counter parties' transition plans**



ECB (2022). Good practices for climate related and environmental risk management: Observations from the 2022 thematic review ([link](#))

- **Take counterparty-specific actions** for clients that are not aligned with the institution's portfolio trajectory
- **Consider the level of advancement of clients' transition plans** when determining whether a client is misaligned with its portfolio trajectory
- **Enter into a dialogue** with the relevant client to steer the client, if it is misaligned
- **Have procedures in place** to outright reduce the exposure to the client or terminate renewable contracts, if the dialogue is not successful



2

Sustainability at ABN AMRO

Sustainability, at the core of ABN AMRO's purpose

Selection of external commitments



Our ESG ratings

S&P Global Global Corporate Sustainability Assessment
68/100 // Within 20% industry leader

CDP Carbon Disclosure Project
B // Rating from A to D-

Sustainalytics Sustainability ESG Risk Rating
21.4 // Rating from 0 to 100

BUILDING a future proof bank

REINVENTING the customer experience

SUPPORTING our clients' transition to sustainability

SUSTAINABILITY INTEGRATED INTO OUR BUSINESS

	CLIMATE CHANGE	CIRCULAR ECONOMY & BIODIVERSITY	SOCIAL IMPACT
<p>Combatting climate change</p> <ul style="list-style-type: none"> ▪ Sustainable Real Estate ▪ Climate Strategy ▪ Renewable Energy financing 	<p>Transition to a circular economy</p> <ul style="list-style-type: none"> ▪ Circular asset finance & circular business model financing (i.e. PAAS) ▪ Finance for Biodiversity Pledge ▪ Part of Deltaplan Biodiversiteitsherstel 	<p>Supporting entrepreneurship</p> <ul style="list-style-type: none"> ▪ Financial inclusion & financial resilience ▪ Human Rights Remedy Mechanism ▪ ABN AMRO Foundation 	

Sustainability (acceleration) asset volume	Targets		Results	
	2024		2023	2022
ESG + impact investments	42%		47%	46%
Residential mortgages	34%		30%	28%
Corporate loans to clients	27%		25%	19%
Total	36%		34%	31%

Our ambition: Aligning our portfolio and operations with a net-zero trajectory

Following its commitment with NZBA
– Net Zero Banking Alliance

In December 2022, ABN Amro published its climate strategy...

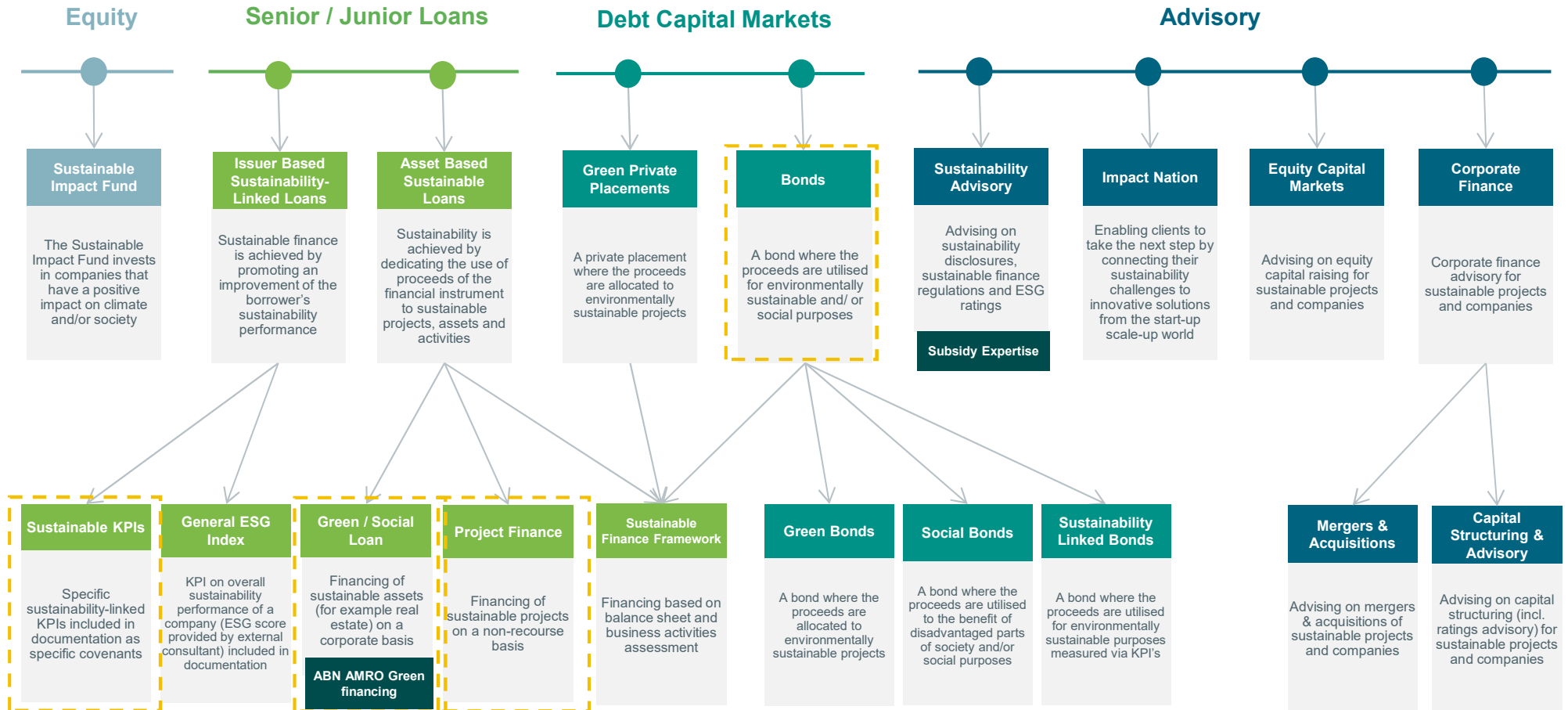


...which is built on three strategic pillars

- I. Aligning our portfolio and operations with a net zero trajectory
- II. Engaging with clients to support them in their low-carbon transition
- III. Improving and scaling our offering of solutions across capital, expertise and partnerships

		Gross carrying amount (MEUR)	% of total loans	Metrics	Baseline year value	Performance 2023	2030 target	2030 reduction vs 2023 performance
	Residential Mortgages	150,799	~59% of total loans and advances	Physical intensity: kgCO ₂ /m ²	27.6 (2021)	24.8	18.3	-26%
	Commercial Real Estate ²	12,540	~5% of total loans and advances ~14% of corporate loans	Physical intensity: kgCO ₂ /m ²	66.7 (2021)	61.5	35.7	-42%
	Power Generation	1,259	<1% of total loans and advances ~1% of corporate loans	Convergence target: kgCO ₂ /MWh	17.6 (2021)	15.6 ⁵	< 188 kg CO ₂ /MWh	-
	Oil and Gas Upstream	377	<1% of total loans and advances <1% of corporate loans	Absolute committed financing (EUR (€))	EUR 1,300 million ⁴ (2021)	EUR 1,089 million ⁴	EUR 1,000 million ⁴	-8%
	Shipping	3,580 ³	~1% of total loans and advances ~4% of corporate loans	Alignment delta (%) (based on AER in gCO ₂ /DWT nautical miles)	2.6% (2021)	7% ⁵	0%	Target is to be fully aligned with IMO 4 trajectory
	Inland Shipping	254	<1% of total loans and advances <1% of corporate loans	Physical intensity: gCO ₂ e/tkm	25.8 (2023)	25.8	18.3	-29%
	Agriculture	3,920	~2% of total loans and advances ~5% of corporate loans	Absolute financed mtCO ₂ e	2.0 (2022)	1.7	1.4	-19%

Our Sustainable Product Offering



EU Taxonomy

- 2024 will be the **4th reporting year** for ABN AMRO
- Reporting is done on both, **activity and entity level**
- Currently, reporting only on **clients subject to NFRD**
- **EU Taxonomy aligned projects** are still the **minority**
- Expectation of **sharp increase** on alignment reporting next year
- Most projects related to **Transport and Energy**

EU taxonomy

Green Asset Ratio

ABN AMRO is reporting on the EU Taxonomy for the third year now. The EU Taxonomy Regulation entails a classification system establishing a list of activities that can be considered environmentally sustainable. The objective of the taxonomy disclosures is to determine what portion of the bank's portfolio is taxonomy-aligned. This means that the activities concerned are considered sustainable. The ratio of environmentally sustainable assets to the covered assets is the Green Asset Ratio (GAR).

EU Taxonomy reporting is done both on an entity level and an activity level. In the case of generic-purpose financing, eligibility and alignment is determined on an entity level. This is relevant for financial and non-financial undertakings. Under this method, reporting on the EU Taxonomy is based on the information reported by our clients in their annual reports. This data is collected and consolidated in the tables below. In the case of specific-purpose financing, eligibility and alignment are determined through the use of

and denominator

Credit institutions
 - of which Loans and advances
 - of which Debt securities including UoP
 - of which Equity instruments
 Other financial undertakings
 - of which investment firms
 - of which Loans and advances
 - of which insurance undertakings
 - of which Loans and advances
 - of which other²
 - of which Loans and advances
 - of which Debt securities including UoP

Financial undertakings
NFCs subject to NFRD disclosure obligations
 Loans and advances
 Equity instruments
Non-Financial undertakings

Eligibility

In its Annual Report 2022, ABN AMRO reported for the first time on the eligibility of our covered assets. The percentages reported in their annual reports are based on the percentages reported in their annual reports. For the three products in scope. For the year's disclosures on eligibility have to include information on taxonomy-aligned information is provided for two eras: climate change mitigation and adaptation. This will be extended in next year's annual report to include four additional objectives.

This year's approach

The approach to reporting on the EU Taxonomy is significantly different this year compared to last year because mandatory templates came into effect on 1 January 2023. The EU Taxonomy reporting is done in multiple tables, including a summary table for the Green Asset Ratio; the Covered Assets to Taxonomy Aligned Ratio KPI on stock information, eligibility and alignment

	Climate Change Mitigation		Climate Change Adaptation		
	of which taxonomy eligible	- of which taxonomy aligned	of which taxonomy eligible	- of which taxonomy aligned	
Credit institutions	6,706	1,429			3
- of which Loans and advances	1,650	226			
- of which Debt securities including UoP	5,052	1,203			3
- of which Equity instruments	4				
Other financial undertakings	3,057	311	23	21	
- of which investment firms	1				
- of which Loans and advances	1				
- of which insurance undertakings	113	5		13	
- of which Loans and advances	113	5		13	
- of which other ²	2,942	306	23	8	
- of which Loans and advances	2,823	293	23	8	
- of which Debt securities including UoP	119	14			
Financial undertakings	9,763	1,740	24	21	1
NFCs subject to NFRD disclosure obligations					
Loans and advances	3,287	488	173	1	1
Equity instruments	46				
Non-Financial undertakings	3,333	488	173	1	1

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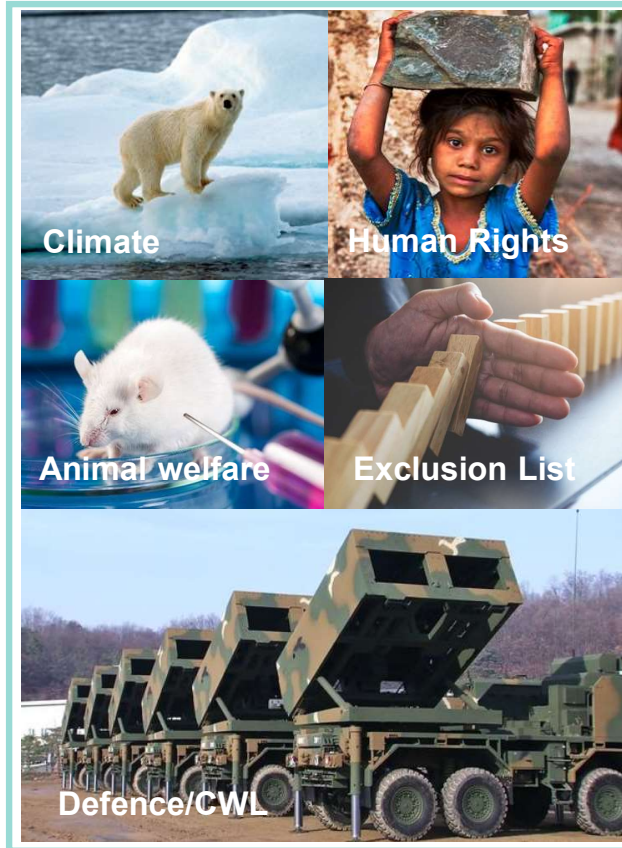
Sustainability Risk Framework

ABN AMRO's Sustainability Risk standard

Processes



Bank wide



Sector specific (only applies to Lending Services)



10 Generic Principles apply in our assessment of corporate clients

Generic Principles relate to the following topics:



1. Business Conduct



2. Human Rights



3. Stakeholders



4. GHG Emissions



5. NetZero Economy



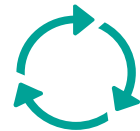
6. Physical climate risk



7. Biodiversity, Air, Water, Soil



8. Ecosystem services



9. Circularity



10. Track record

ESG topics we cover to assess our clients on sustainability risks in the respective sector

Due Diligence on our clients



Creating **insights** into our client's **ESG-performance**



Enabling our bankers to have **Strategic Conversation**



Compliance with new **Policy requirements**



Determination of **ESG risks**

“Banking for **better** for
Generations to come”

Climate Plan Alignment of clients

*Following its commitment with NZBA
– Net Zero Banking Alliance*



- I. Aligning our portfolio and operations with a net zero trajectory
- II. Engaging with clients to support them in their low-carbon transition
- III. Improving and scaling our offering of solutions across capital, expertise and partnerships



Ensure **climate plan alignment** of portfolios



Steer **portfolios** on net-zero strategy



Compliance with our net-zero commitment



Benchmark portfolios against international standards

Equator Principles Context

The **Equator Principles (EP)** are a ESG due diligence standard, and a sustainability risk management framework adopted by financial institutions, for assessing and managing environmental and social risk in projects.

It is primarily intended to provide a minimum standard for due diligence and monitoring to support responsible risk decision-making.

As a bank ABN AMRO is one of the founding members and a signatory to Equator Principles for many years already. **Under our commitment, we are obliged to:**

1

Apply the standards to the financial products in scope of the Equator Principles when supporting a new project.

2

Annually disclose information on the deals that were in scope of EP and reached financial close.
We have to publicly disclose in our own annual report and to the Equator Principles website.

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