

Banks' climate commitment 2020

Insight into measurement methods and climate actions of the banking sector



The Dutch financial sector (banks, pension funds, insurers and asset managers) contributes extensively [to the government's climate objectives](#). These climate objectives were drawn up to reduce greenhouse gas emission by 49% in 2030 compared to 1990 in a cost-effective way. More than 50 financial institutions have committed themselves to report on the climate impact of their relevant financing and investments activities from the 2020 financial year onwards. Moreover, financial institutions will announce their action plans and reduction targets that contribute to the Paris Agreement by no later than 2022.

Banks have taken up the challenge energetically, both individually and as a sector. This overview presents examples of joint initiatives from the banking sector. The overview also provides examples of how different banks are already utilising measurement methods. As recently demonstrated, more than half of the financial institutions that signed the Climate Commitment already (partially) report CO₂ emissions. Finally, the overview presents examples of the efforts of individual banks. 2021 will see the publication of a sector report that will provide more insight into the financial sector as a whole.

Examples of joint initiatives in the banking sector

- With the [Sustainable Housing Sector Collective](#), mortgage advisers are offered a Sustainable Housing Adviser training course to better promote the importance of making people's homes sustainable.
- The Climate Risk Working Group, united under the [Sustainable Finance Platform](#), published an [anthology](#) in which they describe how they manage climate risks in their portfolios and the major insights and challenges involved.
- The [UNEP Finance Initiative Principles for Responsible Banking](#) make up the framework for the [Collective Commitment to Climate Action](#) that 37 international banks have joined, including a number of Dutch banks.

Examples of measuring and reporting

- **ABN AMRO** reports using the PCAF method and aligns its portfolios with the Paris climate objectives. The climate impact is extensively measured (also scope 3) and is also expressed in monetised impacts in the [Impact Report](#).
- **ASN Bank** and **Volksbank** already have a sustainable balance sheet due to their strict sustainability policy which excludes non-sustainable activities. The goal is a [climate positive balance sheet](#) in 2030.
- **BNG Bank** conducted the [first measurement](#) using the PCAF method in 2019. The method applied obtained *reasonable assurance* from an external accountant. It proved possible to calculate the climate impact for upwards of 90% of the bank's credit portfolio. The results of the second measurement are expected in late 2020.
- **ING** reports annually on progress towards its commitment to align the bank's loan portfolio with the Paris climate objectives. In September 2019, ING published its [first progress report](#). The second [Terra Progress Report](#) was published in early October 2020. Furthermore, ING has published its annual report in accordance with the TCFD recommendations since 2017 and this year saw the publication of its first [Climate Risk Report](#).
- **NIBC** published its first [TCFD report](#) in 2020, which provides insight into climate risks related to balance sheet position and its own activities. NIBC has been working for some years on the [climate risks](#) in its portfolios and has already made significant progress to decarbonise its balance sheet. NIBC actively contributes to PCAF and uses PCAF to analyse its portfolios.
- This year, **NWB Bank** measured the climate impact of [93% of its credit portfolio](#) in accordance with the PCAF method.
- **Rabobank's 2019 annual report** was its first report in line with TCFD recommendations. In addition, Rabobank recently examined the climate impact of its Dutch loan portfolio using the [PCAF method](#) for the first time. Rabobank is also transparent about its climate approach, climate ambitions and climate-related products and services per business line in its [climate report](#).
- **Triodos Bank** reported on the climate impact of a major share of its loans and investments for the first time in its [annual report 2018](#). In its [annual report 2019](#), Triodos extended its climate impact reporting to 100% of its loans and investments.

Examples of actions, including climate objectives and financing arrangements

ABN AMRO

- Has benchmarked its energy portfolio against the 'Paris Agreement objective' in the publication [Guiding a bank's energy portfolio to Paris](#) and has demonstrated how it and its energy clients can become *Paris Proof*.
- Has published a new [Climate Statement](#) in which it states that it supports the transition to a 'net zero economy in 2050'.
- Is also making good progress with its [Mission 2030 strategy](#), with the average energy label of the mortgage portfolio being brought to energy label A.

ASN Bank / de Volksbank

- ASN Green Projects Fund finances [Europe's largest floating solar park](#).
- On behalf of Environmental Finance, Volksbank received the [green bond of the year award](#) and issued [Tier 2 green bonds](#) in July 2020, becoming the first bank in Europe to do so.
- The [Home Improvers](#) Platform, which went live this year, aims to provide a full-service solution to home-owners wishing to green their property.

BNG Bank

- Municipalities and housing associations with the highest sustainability score are eligible for financing from the [Sustainable Municipalities Bond](#) and the [Sustainability Bond Social Housing](#).
- [BNG Sustainability Fund](#) (administered by the Dutch Municipal Housing Incentive Fund, SVn) finances small-scale, business initiatives that contribute to the sustainability objectives of municipalities and provinces.
- Until mid-2019, BNG Bank made the [Social Public Real Estate Scan](#) available to its customers free of charge. This resulted in a

total of 5 million m² of surface area being analysed for sustainable possibilities and the reduction of carbon emissions.

ING

- No longer provides financing for [coal-fired power plants or coal mines](#) and will wind down existing financing arrangements to all but zero in 2025. Direct exposure to this industry dropped by 22% in 2019.
- Has provided billions in financing to [energy projects](#). From wind farms, solar energy and geothermal energy to energy efficiency in the built environment and in production lines, electric vehicles and circular solutions. For example, ING provided [€1.19 billion](#) in financing to renewable electricity production.
- Various sustainable financing products have been developed to support a transition to sustainable operations in line with the international climate objectives. For example, [Green Bonds](#) and the [Sustainability Improvement Loan](#), which have a lower interest rate provided sustainability agreements are honoured.

NIBC Bank

- Has launched [Lot Mortgages](#), a new mortgage label that seeks to make sustainability accessible and affordable for home-owners.
- Issued a [collateralized loan obligation fund \(CLO\)](#) with the best practices of ESG investing. With the goal of increasing the number of sustainable investments and expanding transparency in the market for leveraged loans.
- Made its own business operations more sustainable by investing in the energy efficiency of its headquarters in The Hague and using [100% sustainable energy](#) in all NIBC offices worldwide.

NWB Bank

- Water boards are in the vanguard of cutting back their energy consumption, generating sustainable energy themselves and recovering raw materials from waste water. The aim is to be fully energy neutral from 2025. The [Water Board Climate Monitor](#) shows that water boards are well on target.
- Since 2019, NWB Bank has also been active in the direct financing of sustainable energy projects and infrastructure for sustainable energy, such as heat networks. Government institutions and companies that receive SDE subsidies can apply for project and other financing from NWB Bank. Examples of this include [solar and wind energy](#), but also aquathermics, for example.
- NWB Bank has already issued a total of [more than €15 billion in SRI bonds](#) (*Socially Responsible Investing*). This makes it the Netherlands' largest issuer of sustainable bonds. Also in the international banking arena, NWB Bank is a leading issuer of SRI bonds within the group of SSA (*Sovereigns, Supranationals and Agencies*). NWB Bank has committed itself to raising [at least 25%](#) of its annual funding with sustainable bonds.

Rabobank

- Rabobank wants to make it easier for its mortgage customers to make their homes more sustainable. To achieve this, they have acquired sustainability consultancy [The Sustainables](#) to develop sustainable housing solutions.

- BPD (Bouwfonds Property Development), a wholly-owned subsidiary of Rabobank, is developing the first village in the Netherlands to be built on a [climate dike](#). The village of Reeve is being built on this robust dike and will accommodate 600 homes.
- [Banking for Impact on Climate in Agriculture](#) has been established by Rabobank, together with a group of international banks, scientists and experts, to develop carbon footprint methodologies and climate objectives in the agricultural sector in order to guide the sector towards a low carbon transition.

Triodos Bank

- In 2020 Triodos Bank was *lead arranger* of the most [clean energy deals](#) worldwide for the fifth year in a row.
- As of 1 August 2020, Triodos Bank has [lowered the maximum loan amount for a non-energy-efficient home](#). By lowering maximum loan amounts for non-energy-efficient dwellings and offering a favourable interest rate for customers taking out additional loans to make their homes more sustainable, Triodos Bank seeks to encourage home-owners to save energy.
- The [Energy Saving Tool](#) is suitable for first-time buyers, home-owners and switchers and can be used for all types of mortgages offered by Triodos Bank. The calculation tool calculates, among other things, the effect of (additional) interest charges that arise from financing, write-downs on solar panels or heat pumps, for example, and the expected savings caused by lower energy consumption. In this way, Triodos Bank hopes to stimulate even more people to make their homes more energy efficient.