ABN·AMRO

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Commercial Banking

Impact of new sustainability requirements

David Kemps, sectorbanker industrie

Advancing your Aerospace and Airport Business

Short introduction…

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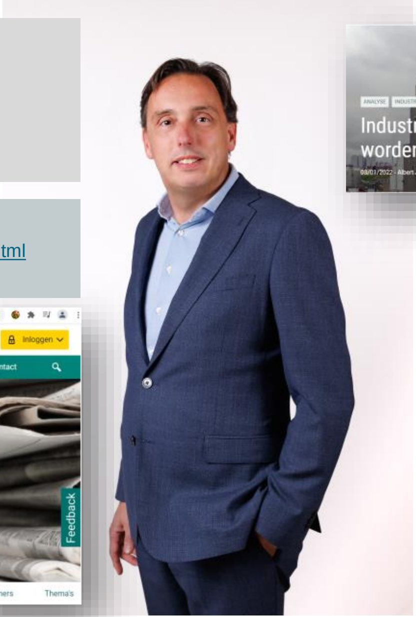
Vind publicaties **voor klanten** op:
https://www.abnamro.nl/nl/zakelijk/insights/index.html



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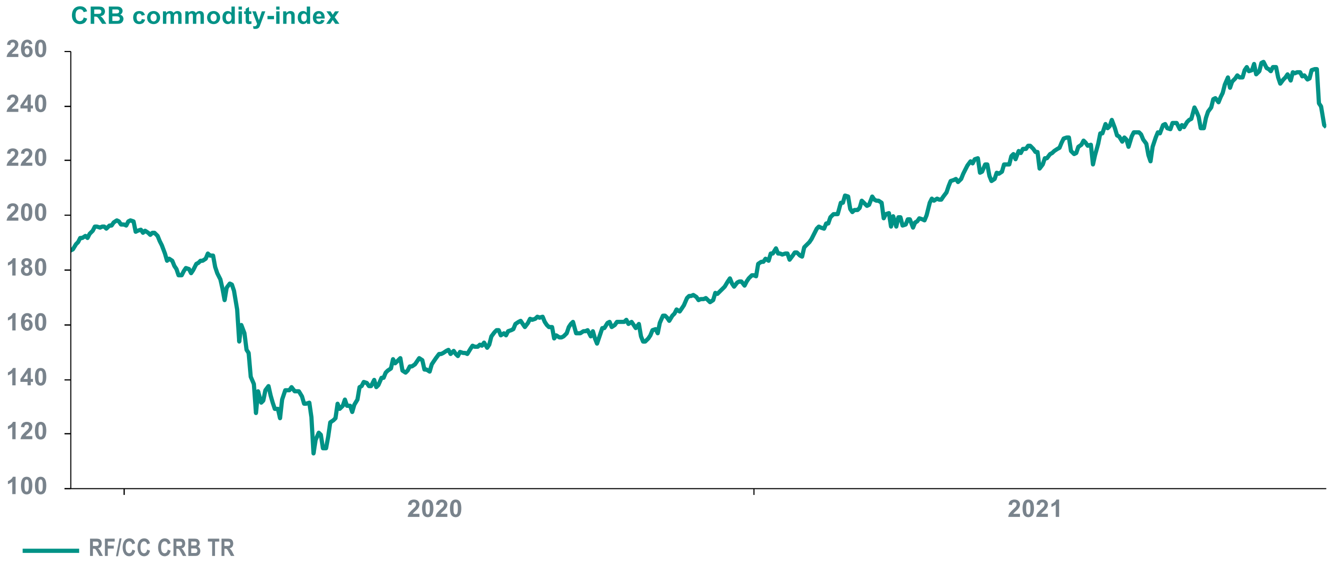
Commodity prices higher than pre-corona, but is max. reached?



Source: Refinitiv Datastream

Top 20 industries: most vulnerable for high energy costs

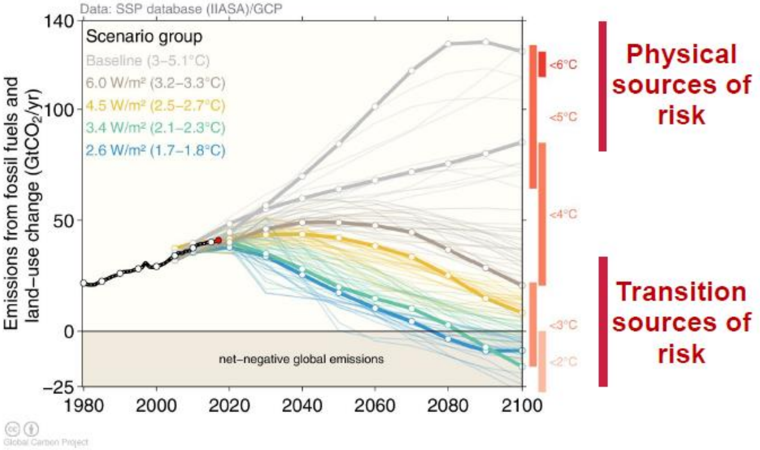
Branche	Netto-omzet (mln)	Energiekosten (mln)	Energiekosten % van omzet	Resultaat (mln)	Energiekosten % van resultaat
1. Glastuinbouw	8.253	1.261	15,3%	1.116	113%
2. Pulp-, papier- en kartonindustrie	1.766	129	7,3%	165	78%
3. Basischemie	39.199	1.808	4,6%	3.448	52%
4. Basismetaalindustrie	8.733	360	4,1%	-94	nihil
5. Waterleidingbedrijven	1.407	52	3,7%	121	43%
6. Meelindustrie	2.674	98	3,7%	137	72%
7. Overige chemische productenindustrie	5.122	183	3,6%	329	56%
8. Delfstoffenwinning (geen olie en gas)	1.500	50	3,3%	120	42%
9. Wasserijen	876	29	3,3%	76	38%
10. Bouwmaterialenindustrie	7.215	235	3,3%	498	47%
11. Dienstverlening voor de landbouw	5.711	171	3,0%	930	18%
12. Oppervlaktebehandelingsindustrie	1.896	52	2,7%	141	37%
13. Aardappelproductenindustrie	3.231	87	2,7%	152	57%
14. Brood- en banketbakkerijen	3.405	88	2,6%	371	24%
15. Traditionele horeca	23.368	582	2,5%	3.342	17%
16. Raffinaderijen	35.199	749	2,1%	279	268%
17. Groente- en fruitverwerkende industrie	5.920	125	2,1%	237	53%
18. Aardolie-industrie	35.650	751	2,1%	313	240%
19. Rubber- en kunststofproductindustrie	10.191	178	1,7%	803	22%
20. Sloopbedrijven en grondwerk	3.927	66	1,7%	548	12%

Gerangschikt naar energiekosten ten opzichte van de omzet in 2019. Bron: CBS; cijfers glastuinbouw Agrimatie; berekeningen ABN AMRO

https://www.abnamro.nl/nl/zakelijk/insights/sectoren-en-trends/alle-sectoren/hoge-energierekening-hakt-in-op-bedrijfswinst.html

Climate Risk: a ‘new’ factor in our risk assessment

Climate Risk is a mix of physical and transition risks



More Physical Risks

If we do not contain climate change, physical risks will materialize.

Drought | Floods and higher sea level | Heat | Extreme weather events | Wind

More Transition Risks

If we embark on a transition path, transition risks will materialize. An orderly transition is preferred over an abrupt and disorderly transition.

Technological innovation | Climate law and regulation | Market

Transitioning to a low-carbon economy affects companies in multiple ways

Policy and legal

Examples include:

- Carbon tax
- Litigation
- Shifting investments to low-carbon activities (EU taxonomy)

Technology

Examples include:

- Electric heavy duty trucks
- Renewable energy
- Plant-based meat
- Carbon capture and storage

Market

Examples include:

- Higher electricity prices
- Increased demand for copper
- Decreasing oil consumption

Reputation

Examples include:

- Shifting consumer preferences
- Reduced employee attraction and retention
- Less access to capital

These factors are interlinked and influence each other

Now a climate risk heatmap per subsector… next: per client

Sub-sector	Sensitivity to transition risk	Sensitivity to physical risk
Sector A	MH	L
Sector B	ML	M
Sector C	ML	L
Sector D	MH	ML
Sector E	H	M

ABN AMRO's scope 3 GHG emissions per client sector

	GHG Emissions (kton)		
	2020	2019	Delta
Agriculture (A)	4,799	3,969	830
Minerals (B)	6,168	8,235	(2,066)
Industry (C)[1]	1,957	1,842	114
Utilities (D)	2,685	1,544	1,141
Water distribution (E)	247	310	(63)
Construction (F)	49	37	13
Retail (G)	528	796	(268)
Transport (H)	2,486	2,668	(182)
Leisure (I)	44	36	8
Information and communication (J)	24	47	(23)
Financial Services (K)[1]	414	449	(36)
Real estate (L)[1]	9	8	1

	GHG Emissions (kton)		
	2020	2019	Delta
Scientific and technical activities (M)	9	6	2
Administrative services (N)	76	96	(20)
Regional administration (O)	0	2	(2)
Education (P)	13	14	(1)
Healthcare (Q)	154	141	13
Recreation (R)	12	14	(2)
Other Services (S)	8	9	(1)
Activities of households as employers (T)	-	-	-
Extraterritorial organisations (U)	-	-	-
No Sector	2,362	3,491	(1,129)
Total kton CO_2	**22,043**	**23,713**	

[1] Excluding CB CRE.

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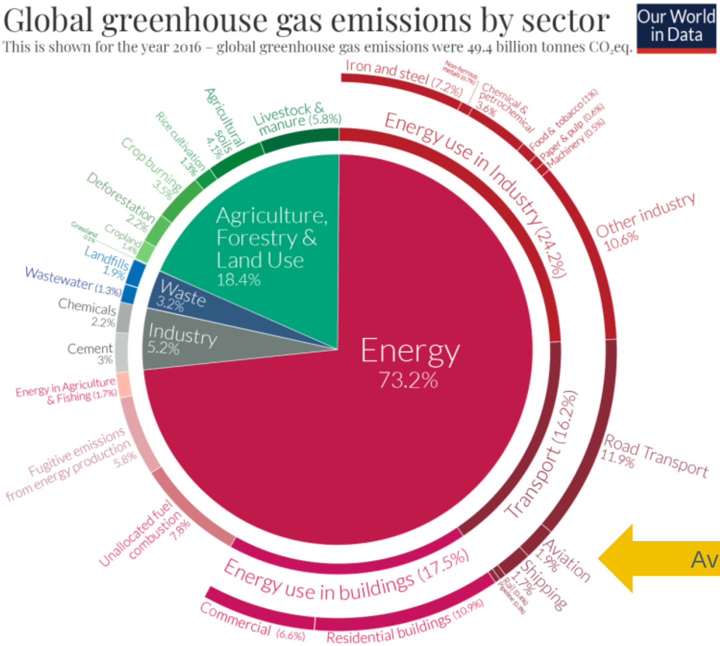
Largest GHG emissions by energy use in manufacturing



Aviation 1.9%

Source: Climate Watch, the World Resources Institute (2020)

From NFRD to CSRD -> impact on middle & large companies

2018

NFRD (Non-Financial Reporting Directive)

Beursgenoteerde bedrijven > 500 fte

 # 100 (NL)

2021

CSRD (Corporate Sustainability Reporting Directive)

2 van de 3 criteria: >250 fte, >40 mio omzet en/of >20 mio balanstotaal

 # 50.000 (EU)

- Jaarlijkse rapportage over materiële duurzaamheidsonderwerpen
- Impact bedrijf op mens & planeet
- Potentiële financiële impact op bedrijf van duurzaamheidsrisico's
- Voortgang op roadmap & kpi's in lijn met Parijs Klimaatakkoord

A — **21 april 2021** CSRD voorstel gepubliceerd

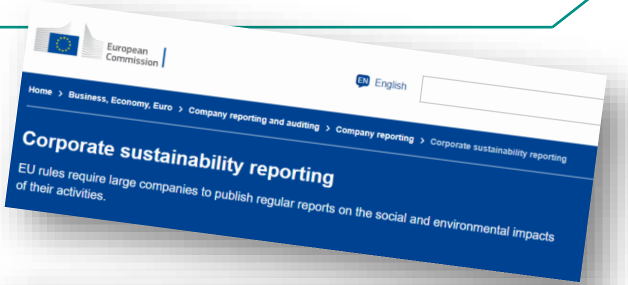
B — **Juni 2022** Eerste set van indicatoren (concept)

C — **1 december 2022** CSRD wordt opgenomen in nationale wetgevingen

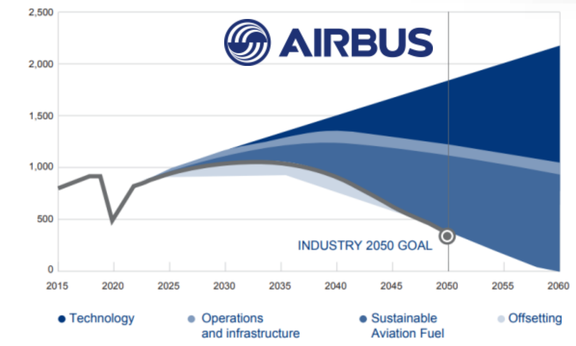
D — **31 oktober 2023** Tweede set van indicatoren (concept) voor boekjaar 2024

E — **Begin 2024** Deadline voor gecontroleerd rapport inclusief CSRD vereisten

Bron: GrantThornton infographic, 16 juni 2021



Graph 2: The aviation industry's roadmap to significant emissions reduction by 2060



Source: ATAG Waypoint 2050 report (2020)

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EU Taxonomy: our new common green language

European Green Deal / Fit for 55

EU Taxonomie

Gemeenschappelijke taal & classificatie voor financiële sector: is investering duurzaam of niet?

Doel: meer geld naar duurzaamheidstransitie door duurzame investeringen door beleggers

Investering moet (vooralsnog) substantieel bijdragen aan:

1) **Mitigatie**: beperking klimaatverandering (70 activiteiten)
2) **Adaptatie**: aanpassing aan klimaatverandering en de gevolgen daarvan (68)

Investering mag geen significante schade toebrengen aan andere duurzame doelen **(Do No Significant Harm)**

New EU ratios and ABN AMRO's sustainability targets

Wat rapporteren?	Referentie datum	Eerste deadline publicatie
ESG Risk	31/12/2022	Q1 2023
GAR	31/12/2023	2024
BTAR	30/06/2024	juni 2024
Scope 3 emissies	30/06/2024	juni 2024*

* Er is al een geleidelijke invoeringsperiode van toepassing, die financiële instellingen verplicht om ofwel scope 3-emissies al openbaar te maken, ofwel informatie vrij te geven over hun plannen om methodologieën te implementeren om deze informatie te schatten en openbaar te maken. Alle financiële instellingen moeten echter uiterlijk in juni 2024 scope 3-emissies openbaar kunnen maken.

ESG Risk: Environmental, Social & Governance Risk
GAR: Green Asset Ratio (NFRR)
BTAR: Banking Book Taxonomy Alignment Ratio (CSRD)

Ecochain

EGMOND PLASTIC

Updated sustainability targets for 2024 ABN AMRO

	2020	2021	Targets 2021	Targets 2024
ESG & Impact Investments	22%	38%	26%	**42%** (35%)
Sustainable Mortgages	23%	25%	22%	**34%** (28%)
Sustainable CIB loans (Large corporates)	9%	13%	12%	**27%** (25%)
Sustainable CB loans (SME clients)	13%	15%	11%	**27%** (27%)
Sustainable client loans & assets [2)]	**20%**	**27%**	**21%**	**36% (30%)**