The financial sector's Climate Commitment

First progress report

October 2021

Financial Sector Climate Commitment Committee

Foreword

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54 financial institutions signed the Climate Commitment in 2019. Banks, insurers, pension funds and asset managers agreed on how they, as the financial sector, would actively contribute to the Paris Climate Agreement and the Dutch Climate Agreement. KPMG has examined the sector's progress on these agreements. In this first progress report, we share our findings.

The Framework for Climate Commitment in the Financial Sector, which we prepared last year at the request of the Financial Sector Climate Committee, forms the basis for this report. Almost all the institutions promptly provided us with the information we needed. This was actively coordinated by the four financial sector associations: Nederlandse Vereniging van Banken (NVB) (Dutch Banking Association), Verbond van Verzekeraars (Dutch Association of Insurers), Pensioen federatie (Dutch Pension Federation) and the Dutch Fund and Asset Management Association (DUFAS).

We see that the sector has taken clear steps to put the agreements from the Climate Commitment into practice. Many activities are aimed at gaining better insight into the greenhouse gases (referred to in this report as CO_2e-impact) of financing and investment activities and at reducing these emissions. Also, most institutions already report on the CO_2e-impact of their financing and investment activities and have drawn up action plans, and some have even set targets in line with the Paris Climate Agreement.

The ability to make comparisons between the institutions remains a major challenge for the sector. Currently, that ability is limited. This is partly because institutions interpret the relevance of financing differently and use different data and measurement methods for the CO_2e-impact of financing and investment activities. The sector will need to work on this and demonstrate progress in steering by 2022, in line with its commitment.

The purpose of this report

This is the first progress report on the Climate Commitment of the Dutch financial sector.

It provides an insight into the sector's progress on the various components of the Climate Commitment.

This report covering the period 2020 is the first progress report of the financial sector on the Climate Commitment. It is intended to show signatories and other interested parties what progress has been achieved in pursuit of the commitments made in the Climate Commitment.

The Paris Climate Agreement and the role of the financial sector

The Dutch financial sector has an important role in the fight against climate change: through financing and investment activities, institutions influence the greenhouse gas emissions, or CO_2e emissions, of the real economy.
An important method in this respect involves measuring the CO_2e-impact of investment and credit portfolios.

Why reduce CO_2e emissions?

- To reduce the most harmful effects of climate change, global warming must be limited to less than 2 degrees Celsius. That can be underlined by drastically reducing CO_2e emissions. The worrying conclusions of the *Intergovernmental Panel on Climate Change* 's latest report on the consequences of climate change underline the urgency of this.
- In the Climate Act 2019, the Netherlands established that CO_2e emissions in our country must be reduced by 49% compared to 1990 by 2030. The ultimate aim is to achieve a 95% reduction by 2050. To achieve this goal, the government, businesses and civil society organisations in the Netherlands concluded a Climate Agreement. The Climate Commitment of the Dutch financial sector forms part of this. The Climate Commitment results from a long series of efforts by the sector starting in 2015 (see page 4).
- At European level, the level of ambition was raised in 2020 to reduce CO_2e emissions by at least 55% by the end of 2030. This makes the Climate Commitment more relevant than ever.

What information does this report contain?

This report mainly sets out the progress on CO_2e measurements and action plans to align the portfolios of the participating institutions with the Paris Agreement. The report is based on information provided by the institutions to KPMG using the Framework for Climate Commitment in the Financial Sector. Most of the information is drawn from annual and sustainability reports.

Milestones of the Dutch financial sector

2015

Dutch Carbon Pledge
Appeal by 11 Dutch financial institutions to governments and negotiators for the Paris Agreement to take effective measures to limit global warming, including measuring and reporting greenhouse gas emissions from loans and investments.

PCAF
Establishment of the Partnership for Carbon Accounting Financials (PCAF) by Dutch financial institutions to develop methodologies for calculating greenhouse gas emissions related to loans and investments.

2016

DNB Platform for Sustainable Financing
Platform on which the financial sector, governments, and regulators participate to foster cooperation and increase attention to sustainability. Several working groups operate within the platform, including climate risks, biodiversity and the circular economy.

2018

PACTA
The 2º Investing Initiative launches the Paris Agreement Capital Transition Assessment (PACTA) tool.

Spitsbergen Ambition
15 Financial institutions agree to measure, report externally and reduce the climate impact of all their financing and investment activities.

2019

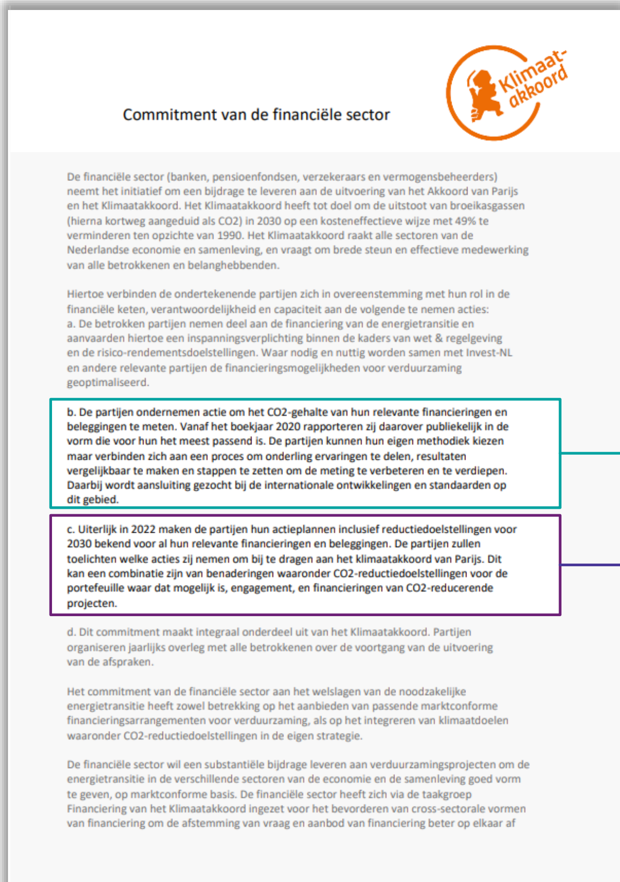
Climate Commitment
Approximately 50 financial institutions signed the Climate Commitment.

2021

First progress report on the Climate Commitment
The first annual report on the financial sector's progress on the Climate Commitment.

Contents

The Climate Commitment



Commitment van de financiële sector

De financiële sector (banken, pensioenfondsen, verzekeraars en vermogensbeheerders) neemt het initiatief om een bijdrage te leveren aan de uitvoering van het Akkoord van Parijs en het Klimaatakkoord. Het Klimaatakkoord heeft tot doel om de uitstoot van broeikasgassen (hierna kortweg aangeduid als CO2) in 2030 op een kosteneffectieve wijze met 49% te verminderen ten opzichte van 1990. Het Klimaatakkoord raakt alle sectoren van de Nederlandse economie en samenleving, en vraagt om brede steun en effectieve medewerking van alle betrokkenen en belanghebbenden.

Hiertoe verbinden de ondertekenende partijen zich in overeenstemming met hun rol in de financiële keten, verantwoordelijkheid en capaciteit aan de volgende te nemen acties:
a. De betrokken partijen nemen deel aan de financiering van de energietransitie en aanvaarden hiertoe een inspanningsverplichting binnen de kaders van wet & regelgeving en de risico-rendementsdoelstellingen. Waar nodig en nuttig worden samen met Invest-NL en andere relevante partijen de financieringsmogelijkheden voor verduurzaming geoptimaliseerd.

b. De partijen ondernemen actie om het CO2-gehalte van hun relevante financieringen en beleggingen te meten. Vanaf het boekjaar 2020 rapporteren zij daarover publiekelijk in de vorm die voor hun het meest passend is. De partijen kunnen hun eigen methodiek kiezen maar verbinden zich aan een proces om onderling ervaringen te delen, resultaten vergelijkbaar te maken en stappen te zetten om de meting te verbeteren en te verdiepen. Daarbij wordt aansluiting gezocht bij de internationale ontwikkelingen en standaarden op dit gebied.

c. Uiterlijk in 2022 maken de partijen hun actieplannen inclusief reductiedoelstellingen voor 2030 bekend voor al hun relevante financieringen en beleggingen. De partijen zullen toelichten welke acties zij nemen om bij te dragen aan het klimaatakkoord van Parijs. Dit kan een combinatie zijn van benaderingen waaronder CO2-reductiedoelstellingen voor de portefeuille waar dat mogelijk is, engagement, en financieringen van CO2-reducerende projecten.

d. Dit commitment maakt integraal onderdeel uit van het Klimaatakkoord. Partijen organiseren jaarlijks overleg met alle betrokkenen over de voortgang van de uitvoering van de afspraken.

Het commitment van de financiële sector aan het welslagen van de noodzakelijke energietransitie heeft zowel betrekking op het aanbieden van passende marktconforme financieringsarrangementen voor verduurzaming, als op het integreren van klimaatdoelen waaronder CO2-reductiedoelstellingen in de eigen strategie.

De financiële sector wil een substantiële bijdrage leveren aan verduurzamingsprojecten om de energietransitie in de verschillende sectoren van de economie en de samenleving goed vorm te geven, op marktconforme basis. De financiële sector heeft zich via de taakgroep Financiering van het Klimaatakkoord ingezet voor het bevorderen van cross-sectorale vormen van financiering om de afstemming van vraag en aanbod van financiering beter op elkaar af

The financial sector is contributing to the implementation of the Paris Agreement and the Climate Agreement. These climate objectives were drawn up to cost-effectively reduce CO_2e emissions by 49% in 2030 compared to 1990. The Climate Agreement involves all sectors of the Dutch economy and society, and calls for broad support and effective cooperation from all stakeholders.

The signatories have agreed to take action appropriate to their role in the financial sector, responsibility and capacity. This report addresses the following actions:

b. Measuring the CO_2e-impact

The parties will take action to measure the CO_2e-impact of their relevant financing and investment activities. From 2020 onwards, they will issue public reports on these activities in whatever format is most appropriate. The parties are free to choose their own methodologies, but are committed to a process geared towards sharing experiences, making it possible to compare results, and taking steps to improve and deepen the measurements. Furthermore, efforts will be made to dovetail with international developments and standards in this regard.

Commitment for 2021

c. Draw up action plans with reduction objectives

By 2022, the parties will announce their action plans, including reduction targets for 2030, for all their relevant financing and investment activities by no later than 2022. The parties will clarify what actions they will take to contribute to the Paris Agreement. This could comprise a combination of approaches, including CO_2-reduction targets for their portfolio where possible, engagement and financing CO_2-reduction projects.

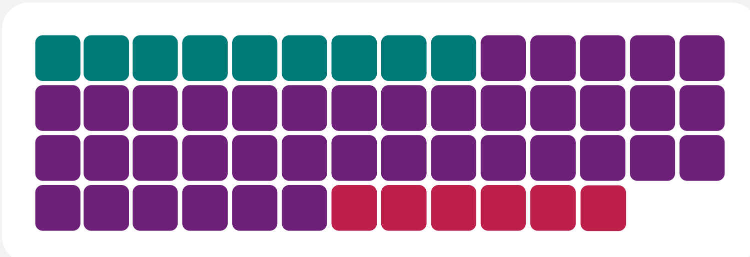
Commitment for 2022

Key findings

Commitment for 2021

89%

of financial institutions report on the CO_2e-impact of relevant financing and investment activities



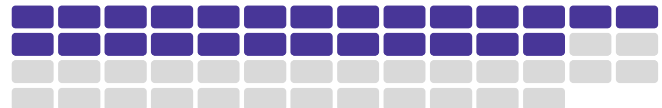
On all relevant asset classes | **On some relevant asset classes** | **No CO_2e reporting**

Commitment for 2022

51%

already have an action plan for CO_2e reduction and are ahead of the agreed deadline in the Climate Commitment

51% already have an action plan



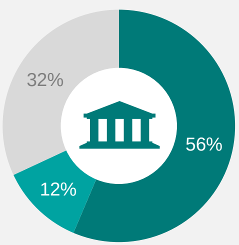
of which **48%** cover all relevant financing and investment activities

of which **77%** have a target of ≤2°C scenario

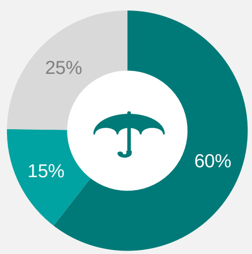
Commitment for 2021

68%

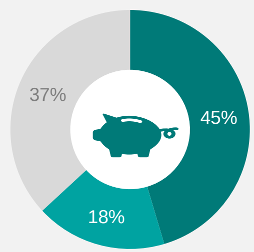
of total assets are considered relevant; CO_2e content measurements are already reported for 79% of these assets



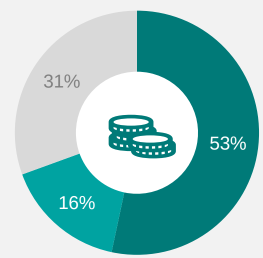
Banks



Insurers



Pension funds



Asset managers

Relevant: measured | Relevant: not yet measured | Not relevant

Key findings

We see that in most institutions, the urgency of climate change has increased significantly. The effects of the Climate Commitment are also evident. In the course of 2020, many institutions have increased the completeness of their CO_2e-impact measurements. This also applies to the focus on managing the CO_2e-impact of the financing and investment activities.

☑ Commitment for 2021

89% of financial institutions already report on the CO_2e-impact of relevant financing and investment activities.

Most institutions are on track with pursuing the Climate Commitment. It was agreed that they will report by 2021 on the CO_2e-impact of their 'relevant' financing and investment activities in 2020. We have however identified some differences in what the institutions consider 'relevant' in their reports.

☑ Commitment for 2021

Various Dutch financial institutions play an important role in international initiatives to develop standards for measuring CO_2e-impact.

Several Dutch financial institutions contribute significantly to various leading international initiatives to develop standards for measuring CO_2e-impact, such as the Partnership for Carbon Accounting Financials (PCAF) and the Paris Agreement Capital Transition Assessment (PACTA). Nevertheless, there are still challenges involved in further improving the harmonisation and quality of CO_2e-impact.

Commitment for 2022

The sector is also making progress on the 2022 target: 51% of the participating financial institutions have already indicated that action plans have been defined.

Our research shows that there are differences between the participating institutions in the implementation of the Climate Commitment. Almost all institutions report on CO_2e-impact as agreed. Almost half of them already have action plans, even though this agreement only applies from 2022 onwards. Many institutions are still working in 2021 to expand on these action plans by further aligning all relevant assets and targets with the Paris Agreement.

Climate Commitment: from 2021, all institutions will report on the CO_2e-impact of relevant financing and investment activities

☑ Commitment for 2021

Progress with the measurement of CO_2e-impact

1 Financial institutions CO_2e report

The importance of measuring CO_2e-impact

Insight into the CO_2e-impact of relevant financing and investment activities enables financial institutions to better manage the contribution of these portfolios to tackling climate change. Stakeholders are therefore increasingly asking financial institutions to report on the CO_2e-impact of their relevant financing and investment activities. Interest is shown mainly in the CO_2e-impact. For example, the CO_2e-impact of the portfolio could be used as a proxy in estimating climate-related financial risks. The Taskforce on Climate-Related Financial Disclosures (TCFD) framework proposes this method of reporting.

The importance of financial institutions in the transition to a more sustainable society is also recognised at the European level. Financial institutions play an important role in implementing the *European Green Deal.* Therefore, the expectation is that Europe will introduce further standardisation in measuring the CO_2e-impact in its elaboration of the Corporate Sustainability Reporting Directive (CSRD).

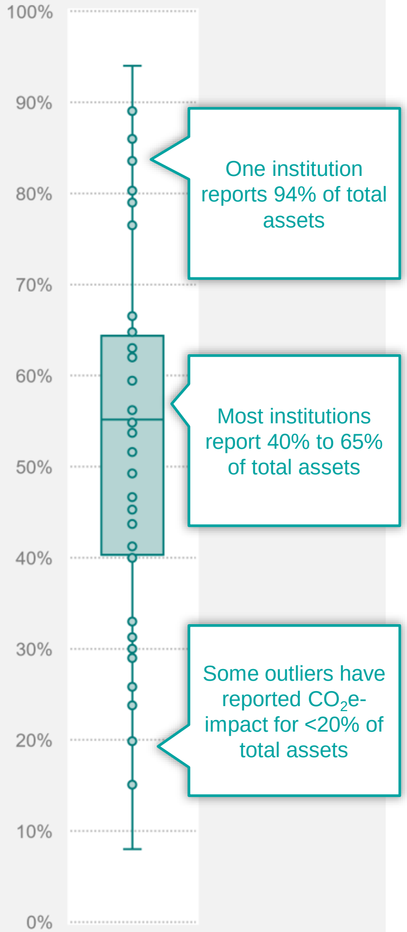
89% of financial institutions report CO_2e-impact

The financial institutions have agreed to publicly report on the CO_2e-impact of their financing and investment activities with effect from the 2020 financial year. Institutions report on financing and investment activities that they consider relevant. They measure the CO_2e-impact based on estimates of CO_2e emissions from the funded activities attributed to the institution's portfolio. The parties choose their own method for this. There is no harmonised standard for measuring the CO_2e-impact yet, but there are various methods in circulation for measuring the CO_2e-impact of financing and investment activities. These methods often complement each other and provide different insights. For example, the application of PCAF provides an insight into the CO_2e-impact of assets, while PACTA shows whether the CO_2e-impact of these assets is in line with the Paris Agreement.

89% of the 54 institutions report the CO_2e-impact of relevant financing and investment activities as agreed in the Climate Commitment. Last year this was only 57%. A significant proportion (59%) of institutions report CO_2e for more than 80% of relevant financing and investment activities. Government bonds, private equity, real estate and securitised investments are less frequently included in CO_2e reporting. Many institutions do not (yet) consider these asset classes relevant due to a lack of data and measurement methods. For institutions that report on these asset classes, we see that these assets contribute significantly to the total CO_2e-impact of these institutions.

CO_2e is measured for 79% of all relevant financing and investment activities and 54% of total assets

2 % CO_2e-impact measured over total assets per financial institution



The reporting of all asset classes is not yet required or possible. Assets such as cash or loans to other financial institutions usually have no CO_2e-impact and are therefore often not considered relevant. Banks have a relatively large number of these assets on their balance sheets. As a result, compared to other types of financial institutions, a relatively smaller portion of assets is relevant to banks.

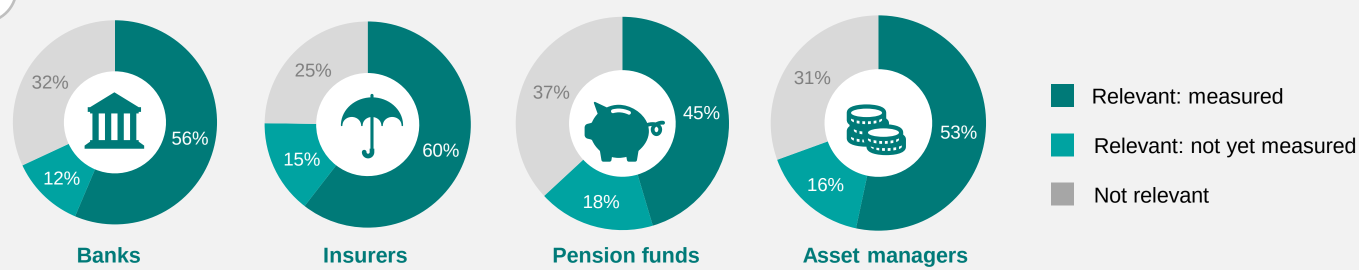
In addition, there is a big difference between asset classes when it comes to the complexity of measuring CO_2e-impact. It is customary to report at least the CO_2e-impact of loans to and investments in large (listed) companies. Data on this is generally available. Some leaders also report on multiple asset classes but mention many challenges involved in this.

On average, institutions find 68% of total assets relevant. CO_2e-impact is measured on 79% of relevant assets. The percentage of total assets calculated by institutions varies greatly by institution (Figure 2), but also by type of financial institution (Figure 3).

Another important reason for the differences between financial institutions is the lack of a uniform definition of relevance. Relevance is not only defined in terms of potential CO_2e-impact but also in terms of calculation complexity or steerability. Institutions often find asset classes such as government bonds, corporate bonds, real estate, private equity and securitised investments difficult to measure and therefore irrelevant. These institutions often state that they will also consider these assets relevant in the future.

Institutions that consider a larger share of total assets to be relevant define relevance mainly according to the potential associated CO_2e-impact. Examples of asset classes that this group considers not relevant: derivatives, cash and loans to other financial institutions.

3 Share of financing and investment activities for which the CO_2e-impact is measured (% of total assets)



Dutch financial institutions are working to improve the comparability of CO_2e-impact and calculations.

There are some international initiatives to improve standardisation, in which Dutch financial institutions often play an important role. We distinguish between initiatives primarily aimed at measuring the CO_2e-impact of portfolios (e.g. PCAF); measuring the extent to which portfolios are aligned with the Paris Agreement (e.g. PACTA); and measuring transition paths based on climate scenarios.

Measuring the CO_2e-impact of portfolios

Most institutions use the PCAF (Partnership for Carbon Accounting Financials) method to measure the CO_2e-impact. Currently, 80% of the institutions measure according to the PCAF method. PCAF is a standard used to measure the CO_2e emissions of different asset classes. 46% of financial institutions are actively involved in developing PCAF through knowledge sharing (case studies) and working groups. Harmonising measurement methods is important to making CO_2e measurements from different institutions comparable.

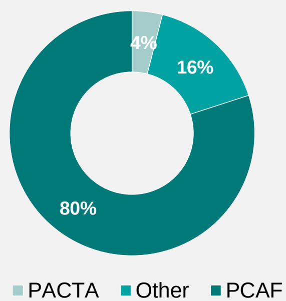
Measuring alignment with the Paris Agreement

A small proportion of institutions are involved in PACTA *(Paris Agreement Capital Transition* Assessment), a method to measure the alignment of financing and investment activities with the Paris Agreement. PACTA is a method developed by 2° Investing Initiative (2Dii). Decarbonisation roadmaps based on the Paris Agreement have been drawn up for various sectors. The PACTA method provides an insight in whether the CO_2e impact of financial portfolios for these sectors are aligned with these roadmaps. In addition to PACTA, the Science Based Target Initiative (SBTi) is working on a similar method.

TCFD

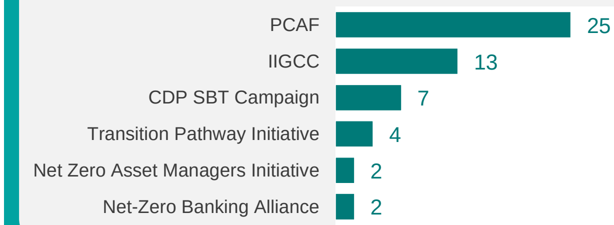
25 of the 54 institutions have officially committed to the TCFD *(Task Force on Climate-related Financial Disclosures)*. TCFD, a framework for reporting the financial impact of climate risks, is not a method for measuring CO_2e-impact, but it does provide some recommendations for indicators on CO_2e-impact for financial institutions. CO_2e-impact is considered in the TCFD framework to be a proxy for estimating climate-related financial risks.

4 Application of different methods by Dutch financial institutions



Initiatives to speed up action against climate change in the financial sector

5 Initiatives in which Dutch institutions are actively involved



The Institutional Investors Group on Climate Change (IIGCC)
Initiative for investor cooperation on climate change and defining necessary actions for investors to address climate change.

CDP Science-Based Targets Campaign (CDP SBT)
Initiative allowing CDP signatories to engage in a dialogue with companies on setting science-based climate targets.

Transition Pathway Initiative
Initiative that assesses the climate performance of companies and helps institutions align portfolios with the Paris Agreement.

Net Zero Asset Managers Initiative
International group of asset managers committed to net-zero by 2050, in line with a 1.5°C scenario.

Net-Zero Banking Alliance
International group of banks committed to net-zero by 2050 or earlier.

Challenges for measuring CO_2e-impact

The institutions themselves have identified a number of data and related challenges in their annual and sustainability reports, such as limited availability of data, limited data quality, delay of CO_2e data making data less up-to-date, differences in measurement methods and lack of accounting methods for specific assets.

Data related challenges

Limited availability of data

CO_2e data is often less detailed for a number of sectors and asset classes. complicates the process of obtaining comparable results that are suitable for decision-making and steering. Less detailed data is available for government bonds, unlisted and smaller companies, real estate and emerging markets. For private equity, emerging markets, and smaller companies, many institutions need to make estimates using sector averages for listed companies.

A few institutions indicated that they consider CO_2e intensity based on a sector-specific measurement, such as emissions per kg of steel, more suitable for portfolio management than the CO_2e emissions per euro invested. However, it is not yet possible to measure such information for all companies because they do not yet report the data required for this purpose. Institutions therefore stress the need for an expansion of mandatory reporting of the CO_2e impact for companies.

Limited data quality

Data quality is essential for reliable outcomes and relevant insights for decision-making. Measured emissions are often based on estimates of data providers; the percentage of estimated emissions can amount to more than 40% of the data. Estimated emissions present a different picture than actual emissions which is why there is only limited insight into the results of the climate steering instruments.

There are also significant differences between the estimation methods used by the various data providers. Each supplier uses its own methodology to estimate emissions, often based on factors such as sector, production, number of employees, location and turnover. As a result, the estimates of data providers differ. Furthermore, institutions reported that data is not always correct or complete; for example, data for investments in real estate may be missing (e.g. gas consumption not included in reported data).

CO_2e data is delayed

CO_2e data usually has an average delay of two years. Data providers use data reported by companies in annual reports or the Carbon Disclosure Project (CDP). Up-to-date information for the reporting year is usually available too late, so financial institutions use CO_2e data that is at least one year old. For government bonds, the delay is even greater. As a result, the results of effective interventions to reduce CO_2e emissions by companies are also delayed.

The most frequently mentioned challenges for making the results comparable and for improving the quality of the measurement

- **Data availability for certain asset classes and sectors**
- **Data quality and consistency between data providers**
- **Availability of recent data on CO_2e**
- **Lack and complexity of guidelines and methodologies for certain relevant asset classes (e.g. green bonds)**
- **Methodological changes in measurement methods between years**

Methodological challenges

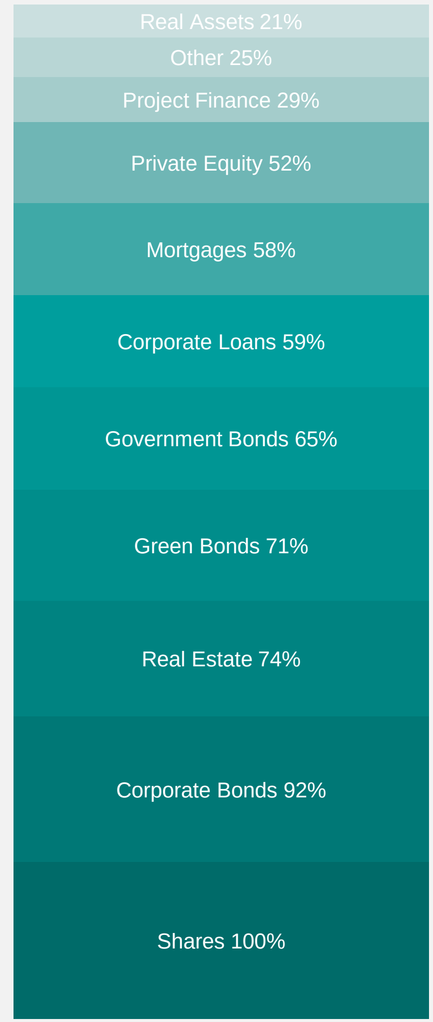
Methodological differences in CO_2e measurement
Institutions can use multiple climate measurement methods that can complement each other. The Dutch financial institutions mainly use the measurement method PCAF and PACTA. These guidelines are complementary, but use different indicators for the CO_2e-impact. As a result, institutions using only PCAF are not comparable with institutions using only PACTA.
Besides, many alternatives still exist within the guidelines, which means that the data of parties who report based on PCAF are generally not yet comparable. Also, the methods are still under development and are regularly modified with a significant impact on the CO_2e-impact.

Different scope of measured emissions
Most financial institutions report the scope 1 and scope 2 emissions from the activities in the investment portfolios: the direct emissions from the activity and the indirect emissions from purchased electricity and heat. Financial institutions are increasingly asked to report the scope 3 emissions of relevant financing and investment activities which can be defined as the remaining indirect emissions from the value chain. However, the availability of reliable asset-specific data at scope 3 level is still very limited, as many companies do not yet have this data available. In addition, double-counting occurs in the CO_2e-impact when reporting scope 2 and scope 3 emissions and, as a result, institutions sometimes choose to measure only scope 1 emissions.

Different attribution methods
The CO_2e-impact is not measured directly by financial institutions but is allocated. This involves allocating a share of the CO_2e emissions of the finance or investment portfolio to the financial institution. We call this attribution and it is done in various ways. The different attribution methods vary widely, and data providers sometimes have their own methods as well. Institutions call for standardisation in annual and sustainability reports to prevent different countries/regulations from setting different guidelines for attribution methods.

Lack of calculation methods for specific assets
The calculation methods for a number of asset classes, such as private equity, green bonds, derivatives and securitised investments, are less well developed or lacking. For example, guidelines are lacking in the PCAF Global Carbon Accounting Standard (2020) for derivatives.

4 Main asset classes considered relevant for the calculation of the CO2e-impact



% of institutions that consider the asset class in question relevant

Climate Commitment: By 2022, the parties will publish their action plans, including reduction targets for 2030 for all their relevant financing and investment activities

Commitment for 2022

Looking ahead to 2022:

Progress on sectoral action plans

51% of financial institutions already have an action plan

Action plans

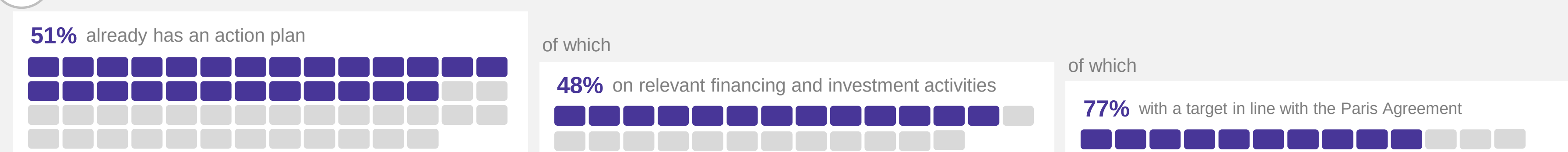
The financial institutions have agreed to publish action plans for 2030 by 2022. An action plan contains reduction targets and explains how the institution expects to achieve the reduction targets. Institutions without an action plan often report that they are already engaged in climate action but have not yet publicly reported a plan. According to the commitment, institutions will first aim to measure CO_2e and then draw up an action plan from 2022 onwards.

Today, 51% of financial institutions already have an action plan. For 48% of these, the action plan covers all relevant financing and investment activities. That puts them ahead of the deadline in the Climate Commitment. For the other 52%, the action plan covers part of the relevant assets because the institution's ability to measure or influence is still limited for some assets. In 15% of financial institutions with an action plan, progress on the action plan is also linked to the performance review of the organisation's board.

Reduction targets

The financial institutions have agreed to announce reduction targets for 2030 by 2022 as well. 19% of financial institutions have CO_2e reduction targets for relevant financing and investment activities for 2030 at the time of writing this report. Some institutions are already aiming for carbon neutrality in 2030 or 2050. Other institutions set their targets based on the percentage of CO_2e reduction in a given year or lower CO_2e intensity at sector level. Of the institutions with a CO_2e action plan for all relevant financing and investment activities, 77% indicated that they had a reduction target in line with the Paris Agreement.

7 Sector maturity with regard to reporting and control of CO_2e-impact



Climate action by the financial sector

The financial institutions use various instruments to reduce the CO_2e-impact of relevant investments: a) voting; b) engagement; c) investing and financing; and d) exclusion and divestment. Most institutions indicate that they base the assessment of the effectiveness of these actions on the evolution of CO_2e levels. There is considerable diversity in how the institutions use these instruments to achieve their objectives.

Voting

Voting at shareholders' meetings can be used by shareholders of listed companies to exert influence. Some financial institutions have indicated in annual and sustainability reports that they will actively vote for all climate-related proposals. Only shareholders can vote. Banks have relatively few shares on their balance sheets, so most have not formulated a climate voting policy.

Engagement

Engagement means that institutions enter into dialogue with organisations to achieve CO_2e reductions in their portfolio. All types of institutions use this instrument. Engagement is often used with the top carbon-intensive companies in a portfolio, with many engagement processes aimed at getting companies to set targets in line with the Paris Agreement. Many institutions engage in joint initiatives, such as *Climate Action 100+*, a partnership in which over one hundred large emitters are held accountable for their climate policy.

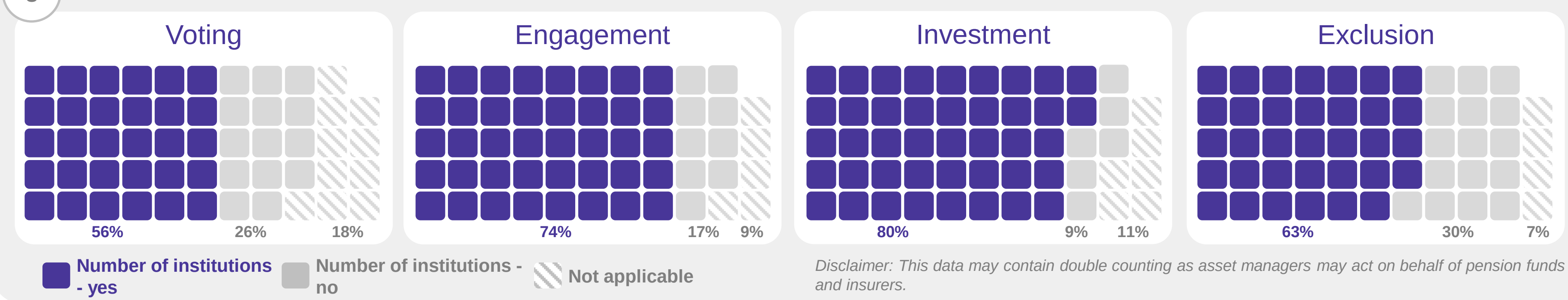
Invest and finance

Financial institutions use many different forms of increasing investment and funding in activities that positively impact mitigating climate change. Examples are green bonds (e.g. for energy transition), sustainable mortgages, loans linked to climate performance and impact investing.

Exclusions and divestments

Exclusions and divestments are often used for very carbon-intensive activities that do not fit with a transition in line with the Paris Agreement. For example, coal or unconventional oil and gas (for example, oil from the Arctic or tar sands). Financial institutions report that exclusion is often seen as a last resort. By excluding companies or sectors, the institution also loses its influence over them. Institutions indicate that excluding can greatly reduce the CO_2e-impact of their own portfolios, but the impact on the real economy is limited. Institutions indicate that engagement combined with exclusion can be very effective, but striking the right balance between these tools is challenging.

8 Climate actions by type of financial institution



Disclaimer: This data may contain double counting as asset managers may act on behalf of pension funds and insurers.

Conclusions

Participating institutions and industry associations have been involved and active in providing information on CO_2e calculations and action plans. In the first year of the Climate Commitment, the sector has taken steps towards implementation. However, there are major differences between institutions in their progress on the various components of the Climate Commitment. While some already have action plans aligned with the Paris Agreement, others are still measuring a limited portion of assets.

Measure: Commitment for 2021

89% of participating financial institutions reported on the CO_2e-impact of relevant financing and investment activities by 2020

This means that the vast majority of them are fulfilling the commitment they have set for themselves. However, there are big differences in the completeness of the CO_2e-impact and the proportion of balance sheet assets deemed relevant. The assets considered relevant may grow in the coming years.

The PCAF method is most commonly used for measuring CO_2e-impact

Even though this is the dominant method among the participating financial institutions, the results of the CO_2e measurements are only comparable to a limited extent. Financial institutions still face several challenges in terms of data quality and measurement methods.

Many financial institutions have already taken actions in many asset classes (especially the most relevant ones) that contribute to the reduction of CO_2e-impact. Measuring the impact of such actions in a meaningful way is still challenging, but the alternatives to map emissions are increasing, especially in the most relevant asset classes. This is in part thanks to initiatives such as PACTA, PCAF, TPI and IIGCC, often supported by Dutch financial institutions.

Action Plan: Commitment for 2022

51% of the institutions say they already have an action plan

The extent to which these action plans have been worked out in detail varies. 77% of the participating institutions with an action plan on all relevant financing and investment activities have a target in line with the Paris Agreement.

Appendix: Accountability

Description of KPMG methodology analysis

KPMG carried out this study on behalf of the Climate Committee consisting of DUFAS, the Dutch Association of Insurers, the Dutch Pension Federation and the Dutch Banking Association.

This study is based solely on public information provided by the individual participating institutions. These institutions provided input through a questionnaire with references to public sources for all information.

The information from the individual institutions has mostly been approved at management level, and for about half of them an external party, usually the auditor, has validated the information.

92% of the institutions reviewed the information at the management level

Information approved by:

47
Executive level

7
Other

The climate information is externally validated

23
Yes

31
No

Appendix: List of participating institutions

Participating institutions

- ABN AMRO
- ABP
- Achmea B.V.
- Achmea Investment Management
- Actiam
- Aegon Asset Management Nederland
- Aegon Nederland N.V.
- Allianz Nederland Groep N.V.
- Anker Insurance Company
- Anthos Fund and Asset Management
- APG
- ASN Bank
- ASN Beleggingsinstellingen Beheer
- ASR Nederland N.V.
- Athora Netherlands N.V.
- BlackRock (Netherlands) B.V.
- BNG Bank
- BNP Paribas Asset Management Nederland
- CBRE Global Investors
- Coöperatie Klaverblad Verzekeringen U.A.
- Coöperatie Univé U.A.
- De Goudse N.V.
- De Vereende N.V.
- FMO
- ING
- InsingerGilissen
- IQEQ
- MN
- MS Amlin Insurance SE Dutch Branch
- NIBC Bank
- NN Group N.V.
- NWB Bank
- O.W.M. MediRisk B.A.
- Pensioenfonds Horeca en Catering
- Pensioenfonds Metaal en Techniek
- Pensioenfonds PGB
- Pensioenfonds voor de Bouwnijverheid
- Pensioenfonds voor de Woningcorporaties
- Pensioenfonds voor de Zoetwarenindustrie
- Pensioenfonds voor het Bakkersbedrijf
- Pensioenfonds voor het Schilders-, Afwerkings- en Glaszetbedrijf
- Pensioenfonds Werk en (re)Integratie
- Pensioenfonds Zorg en Welzijn
- PME Pensioenfonds
- Rabobank
- Robeco
- Scildon N.V.
- Triodos Bank
- UBP Asset Management
- Unilever APF
- Van Lanschot Kempen
- Volksbank
- VvAA Schadeverzekeringen N.V.

Sector associations

- Dutch Fund and Asset Management Association (DUFAS)
- Dutch Banking Association (NVB)
- Pension Federation
- Association of Insurers

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