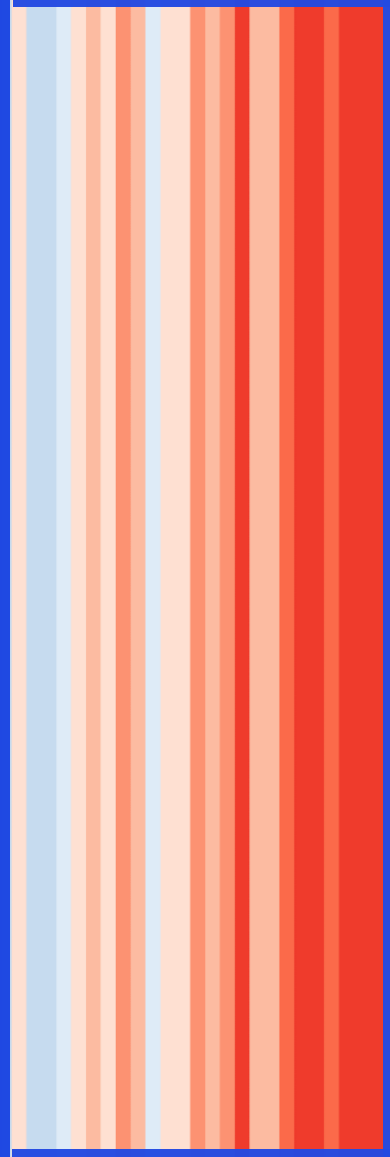
KPMG

The Climate Commitment of the Dutch Financial Sector

Executive summary
Progress report 2025 (covering 2024)

Financial Sector Climate Commitment Committee

December 2025



KLIMAATCOMMITMENT FINANCIËLE SECTOR

VERBOND VAN VERZEKERAARS

nederlandse vereniging van banken

DUFAS

PENSIOEN FEDERATIE

Introduction to the Climate Commitment

48 (2024: 49)

financial institutions have signed the Climate Commitment and pledged to:

- make efforts to participate in the financing of the energy transition
- measure and report the CO_2e levels of their portfolios
- develop an action plan with greenhouse gas reduction targets

The Climate Agreement and the role of the financial sector

The Paris Agreement calls on all parties in the economy to play their part in reducing greenhouse gas emissions. According to the Dutch Climate Act (Klimaatwet), the Netherlands aims to reduce greenhouse gas emissions by 55% by 2030 compared to 1990 levels and to be climate neutral by 2050. To achieve this, the government requests intensive involvement from financial institutions. By directing their financing towards the transition to a sustainable economy, they can contribute to this goal. Additionally, they can use their influence to encourage companies to operate more sustainably and reduce their CO_2e levels.

In line with national legislation and international agreements, the Dutch financial sector has voluntarily established the Climate Commitment and commits to contributing to climate goals. The signatories to the Climate Commitment have developed action plans that demonstrate their efforts to reduce financed emissions within their portfolios. Institutions are increasingly focusing on financing emission reductions in the real economy. These efforts can complement each other. After all, a decrease in financed emissions in the portfolio, or the emission intensity of the portfolio, does not necessarily mean an emission reduction in the real economy.

The purpose of this report

This is the fifth time the financial sector has jointly reported on the progress of the Climate Commitment. The report maps out how these institutions measure and report CO_2e levels of their investment and credit portfolios, what measures have been taken, and the challenges they face. Additionally, this report addresses the efforts institutions are making to finance the energy transition, which is the first agreement in the Climate Commitment. It remains difficult to provide insight into the contribution of institutions to emission reductions in the real economy. That is why this report focuses primarily on providing a qualitative interpretation of the sector's contribution. Financed emissions are currently the best indicator for quantifying the contribution of financial institutions to emission reduction. This requires that the figures for all participating institutions are provided and are comparable. These figures are the focus of Chapter 2. The first and third chapters discuss the initiatives taken by institutions and the instruments they use to achieve a reduction in financed emissions and to make an impact in the real economy. Information on developments in international standards regarding the climate impact of financial institutions can be found in Appendix 3.

In order to provide a thorough picture of all the agreements in the Climate Commitment and to explain the developments, the report includes both quantitative information, in particular financed emissions and emission intensity, and qualitative information. Finally, the current report reflects the progress made in financial year 2024 and builds on previous insights and observed changes compared to financial years 2022 and 2023. The data comes directly from the institutions. The individually reported information has been aggregated by KPMG to form a sector-wide picture.

Executive summary (1/2)

Conclusion 1: *The sector actively contributes to the energy transition. In line with directives and regulation the sector reports differing data points and definitions that cannot be compared. Consequently, a complete and representative picture is not available.*

Financial institutions actively contribute to financing activities that directly contribute to the energy transition, including financing activities such as sustainable energy generation and sustainable real estate, and through impact investments. However, the scope of and insight into this financing vary greatly from one institution to another, partly due to differing definitions and data quality, in line with guidelines and regulations. This makes it difficult to determine exactly to what extent institutions finance certain (transition) activities. For the institutions that report figures, financing for sustainable energy, sustainable real estate and clean technologies amounts to 3%, 5% and 2%, respectively, of the total portfolio of these institutions, with impact investments amounting to around 6%. Approximately 1% of the portfolio still consists of fossil fuel investments.

Conclusion 2: *To accelerate the energy transition, it is necessary to remove bottlenecks and focus on solutions, with cooperation between institutions and stable government policy as the key to accelerating the transition.*

Institutions contribute to the energy transition and continue to take responsibility, although the further acceleration of the transition and the reduction of greenhouse gas emissions are hampered by uncertain and changing government policy as well as bottlenecks such as a limited supply of financeable projects. Institutions continue to actively seek solutions, with cooperation within the sector playing a central role, including joint investments, knowledge sharing and collective initiatives such as the Financing Tables facilitated by Invest-NL and the Ministry of Climate Policy and Green Growth. Financing heat supply, energy infrastructure, innovation and influencing companies and policymakers are also seen as broader opportunities and initiatives to accelerate the transition, although legal frameworks limit the role of institutions.

Conclusion 3: *The share of measured CO_2e emissions has risen slightly to 85% by 2024. Data quality is a point of attention. Much of the data is still based on estimates, especially for scope 3 emissions.*

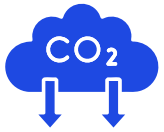
The share of the portfolio for which CO_2e emissions are measured rose slightly in 2024 to 85% of total assets. At the same time, the quality, consistency and completeness of the reports improved further. Many institutions now report on more categories of scope 3 emissions and are increasingly using the PCAF Financed Emissions Standard. This underlines the professionalization of the underlying measurement and reporting processes at the institutions. New this year is that specific questions were asked about data quality, using a PCAF score. This shows that data quality remains an important area of focus. A large proportion of the data still consists of estimated data, not only for scope 3 emissions, but also for scope 1 and 2 emissions from smaller companies. The average data quality score is expected to increase in the coming years.

An average of **6%** of impact investments in institutions' portfolios (weighted average of the 36 institutions that measure this)

4 themes were explored in the Financing Tables to accelerate the energy transition

For **85%** of the total portfolio (in euro) the financed emissions are being reported in 2024 (in 2023: 83%)

Executive summary (2/2)



Conclusion 4: *Decline in financed absolute CO_2e emissions and emission intensity in institutional portfolios continues. Interpretation requires nuance.*

Absolute scope 1 and 2 CO_2e emissions (excluding government bonds) fell further in 2024, although the decline was smaller than in previous years (from 205 to 199). Economic emission intensity also continued to decline, with more pronounced differences. There are greater differences in this respect. The decline is partly explained by market developments, such as higher stock market valuations, divestments in CO_2e-intensive sectors and reallocation to companies with lower emissions. In addition, methodological adjustments, such as the switch to the PCAF Financed Emissions Standard and improved data quality, have an impact on the results. It is important to interpret trends in emission reduction carefully, as they are not always directly linked to actual emission reduction in the real economy. Further improvement of data quality and attribution analysis, although complex, is necessary to gain a better understanding of the underlying causes of the decline.

Conclusion 5: *33 of the 48 institutions indicate that they are on track to meet their targets. Achieving targets remains challenging, partly because global emission reductions are lagging behind the 1.5°C Paris scenario.*

The majority of institutions (33) are making progress in line with the set reduction targets for CO_2e emissions. This is a slight decrease compared to last year (35 out of 49). Eleven institutions are partially on track, three do not know and one institution is not on track. Achieving ambitious goals is challenging, partly because the reduction in global emissions in the real economy is lagging behind the 1,5°C scenario of the Paris Agreement. Seventeen institutions have adjusted their goals based on new insights from the real economy, but also based on changing portfolios or changing ambitions. Approximately half of the institutions have adjusted their own transition plans and associated measures, often in response to changing objectives, market conditions and policy insights. In order to achieve their climate objectives, institutions are implementing a wide range of measures as part of their transition plans to reduce financed emissions, particularly emissions in the real economy. Engagement is the most commonly used instrument in this regard.

2.9% is the decrease in reported absolute scope 1 and 2 greenhouse gas emissions in the 2024 financial year compared to 2023 (excluding government bonds)

33 of the 48 institutions indicate that the progress made is in line with the reduction target set (in 2023: 35/52 institutions)

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