

Nature Statement

August 2024

Introduction

A biodiverse planet that supports a stable climate, clean air and water, healthy soil and thriving flora and fauna is crucial for human wellbeing and economic stability. Preserving nature is inherent to ABN AMRO's purpose, Banking for better, for generations to come, and a shared responsibility with our stakeholders. Moreover, the financial health of our portfolio depends on ecosystem services such as pollination, carbon storage, water and air purification and protection against diseases.ⁱ Research carried out by the Dutch central bank (DNB) shows that 36 percent of the portfolio of Dutch financial institutions is highly dependent on at least one of the ecosystem services. However, rapid biodiversity loss is threatening the resilience and functionality of nature. This serves as a warning sign to our clients, to society and to us that natural capital is being exploited unsustainably. By better integrating biodiversity in decision-making and client interactions, ABN AMRO can make a difference.

The statement

*ABN AMRO is committed to using and expanding its influence as a financier, investment services provider, client adviser, asset manager, investor and employer to **reduce negative impact and enhance positive impact** on nature in order to play its role in halting and reversing biodiversity loss by 2030. ABN AMRO **supports the Kunming-Montreal Global Biodiversity Framework (GBF)**.*ⁱⁱ

As a financial institution, our biodiversity impact is mainly caused by financing our clients' activities.ⁱⁱⁱ In order to decrease negative impact we need to support our clients in effectively addressing the main drivers of biodiversity loss: changes in land and sea use, direct exploitation, climate change, pollution and invasive alien species.^{iv}

These main drivers negatively affect the dimensions of biodiversity: the variety of species and their interactions, ecosystem types – such as forests, rivers, wetlands, peatlands and dunes – and genetic variation within species. Our main role is to engage with and incentivise clients to address negative impact by, for instance, reducing pollution, adopting circular practices and halting deforestation in value chains.

The GBF provides guidance on which goals and targets societies should pursue in the coming years to halt and reverse biodiversity loss and put nature on a path to recovery. For banks, assessing, disclosing and reducing risks and negative impact are among the core components of the framework, as is increasing financial resources to foster national action plans.^v At the same time, we recognise the challenges and uncertainties we need to deal with, such as bridging gaps in available data and government regulations that are yet to take more concrete shape.

Principles and actions

This statement serves as high-level guidance for ABN AMRO's nature actions. These are based on the following main principles:

- ***Incorporation of nature into our core business:*** Supported by risk processes, the knowledge of our employees and our products, we aim to help clients navigate the transition towards a nature-positive society. To ensure progress, we have two focus points for the coming years: improving client dialogues on nature, and financing circular practices. Enabling the circular economy can relieve a part of the pressure on nature by significantly reducing our need for resources and by keeping products and materials in circulation. We therefore intend to renew our financial volume target on financing the circular economy and to disclose it in our 2024 Integrated Annual Report. Also, we continue to assess our impacts, dependencies and risks to prioritise our actions. To avoid blind spots, we intend to regularly assess our assumptions and ambitions with external experts such as ecologists.
- ***Integrated transition plans:*** ABN AMRO is working on coherent transition plans for lending clients that encompass climate, nature, human rights and circular economy, and aims to limit collateral damage when dilemmas occur. In doing so, we expect to gain more insight into where tradeoffs may exist, for example between climate change mitigation efforts (i.e. energy transition) on the one hand and nature conservation and human rights on the other.
- ***Sector and location-based information:*** ABN AMRO's impact is spread across different sectors and business areas. We intend to prioritise client involvement initiatives based on expected individual company impact, applying our sector knowledge and/or location information. Our primary focus is on the agricultural sector given the impact of its activities, and on the built environment in light of our influence in this area. The largest part of our loan portfolio is linked to the built environment. Location information is important as well. For example, some of our clients that emit pollutants are located close to polluted bodies of water. For corporate lending clients in sectors with a high sustainability impact and high lending exposure, we apply sector-based requirements based on our Generic Principles.^{vi} Examples of such principles are that we expect clients to take measures to prevent biodiversity loss and pollution and to preserve ecosystem services. Bigger clients in the animal protein sector would be expected, for example, to have zero deforestation of sensitive ecosystems in their supply chain.
- ***Effective client dialogue:*** With extra focus on key biodiversity sectors^{vii} and corporate lending clients, ABN AMRO aims to improve the effectiveness of existing client assessments and dialogue by offering more internal sector-specific guidance and upskilling on the relevant drivers and mitigation of biodiversity loss. For nature-related KPIs, our first focus is on the agricultural sector, specifically in dairy and arable farming. We are striving to expand engagement on climate – which is part of our climate strategy – to other drivers of biodiversity loss and intend to provide more information on this in our 2024 Integrated Annual Report.
- ***Applying the mitigation hierarchy:*** ABN AMRO's nature actions prioritise the first two steps of the mitigation hierarchy^{viii}. The first is to **avoid** – for example, to not knowingly provide loans that directly facilitate activities on the Exclusion List^{ix}. The second and most important step is to **reduce** – to assist our clients in reducing their negative impact and, in addition, to continue to reduce the impact of our own operations (e.g. applying nature-inclusive principles for ABN AMRO's new home

base). With respect to **restoring and regenerating** habitats, we are active in carbon offsetting as the last step in the hierarchy. We seek to play a role in **transforming** society by sharing knowledge and participating in initiatives such as collaboration with other Dutch banks, the European Investment Bank and the Dutch government on scaling up circular finance to help decouple economic activity from resource use and nature degradation.

- **Transparency:** ABN AMRO discloses dependencies and the impacts of its activities on nature, in line with the relevant Corporate Sustainability Reporting Directive (CSRD) standards. We consider biodiversity and ecosystems a material topic for ABN AMRO.

We are going to report on the progress of each of the above principles in our annual reports.

Initiatives

Participating in collaborative initiatives helps us to deal with challenges and dilemmas and work together on tackling the biodiversity crisis. It also enables us to exchange knowledge on financial approaches for positive impact and measurement. We participate in the DNB Biodiversity Working Group and the Partnership for Biodiversity Accounting Financials (PBAF), have signed the Finance for Biodiversity pledge, and in 2024 we joined the Deltaplan Biodiversiteitsherstel.

Governance

The Executive Board is responsible for ABN AMRO's strategy and for ensuring the strategy is informed by sustainability impacts, risks and opportunities. The Group Sustainability Committee, chaired by the CEO, maintains oversight on the implementation and execution of environmental, social and governance matters within ABN AMRO, including the Nature Statement and its approach.

The statement applies to the ABN AMRO Group, including branches, subsidiaries and representative offices.

ⁱ Celine Herweijer et al., "Nature Risk Rising: Why the Crisis Engulfing Nature Matters for Business and the Economy" (World Economic Forum, January 2020),

https://www3.weforum.org/docs/WEF_New_Nature_Economy_Report_2020.pdf.

ⁱⁱ Convention on Biological Diversity, "COP15: Final Text of Kunming-Montreal Global Biodiversity Framework Available in All UN Languages," Convention on Biological Diversity, 2022, <https://www.cbd.int/article/cop15-final-text-kunming-montreal-gbf-221222>.

ⁱⁱⁱ "Impact Report 2023 Banking for Better" (ABN AMRO, 2023), p.19,

https://assets.ctfassets.net/1u811bvgvthc/2o00CdC9uqe0kQx57KM01g/d613109c24f5002d39ec7416d7b871b4/ABN_AMRO_Impact_Report_2023.pdf.

^{iv} Sandra Diaz et al., "The Global Assessment Report on Biodiversity and Ecosystem Services" (IPBES, 2019),

https://files.ipbes.net/ipbes-web-prod-public-files/inline/files/ipbes_global_assessment_report_summary_for_policymakers.pdf.

^v ABN AMRO is going to provide more information that interfaces with GBF targets in the 2024 Annual Report.

^{vi} "Integrated Annual Report 2023" (ABN AMRO, 2023), p. 233

https://downloads.ctfassets.net/1u811bvgvthc/1ct3rr0164d6Vt5YuVrWqe/9d077ade80674aa3b6123872c7bc176d/ABN_AMRO_Integrated_Annual_Report_2023_ww.pdf

^{vii} "Sector Guidance - Additional Guidance for Financial Institutions" (TNFD, September 2023),

https://tnfd.global/wp-content/uploads/2023/08/Guidance_for_Financial_Institutions_v1.pdf?v=1695215983.

viii “Act,” Science Based Targets Network, n.d., <https://sciencebasedtargetsnetwork.org/how-it-works/act/>.

ix “Exclusion List” (ABN AMRO Bank N.V., March 2021), https://www.abnamro.nl/nl/media/Exclusion-List-03-2021_tcm16-120991.pdf.