



ABN AMRO Bank N.V.

# Green Bond Framework

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# 1 Introduction

A Green Bond is a debt instrument issued by ABN AMRO Bank N.V. (“ABN AMRO”) whereby ABN AMRO commits itself to use the proceeds of the bond to finance or refinance specific sustainable asset categories.

Main drivers for issuing green bonds:

- ABN AMRO is committed to making banking more sustainable as a better bank contributing to a better world and to making sustainability an integral part of its business activities
- Green bonds create the perfect opportunity to connect sustainable parts of the business with dedicated investor demand
- ABN AMRO has set ambitious targets with regard to the financing of sustainable real estate and the circular economy. Issuing green bonds enables the bank to attract dedicated funding for these strategic focus areas
- By issuing green bonds focused on renewable energy and energy efficiency in the build environment, ABN AMRO, its clients and investors contribute to international greenhouse gas reduction targets
- ABN AMRO is continuously looking for diversification of its investor base and product range
- The internal green bond process promotes discussions on sustainability criteria in relation to business opportunities
- Applying specific sustainability criteria for green bond asset selection enables ABN AMRO to have strategic discussions with its clients on sustainability and their environmental and social impact

This document describes the Green Bond framework including all the steps taken by ABN AMRO in order to ensure that there is a robust process chain regarding the issuance and the maintenance of green bonds, including external reporting.

## 2 Green Bond Framework

The ABN AMRO Green Bond Framework (“the Framework”) has the goal to ensure transparency, disclosure, integrity and quality of green bond issues. As ABN AMRO is a member of the Green Bond Principles (GBP), the framework is aligned with the GBP and other criteria where applicable, such as the standards of the Climate Bond Initiative. Going forward, ABN AMRO intends to develop its Green Bond Framework in line with emerging best practices, such as a potential European Green Bond Standard (EU GBS) or any other relevant guidelines and (regulatory) requirements.

The ABN AMRO Green Bond Framework will be presented along the four core components of the GBP and includes commitments regarding external review, the document covers:

1. Use of Proceeds
2. Process for Evaluation and Selection
3. Management of Proceeds
4. Reporting
5. External review

### 2.1 Use of Proceeds

An amount equivalent to the net proceeds of the bonds will be used exclusively to finance or refinance, in whole or in part, green bond eligible assets (“Eligible Assets”) in the following categories:

1. Energy Efficiency
2. Renewable Energy
3. Eco-efficient and/or circular economy adapted products

**In order to qualify as Eligible Assets, the assets are required to meet the below green bond eligibility criteria (“Eligibility Criteria”):**

Category	Eligibility Criteria
<b>1. Energy Efficiency</b>	
<i>Green Buildings - Residential mortgage loans for energy efficient buildings</i>	<ul style="list-style-type: none"> <li>▪ Mortgage loans to finance new Residential buildings, which comply with the Dutch Building Decree 2012<sup>1</sup> (Bouwbesluit 2012: Chapter 5 and NEN 7120) and for which the first drawdown has occurred after 1-1-2015</li> </ul>
<i>Green Buildings - Commercial Real Estate loans for energy efficient and/or sustainable buildings</i>	<ul style="list-style-type: none"> <li>▪ Loans or investments to finance new and existing commercial real estate building projects that comply with energy efficiency requirements and/or green building certification schemes as further defined in Annex I</li> </ul>
<i>Energy Efficiency – Residential and commercial real estate loans for energy efficiency upgrades</i>	<ul style="list-style-type: none"> <li>▪ Loans or investments to finance existing residential and commercial real estate building projects where energy efficiency improvements of at least 30% have been - or will be – made as further defined in Annex I</li> </ul>

<sup>1</sup> Bouwbesluit 2012: Chapter 5 and NEN 7120. The NEN Criteria describes the term, definitions and the method to determine the indicator of energy performance of a building which results in an energy performance coefficient.

## 2. Renewable Energy

<i>Renewable Energy finance</i>	<ul style="list-style-type: none"> <li>▪ Loans or investments to finance the acquisition, development, construction and operation of the following renewable energy sources: <ul style="list-style-type: none"> <li>- Onshore and offshore wind energy</li> <li>- Solar energy</li> <li>- Geothermal energy</li> <li>- Tidal energy</li> </ul> </li> <li>▪ Loans or investments fully dedicated to the operational production, manufacturing and maintenance of the abovementioned renewable energy sources</li> </ul>
<i>Retail Green Loans for renewable energy and energy efficiency</i>	<ul style="list-style-type: none"> <li>▪ 'GreenLoans' to finance renewable energy and energy efficiency improvements<sup>2</sup> to existing residential property of retail clients originated by ABN AMRO or its affiliates and for which the first drawdown has occurred after 1-1-2015</li> </ul>

## 3. Eco-efficient and/or circular economy adapted products

<i>Circular economy finance</i>	<ul style="list-style-type: none"> <li>▪ Loans or investments to finance activities, assets or projects focused on the development of the circular economy, i.e. circular product design, recycled inputs, product lifespan extension, product utilisation and product take-back.</li> </ul> <p>The activity, asset or project should have a positive environmental impact in terms of reducing either carbon emissions, waste, material use, energy use or water use<sup>3</sup></p>
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Prior to issuance all changes in the Green Bond framework and Eligibility Criteria have been agreed with the head of the Sustainable Banking department.

### 2.2 Process for Evaluation and Selection

Potential Eligible Assets are expected to comply with local laws and regulations, including any applicable regulatory environmental and social requirements. As part of the regular credit approval process, potential Eligible Assets are furthermore assessed against the environmental, social and ethical (ESE) criteria of [ABN AMRO's Sustainability Risk Management Framework](#) where applicable.

The process for evaluation and selection is set up as follows:

- On at least a quarterly basis the business lines, as owners of the assets, will make a selection based on the Eligibility Criteria as described in paragraph 2.1. After selection each business line will provide a pre-defined report to Global Treasury Support
- Based on the information provided by the business lines, Treasury officers will review whether existing and new assets qualify as Eligible Assets
- Management of Treasury will review and approve allocations of bond proceeds to Eligible Assets on at least a quarterly basis

<sup>2</sup> Energy efficiency improvements included can be solar water heating installations, alternative heating systems (pellet heating), heat pumps, floor, wall and roof insulation, energy efficient windows, doors and frames, heat recovery systems, EE pumps and fans, CO<sub>2</sub> controlled air ventilation systems, energy efficient boilers. More detailed information on <https://www.greenloans.nl/besparen-lenen/verantwoord-lenen/waarvoor-kunt-u-uw-groene-lening-gebruiken>

<sup>3</sup> Fossil fuel related activities, assets or projects are excluded

## 2.3 Management of Proceeds

The net proceeds of the outstanding bonds will be moved to a Green Bond portfolio. For as long as the Green Bonds are outstanding, ABN AMRO aims to allocate an amount equivalent to the net proceeds of the bonds towards Eligible Assets. Unallocated proceeds will be invested in short term Money Market products from Sovereigns, Supranationals, Agencies, Development Banks and Financial Institutions which are rated 'Prime' by oekom research AG.

Hereto, on at least a quarterly basis, Global Treasury Support will provide a proposal to the Management Team of Treasury for the distribution of an amount equivalent to these proceeds towards Eligible Assets or to be invested in short term Money Market products as explained above.

At the moment of issuance ABN AMRO seeks to ensure that the bond proceeds can be directed in full to the Eligible Assets by limiting the total issued amount of the bond proceeds to 80% of the Eligible Assets. On at least a quarterly basis, Global Treasury Support will review the reported Eligible Assets. In case loans or investments are no longer eligible or have been repaid early, ABN AMRO will make an effort to replace these assets with other Eligible Assets.

## 2.4 External Reporting

### Use of Proceeds

On a quarterly basis Global Treasury Support will prepare a Green Bonds Outstanding Report to update investors on the allocated assets (see Annex 3). This report provides information about:

- the allocated assets including a breakdown of exposure by type of assets
- the total outstanding of green bond transactions
- unallocated proceeds

Reporting will take place via ABN AMRO's corporate website (<http://www.abnamro.com/greenbonds>)

### Impact reporting

On an annual basis, ABN AMRO will provide an impact report. The methodologies and calculation model used to estimate the impact are developed by an independent external consultant. The results will be published via ABN AMRO's corporate website (<http://www.abnamro.com/greenbonds>), including newsletters and/or sustainability reporting.

For an overview of impact reporting indicators please refer to Annex 2.

### 3 External review

#### Consultant review

To increase transparency, ABN AMRO will appoint an experienced and qualified sustainable second opinion provider who will assist with the issuance of the Green bond by verifying and confirming the sustainability added value of this bond and alignment with the Green Bond Principles.

#### Verification

ABN AMRO will appoint an external auditor to provide limited assurance on the use of proceeds of the outstanding green bonds. The external auditor will examine whether the proceeds of the bonds are either distributed to Eligible Assets or invested in approved financial instruments. This external audit will take place annually and the report will be published within 120 days after the annual results via the ABN AMRO website or sustainability reporting.

#### Certification

Subject to availability, ABN AMRO aims to obtain a certification of the Climate Bond Initiative (CBI) to confirm that allocated assets are selected in accordance with the independent standards, developed by CBI in conjunction with investors and NGOs. ABN AMRO will appoint a certified verifier of CBI to perform the verification.



## Annex 1: Detailed Eligibility Criteria for Real Estate

### 1. Green Buildings – Commercial Real Estate loans for energy efficient and/or sustainable buildings

Commercial Real Estate loans or investments for new and existing building projects in the asset classes offices, retail stores, residential housing projects, data centres, leisure and logistics, which fulfil the criteria below:

- (i) Loans or investments for which the first drawdown has occurred after 1-1-2015
- (ii) For existing and new building projects, projects which obtained an Energy performance Certificate as issued by RVO (Netherlands Enterprise Agency, which is the executive body for the implementation of the EU Energy Performance of Buildings Directive in the Netherlands) with a minimum Energy Performance labelled “A” or better (currently ranging up to A++++ and down to G)
- (iii) For new building projects, the projects should have received an environmental certification, or will receive such a certification within six months after completion of the project. The certificates per asset class and potentially additional sustainability requirements are defined below:

#### i. Offices:

- Premises with gross floor area > 5,000m<sup>2</sup> have at least a BREEAM<sup>4</sup> ‘Very Good’ or LEED<sup>5</sup> ‘Gold’ or GPR<sup>6</sup> Building score of “7.5” or RVO Green funds sustainable buildings funding scheme 2010<sup>7</sup>
- Premises with gross floor area < 5,000m<sup>2</sup> have at least a BREEAM ‘Very Good’ or LEED ‘Gold’ indicative label or GPR Building score of “7.5” or RVO Green funds sustainable buildings funding scheme 2010
- Accessibility by public transport: located a maximum of 1km from two or more public transport modalities (bus, metro, train)

#### ii. Retail stores, Logistics, Data centres, Leisure:

- Premises with gross floor area > 5,000m<sup>2</sup> have at least a BREEAM ‘Very Good’ or LEED ‘Gold’ completion certificate or GPR Building score of “7.5” or RVO Green funds sustainable buildings funding scheme 2010
- Premises with gross floor area < 5,000m<sup>2</sup> have at least a BREEAM ‘Very Good’ or LEED ‘Gold’ indicative label or GPR Building score of “7.5” or RVO Green funds sustainable buildings funding scheme 2010

<sup>4</sup> BREEAM® is an environmental assessment method and rating system for buildings launched in 1990. BREEAM sets a standard for best practice in sustainable building design, construction and operation and a measure of a building's environmental performance. It encourages designers, clients and others to think about low carbon and low impact design, minimizing the energy demands created by a building before considering energy efficiency and low carbon technologies (please see [www.breeam.org](http://www.breeam.org) for more information)

<sup>5</sup> LEED® or Leadership in Energy & Environmental Design, is a green building certification program that recognizes best-in-class building strategies and practices. To receive LEED certification, building projects satisfy prerequisites and earn points to achieve different levels of certification. Prerequisites and credits differ for each rating system, and teams choose the best fit for their project.

<sup>6</sup> GPR Building rating assesses both the environmental impact, energy performance and the design quality of new and existing buildings on five indicators

<sup>7</sup> The RVO Green funds scheme sustainable building 2010 or ‘Regeling groenprojecten Duurzaam Bouwen 2010 (category H)’. is part of the governmental green project framework and managed by RVO. The guidelines include focus on energy performance of the building but also includes a focus on sustainable produced wood in line governmental guidelines. The criteria are in line with Appendix 1, which relates to article 2, part h, sub 5. (Bijlage 1, behorende bij artikel 2, onderdeel h, onder 5°, van de Regeling groenprojecten 2010)



## 2. Energy Efficiency – Residential and commercial Real Estate loans for energy efficiency upgrades

Loans or investments for existing building projects in the asset classes offices, retail stores, residential housing projects, data centres, leisure and logistics, where efficiency improvements have been - or will be- made, which fulfil the criteria below:

- (i) Loans or investments for which the first drawdown has occurred after 1-1-2015
- (ii) The emissions reduction of the property per square meter across the portfolio is 30% or higher for bonds with a tenor of 5 year. For longer maturities, the average required emissions reduction increases with 0.8% per year
- (iii) In case of building transformation<sup>8</sup> or a renovation that changes the characteristics of the building in such a way that a reliable calculation of energy efficiency improvement is not possible or relevant, the energy emissions reduction of the project will be evidenced by an Energy Performance Certificate labelled "A", issued by RVO (Netherlands Enterprise Agency, Rijksdienst voor Ondernemend Nederland, [www.rvo.nl](http://www.rvo.nl)) for the respective asset class
- (iv) In case the renovation or transformation is not finalized yet, indicative measures will be used and a final EPC will be required six months after completion of the renovation/transformation
- (v) The energy reduction of the energy efficiency improvements will be determined by an independent EPA advisor in accordance with the requirements of the Energy Performance of Buildings Directive (EPBD) of the European Union. In the Netherlands, the EPA advisor needs to be certified in accordance with the BRL9500 for the respective asset class (NL-EPBD process certificate). The assessment is based on the definitions, methodology and calculation methods as set out in the national norm NEN7120 and ISSO 75.3 (where applicable) or its successors. In case a sensible calculation cannot be provided, an expert opinion on the expected Energy usage/CO<sub>2</sub> reduction can be used

The expected emission reduction will be calculated based on the expected energy reduction, the energy mix and the Dutch greenhouse gas conversion factors for electricity of undefined energy source and natural gas (derived from the Dutch CO<sub>2</sub>-database available at [www.co2emissiefactoren.nl](http://www.co2emissiefactoren.nl))

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<sup>8</sup> Transformation means the change of vacant or old buildings into a new function. Well known examples of transformation are the transformation of old factories or office buildings into apartments

## Annex 2: Impact Reporting Indicators

### Energy Efficiency (Green Buildings – Residential mortgages):

- Percentage of residential buildings for which primary energy consumption is below 70 kWh/m<sup>2</sup>
- Percentage of residential buildings that comply with the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 7120)
- Distribution of Energy Performance Coefficient levels among the buildings
- Average energy consumption of residential buildings (in kWh/m<sup>2</sup>) financed through the loans compared to the average energy consumption of residential buildings in the Netherlands
- Average CO<sub>2</sub> emissions of residential buildings (in g/m<sup>2</sup>) financed through the loans compared to the average CO<sub>2</sub> emissions of residential buildings in the Netherlands (based on the carbon intensity of the Dutch energy mix)

### Energy Efficiency (Green Buildings - Commercial real estate)

- Percentage of residential buildings that comply with the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 7120)
- Distribution of Energy Performance Coefficient levels and Energy Performance Certifications (“Energy labels”) among the buildings
- Percentage of offices that are located within a maximum of 1 km from two or more modalities of public transport (newly constructed buildings)
- Average annual energy consumption of residential buildings, offices, retail stores and/or logistics centres (in kWh/m<sup>2</sup>) compared to average energy consumption per residential building, office space or retail store in the Netherlands
- Average CO<sub>2</sub> emissions of residential buildings, offices, retail stores and/or logistics centres (in g/m<sup>2</sup>) financed through the loans compared to the average CO<sub>2</sub> emissions of equivalent buildings in the Netherlands (based on the carbon intensity of the Dutch energy mix)
- Percentage of building projects with gross floor areas bigger than 5,000 m<sup>2</sup> which have at least a BREEAM “Very Good” or LEED “Gold” completion certificate (newly constructed buildings) or GPR Building score of “7.5” or RVO Green funds sustainable buildings funding scheme 2010
- Percentage of building projects with gross floor areas smaller than 5,000 m<sup>2</sup> which have at least a BREEAM “Very Good” or LEED “Gold” indicative label (newly constructed buildings) or GPR Building score of “7.5” or RVO Green funds sustainable buildings funding scheme 2010

### Energy Efficiency (Energy Efficiency - Residential and commercial real estate upgrades)

- Percentage of expected and, if available, realized CO<sub>2</sub> emission reduction related to the upgrade/renovation of commercial and/or residential real estate
- Distribution of Energy Performance Certificate issued by RVO (Netherlands Enterprise Agency, Rijksdienst voor Ondernemend Nederland) before and after the energy efficiency upgrade, except in case of transformation projects. For the latter only the final Energy Performance Certificate will be reported.

### Renewable Energy (Renewable energy finance)

- Installed renewable energy capacity in MW or GW
- Expected (P50) or actual annual renewable energy generation in MWh

- Annual avoidance of CO<sub>2</sub>-emissions in g related to the loans as well as expected avoidance of CO<sub>2</sub>-emissions related to these loans within 25 years (based on above energy production and average carbon intensity of the relevant country's energy mix)

#### Renewable Energy (Retail Green Loans)

- Expected annual energy production of solar panels installed (in kWh) as well as total energy production of solar panels installed (in kWh) within 25 years based on actual data from previous years and expected averages for future years
- Annual avoidance of CO<sub>2</sub>-emissions in g related to these loans as well as avoidance of CO<sub>2</sub>-emissions in g related to these loans within 25 years (based on above energy production and average carbon intensity of the Dutch energy mix)

#### Eco-efficient and/or circular economy adapted products (Circular Economy finance)

- Total loan amount allocated
- Number of loans and average amounts
- Loans per Circular Economy finance category, i.e. circular product design, recycled inputs, lifespan extension, product utilisation and product take-back
- Selected project case studies
- If available impact indicators for selected case studies (e.g. reduction of carbon emissions, waste, material use, energy use or water use)

## Annex 3: Green Bonds Outstanding Report

ABN AMRO Bank N.V. Green Bonds Outstanding Report

As of [date / month / year]

Amounts in [EUR] millions

### Net Proceeds from Note Issuance

ABN AMRO Bank [x]% Notes Due [dd/mm/yyyy] 50

### Use of Proceeds as of [date / month / year]

Asset Area	Asset Category	Current Amount Funded ([EUR] million)
1. Energy efficiency	Residential mortgages	15
2. Energy efficiency	Commercial real estate	10
3. Energy efficiency	Residential and commercial real estate upgrades	5
4. Renewable energy	Renewable energy finance	10
5. Renewable energy	Retail Green Loans	5
6. Eco-efficient and/or circular economy adapted products	Circular economy finance	5

**Total Use of Proceeds 50**

**Percentage of Note Proceeds Funding Eligible Assets 100%**

**Excess Net Proceeds invested in short-term financial instruments 0**

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