

Summary - Commercial Real Estate

Why does ABN AMRO have a sustainability policy for Commercial Real Estate?

ABN AMRO strives to create long-term value for its stakeholders, to respect human rights, safeguard the environment and curb climate change. The bank recognizes that in its role as a financial service provider it may be exposed to social, climate, environmental and ethical risks through the activities of clients. To manage these sustainability risks, ABN AMRO operates a Sustainability Risk Policy Framework in line with the bank's moderate risk profile.

More specifically, ABN AMRO has formulated sustainability requirements for clients in the commercial real estate sector. ABN AMRO acknowledges that the commercial real estate sector represents sustainability risks, such as energy consumption and greenhouse gas emissions. Buildings are responsible for 40% of energy consumption, and 36% of the total CO₂ emissions within the European Union (EU). Hence, improving the energy efficiency of buildings will contribute significantly to the greenhouse gas emissions reduction targets of the EU.

What is the scope?

The requirements apply to Commercial Real Estate lending clients of ABN AMRO and all its subsidiaries, branches and representative offices and legal entities that are under its control. The generic requirements apply to all clients active in commercial real estate. Additional sustainability criteria apply to clients active in one of the following specific asset classes:

- Office buildings
- Retail buildings
- Residential buildings
- Logistics buildings

Within these 'asset classes' a further distinction is made between new build developments and existing buildings or portfolios.

Due-diligence standards

For generic commercial real estate and the four specific asset classes, ABN AMRO applies a set of minimum requirements and benchmark criteria. ABN AMRO will only finance clients who comply with all applicable minimum requirements, or have an improvement plan in place to do so within a limited timeframe. The benchmark criteria, which are aligned with international best practices, are used to compare the client's performance with their industry peers on an ongoing basis. An overview of the applicable minimum requirements and benchmark criteria for all four asset classes is included below in the appendix.

ABN AMRO has an inclusive approach. This means that the bank will engage with clients who do not yet meet the bank's minimum requirements, but who are willing and able to do so within a limited timeframe. The exception to this inclusive approach concerns activities on ABN AMRO's [Exclusion List](#); as these activities are simply too risky from a sustainability perspective.

How does ABN AMRO put its standards into practice?

In accordance with its Sustainability Risk Standard for Lending and Project Finance, ABN AMRO puts its sustainability standards into practice through a sustainability risk management process. This covers the following steps; risk determination, risk assessment, approval of the transaction and monitoring and reporting. ABN AMRO reviews (prospective) clients at various moments to determine their compliance with the bank's Policy:

- During the client onboarding and review process;
- During the credit approval and review process for clients with an exposure over 1 million Euro.

Appendices:

Appendix 1: sustainability standards for generic real estate clients

Appendix 2: sustainability standards for financing specific real estate assets

Appendix 1 - Requirements for generic real estate clients

	<i>Minimum criteria</i>	<i>Benchmark criteria</i>
1. The client complies with all applicable environmental and social laws and regulations, including the 'Wet Milieubeheer', the European Energy Directive, and 'Besluit Energieprestatie Gebouwen'.	X	
2. The client has a policy or strategy on sustainable new-build and making its existing portfolio more sustainable. At a minimum, the policy meets the laws and regulations regarding energy efficiency of real estate.	X	
3. A listed client publishes an annual report on the company's sustainability performance. This report meets the Reporting Guidelines of the Global Reporting Initiative (GRI Construction and Real Estate Sector Supplement).	X	
4. The non-listed client reports externally on its sustainability strategy and sustainability performance.		X
5. The client engages pro-actively stakeholders (e.g. tenants, local communities, governments and interest groups) and address their concerns adequately and on time.		X
6. The client manages its supply chain responsibility by integrating social and environmental criteria into its procurement policy, in particular related to the raw materials used in construction (e.g. FSC / PEFC certified wood).		X
7. The client applies the principles of the circular economy in new and/or existing real estate assets or in its real estate portfolio (i.e. re-use or recycling of materials, application of product-as-a-service concepts).		X
8. The client uses a management system to structurally pursue its sustainability strategy and targets (e.g. ISO:14001).		X
9. The client has a strategy for the re-use and/or transformation of vacant real estate in its portfolio (if applicable).		X
10. The client has assigned the responsibility for sustainability to qualified staff within its organisation.		X
11. The client has insight in the footprint of its real estate portfolio and applies a footprint reduction strategy with specific reduction targets (i.e. targets on water usage, energy label composition, actual energy use and carbon emissions).		X
12. The client is a member of GRESB, has insight into its own GRESB score and knows how its own score compares with the benchmark.		X
13. The client is a member of the Dutch Green Building Council (DGBC).		X

Appendix 2 - Requirements for financing specific real estate assets

Office Buildings

<i>Office buildings – New-build</i>	<i>Minimum criteria</i>
1. Energy consumption: minimum energy label of “A”, in line with Energy Performance Certificate (EPC) requirements.	X
2. Certification: Buildings with gross floor area (GFA) > 5,000 sq.m must have BREEAM “Excellent” or LEED “Platinum” certification. Buildings with gross floor area < 5,000 sq.m must have BREEAM “Excellent” or LEED “Platinum” indicative label.	X
3. Accessibility by public transport: Maximum of 1 km from public transport node with two or more means of transport (bus, tram, metro, train).	X
4. Flexibility: Multi-tenant or easily adaptable to multi-tenant.	X
5. Vacancy: For new-build with floor area > 5,000 sq.m in a city with more than 10% office vacancies, 100% of the new-build vacant floor area must be redesignated or demolished, e.g. by a developer.	X
6. Materials: 100% of the wood used is sustainable (FSC/PEFC certified).	X
7. Demolition: Demolition must meet BREEAM-NL Demolition and Disassembly (2 stars).	X

<i>Office buildings – Existing-buildings</i>		<i>Minimum criteria</i>
Single asset	1. Energy consumption: Minimum energy label of “C”. If the label is lower, an energy label improvement plan (towards an energy label of “C ” or better) must be in place.	X
	2. Accessibility by public transport: Maximum of 1 km from public transport node with two or more means of transport (bus, tram, metro, train).	X
	3. Flexibility: Multi-tenant or easily adaptable to multi-tenant.	X
	4. Impact: Measuring and management of energy consumption (kWh/gross floor area (GFA), water consumption m ³ /GFA) and customer satisfaction.	X
Multi-asset	1. Energy consumption: Average energy label of “C” on gross floor area in sq.m, strategy for reducing “D”, “E”, “F” and “G” labels.	X
	2. Impact: Measuring and management of energy consumption (kWh/GFA), water consumption m ³ /GFA).	X

Retail buildings

<i>Retail buildings – New-build</i>	<i>Minimum criteria</i>
1. Energy consumption: minimum energy label of “A”, in line with EPC requirements.	X
Certification: <i>Buildings</i> with gross floor area (GFA) > 5,000 sq.m must have BREEAM “Excellent” or LEED “Platinum” certification. Buildings with gross floor area < 5,000 sq.m must have BREEAM “Excellent” or LEED “Platinum” indicative label.	X
2. Flexibility: Multi-tenant or easily adaptable to multi-tenant.	X
3. Vacancy: For new-build with floor area > 5,000 sq.m in a city with more than 10% retail vacancies, 100% of the new-build vacant floor area must be redesignated or demolished, e.g. by a developer.	X
4. Materials: 100% of the wood used is sustainable (FSC/PEFC certified).	X
5. Demolition: Demolition must meet BREEAM-NL Demolition and Disassembly (2 stars).	X

<i>Retail buildings – Existing-buildings</i>		<i>Minimum criteria</i>
Single asset	1. Energy consumption: Minimum energy label of “C”. If the label is lower, an energy label improvement plan (towards an energy label of “C ” or better) must be in place.	X
	2. Flexibility: Multi-tenant or easily adaptable to multi-tenant.	X
	3. Impact: Measuring and management of energy consumption (kWh/gross floor area (GFA), water consumption m ³ /GFA) and customer satisfaction.	X
Multi-asset	1. Energy consumption: Average energy label of “C” on gross floor area in sq.m, strategy for reducing “D”, “E”, “F” and “G” labels.	X
	2. Impact: Measuring and management of energy consumption (kWh/GFA), water consumption m ³ /GFA).	X

Residential buildings

<i>Residential buildings – New-build</i>	<i>Minimum criteria</i>
1. Energy consumption: minimum energy label of “A”, in line with EPC requirements.	X
2. Materials: 100% of the wood used is sustainable (FSC/PEFC certified).	X
3. Demolition: Demolition must meet BREEAM-NL Demolition and Disassembly (2 stars).	X

Residential buildings – Existing-buildings		Minimum criteria
Multi-asset	1. Energy consumption: Average energy label of “C” on gross floor area in sq.m, strategy for reducing “D”, “E”, “F” and “G” labels.	X
	2. Impact: Measuring and management of energy consumption (kWh/GFA), water consumption m ³ /GFA).	X

Logistics buildings

Logistics buildings – New-build		Minimum criteria
1. Energy consumption: minimum energy label of “A”, in line with EPC requirements.		X
2. Certification: Buildings with gross floor area (GFA) > 5,000 sq.m must have BREEAM “Excellent” or LEED “Platinum” certification. Buildings with gross floor area < 5,000 sq.m must have BREEAM “Excellent” or LEED “Platinum” indicative label.		X
3. Flexibility: Multi-tenant or easily adaptable to multi-tenant.		X
4. Materials: 100% of the wood used is sustainable (FSC/PEFC certified).		X
5. Demolition: Demolition must meet BREEAM-NL Demolition and Disassembly (2 stars).		X

Logistics buildings – Existing-buildings		Minimum criteria
Single asset	1. Energy consumption: Minimum energy label of “C”. If the label is lower, an energy label improvement plan (towards an energy label of “C ” or better) must be in place.	X
	2. Flexibility: Multi-tenant or easily adaptable to multi-tenant.	X
	3. Impact: Measuring and management of energy consumption (kWh/gross floor area (GFA), water consumption m ³ /GFA) and customer satisfaction.	X
Multi-asset	1. Energy consumption: Average energy label of “C” on gross floor area in sq.m, strategy for reducing “D”, “E”, “F” and “G” labels.	X
	2. Impact: Measuring and management of energy consumption (kWh/GFA), water consumption m ³ /GFA).	X