



# The Climate Commitment of the Dutch Financial Sector

## Progress report 2022 - part 2: Action plans

Dutch Financial Sector Climate Commitment Committee

27<sup>th</sup> of February 2023



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This report was originally published in the Dutch language. In case of discrepancies between the Dutch and English version, the Dutch version shall prevail

# Introduction to the Climate Commitment

# 52

financial institutions signed the Climate Commitment in 2019, committing themselves to:



measure and report the CO<sub>2</sub>e emissions of their portfolio



develop an action plan with CO<sub>2</sub>e reduction targets

## The Paris Climate Agreement and the role of the financial sector

The Paris Climate Agreement has elicited high expectations for the financial sector with the main objective “to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-proof development”. At COP26 in 2021, 450 financial institutions committed to help limit global warming to 1.5°C, in line with the recently formed Glasgow Financial Alliance for Net-Zero (GFANZ). That sends out a clear signal that financial institutions are willing to increase their investments and lending in a low-carbon economy.

This is an important step, since the most recent IPCC 2022 report warns that we will reach the 1.5°C threshold before the end of 2040 and that drastic emission reductions are needed to help avoid significant climate impacts.

The Dutch government aims to reduce net greenhouse gas emissions to zero by 2050 with a target of at least a 55% reduction, aiming for 60% by 2030.

Following a long series of efforts since 2015 (see appendix 2), in 2019 the Dutch financial sector doubled down on its ambition to support the Climate Agreement through the Climate Commitment of the Dutch Financial Sector, which a large number of Dutch financial institutions signed voluntarily (hereafter: the signatories).

Through its financing and investment activities, the Dutch financial sector has an important role in influencing the CO<sub>2</sub>e emissions of the real economy. That necessitates measuring the CO<sub>2</sub>e emissions of

investment and credit portfolios and taking actions that contribute to reducing the CO<sub>2</sub>e emissions in the economy.

## The purpose of this report

This is the second part of the 2022 progress report, which provides specific insight into the action plans of financial institutions based on the data provided. The information was provided to KPMG by the institutions through a survey.

A pre-determined survey was chosen to make it easier to compare participants. The questions were coordinated in advance with sector representative organisations and delegates from the Ministry of Finance and the Ministry of Economic Affairs and Climate.

This report gives signatories and other interested parties an insight into the design and overall content of the plans that will help achieve the commitments under the Climate Commitment.

# Introduction to the Climate Commitment

**The Dutch financial sector took the initiative in 2019 to contribute to the goals of the Paris Climate Agreement, in line with their role, responsibility and capacity in the financial value chain.**

52 banks, insurers, pension funds and asset managers have committed themselves to take action in line with the Climate Commitment targets.

The government aims to reduce net greenhouse gas emissions to zero by 2050 with a target of at least a 55% reduction, aiming for 60% by 2030.

## 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 CO<sub>2</sub>) 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 CO<sub>2</sub>-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 CO<sub>2</sub>-reductiedoelstellingen voor de portefeuille waar dat mogelijk is, engagement, en financieringen van CO<sub>2</sub>-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 wetslagen van de noodzakelijke energietransitie heeft zowel betrekking op het aanbieden van passende marktconforme financieringsarrangementen voor verduurzaming, als op het integreren van klimaatdoelen waaronder CO<sub>2</sub>-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

This report focuses on the following actions under the Climate Commitment:

## c. Draw up action plans with reduction targets

By 2022, the parties will present their action plans, including reduction targets for 2030 for all their relevant financings and investments. The parties will explain their actions to contribute to the Paris Climate Agreement. This could be a combination of approaches, including portfolio CO<sub>2</sub>e reduction targets where possible, engagement and financing of CO<sub>2</sub>e -reducing projects.

All institutions have produced action plans.  
10% of the institutions did not provide a full plan because they lack an intermediate target for 2030.

# Executive summary

## Key outcomes



**100%** of participating financial institutions have published a climate action plan.



**96%** of institutions have ambitions to bring their portfolio in line with the 1.5°C scenario and achieve a 'net zero' portfolio by 2050 at the latest.



**90%** of institutions have an interim target for 2030. A 2030 target formed part of the Climate Commitment agreements. Five institutions do not fulfil this agreement in the Climate Commitment.



**94%** of organisations have had their action plan approved by the executive board and/or supervisory/advisory board



**94%** of signatories say they know which sectors in their portfolio cause the most emissions; 78% of these use these insights to focus their action plan on these sectors, e.g. for setting targets or taking actions such as engagement or divestment.



**92%** of organisations use PCAF as a method for measuring emissions. This promotes comparability.



In general, action plans have been drawn up with care. It is difficult to determine at this stage whether the actions are sufficient to achieve the CO<sub>2</sub>e reduction. Implementation depends, among other things, on introducing measures in the actual economy. Institutions periodically review action plans and adjust them as and when required.

## Key issues



At **14%** of institutions, the board chair (e.g. CEO) is personally responsible for or directly involved in implementing the plan, indicating a high priority level. In the remaining organisations, the plan is taken up by other management or board members or delegated to the organisation's lower levels. A strong commitment from the top of an institution partly determines the success of action plans.



At **43%** of institutions, action plans/objectives are integrated into the performance assessment of directors. Integrating the action plans into the performance assessment is expected to promote the plans being brought to fruition.



At **65%** of institutions, the organisation's internal risk managers have a role in assessing the effectiveness of action plans. The involvement of, for example, internal auditors can increase the feasibility and reliability of action plans.



**71%** of institutions include all relevant asset classes, as shown in the guidance document<sup>1</sup>, in the action plan. One reason for not including relevant asset classes is data availability. Expanding the action plans to include relevant asset classes when the necessary data becomes available is essential.



**22%** of institutions have had or are about to have their reduction targets approved by a third party, such as SBTi. External approval can contribute to the effectiveness of an action plan and is an explicit recommendation to institutions.



**45%** include scope 3 CO<sub>2</sub>e emissions from investments (partly) in monitoring and setting targets. This is important for sectors where scope 3 has a significant share in total emissions, such as the oil and gas sector. The availability of data and measurement methods is a frequently reported issue. The guidance document does not explain how to include scope 3 in setting targets (because it is not mandatory). Institutions are, however, encouraged to report on this.

<sup>1</sup> For a more detailed explanation, please refer to slide 12 and the [Guideline](#), published in Q4 2022.



# This report analysed the climate action plans of the Climate Commitment signatories based on eight aspects

Aligning financial portfolios with the goals of the Paris Climate Agreement is a complex task. Several sector initiatives have already published guidelines for developing action plans and climate-related targets for financial institutions. Based on a selection of insights, we have compiled an overview of aspects often included in the expectations of international initiatives in climate action plans<sup>1</sup>. The following aspects were used to analyse the action plans:



| Aspects |                           | Relevance to the action plan  |
|---------|---------------------------|---|
| 01      | Ambition                  | Action plans should contribute to the Paris Climate Agreement. The ambition level clarifies the extent to which organisations pursue these goals.   |
| 02      | Targets                   | Targets make an organisation's level of ambition clear and measurable. Intermediate or asset/sector-specific targets help achieve the final goal.   |
| 03      | Base year                 | A base year provides a framework of reference against which reduction targets are measured. This enables progress to be measured.   |
| 04      | Governance & Organisation | To meet the reduction targets, they must be integrated into the governance and organisational structure. A high degree of integration increases the likelihood of achieving reduction targets.    |
| 05      | Scope                     | The scope indicates the proportion of relevant financing and investments included in the action plan. Limited scope poses a risk to achieving the goals.  |
| 06      | Methods                   | The methods, indicators and data sources used in the action plan provide insight into the feasibility and measurability of the plan. Sound, science-based methods help achieve reduction targets. |
| 07      | Actions                   | The actions in the action plan give us an insight into how institutions expect to achieve their goals. That in turn clarifies the feasibility of the action plan.                                 |
| 08      | Monitoring                | Regular monitoring helps adjust action plans, thus contributing to a more reliable plan.  |

<sup>1</sup> For a review of the literature used to underpin the action plans, please refer to Appendix 1.

# Ambition: 96% of financial institutions aspire to achieve a 'net zero' portfolio by 2050 and have based the action plan on a 1.5°C scenario

# 96%

of the participating institutions explicitly state their ambition to align their portfolio with a 1.5°C scenario: this means a 'net zero' portfolio in 2050. Of these, three institutions have ambitions to achieve a 'net zero' portfolio sooner.



The institutions' action plans are based on various climate change scenarios. Science-based scenarios were used for 92% of the action plans.



Although the above scenarios differ in the reduction pathways to achieve net zero in 2050, they all aim to keep the temperature rise below 1.5 °C compared to pre-industrial levels and are based on 'low to no overshoot'.

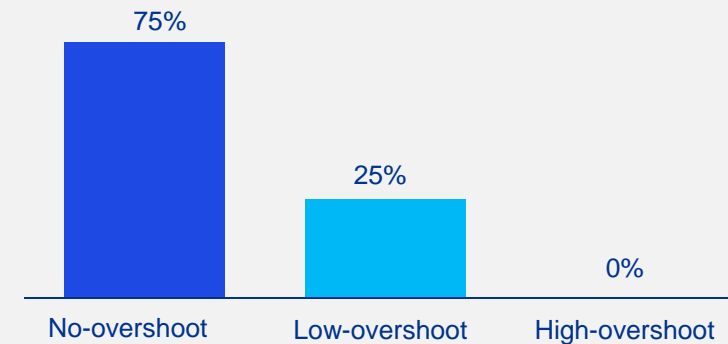


20% of institutions say they have joined organisations set up to accelerate 'net zero' targets, commitments and action plans, in addition to the Climate Commitment.



Four institutions did not base the action plan on a known climate change scenario, but created their own reduction pathway.

## The overshoot scenario's assumed by institutions



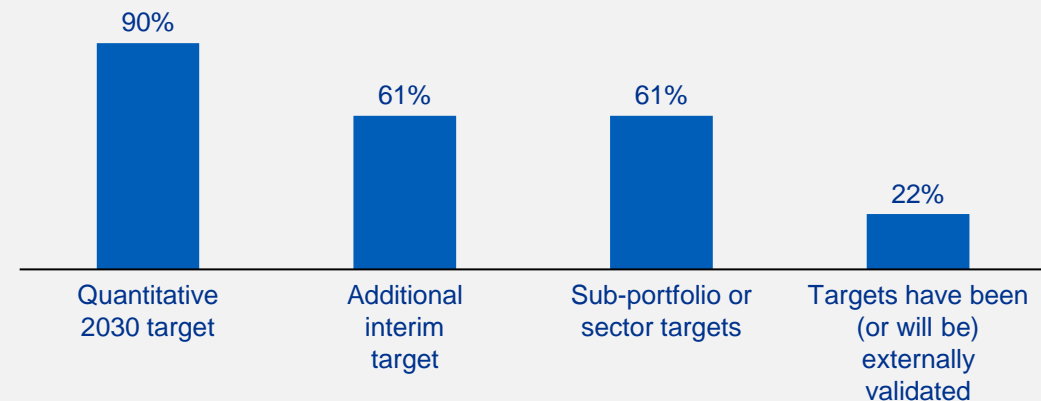
All settings assume a 'low to no overshoot' scenario. An overshoot scenario assumes limited CO<sub>2</sub>e emission reductions until 2030, after which a sharper decline is expected between 2030 and 2050. Nevertheless, both 'no' and 'low overshoot' scenarios are in line with a maximum warming of 1.5 °C by 2050.

The 'high overshoot' scenarios lean heavily on technological developments and are generally not considered credible. 'Low to no overshoot' scenarios are significantly less dependent on realising negative CO<sub>2</sub>e emissions.

## Targets: 90% of the action plans include a quantitative target for 2030. 61% of institutions have a sub-portfolio or sector-specific target

90% of financial institutions have set an interim reduction target for 2030 in addition to a 'net zero' target in 2050. 61% of institutions have also set additional interim targets (e.g. in 2025). Specific targets for sectors or asset classes were set by 61% of institutions. 22% of institutions indicate that their targets have been approved by a third party, or are in the process of having the targets validated.

### Types of target formulated by financial institutions



#### Interim targets

14 institutions (27%) have an annual target reduction pathway (e.g. of 7% per year). Of these, 3 institutions indicated that they do not see these as hard targets, but rather as a trend to be followed.

### Quantitative 2030 target

29 institutions listed a target for the entire portfolio. At 26 of these, the target is at least 50% reduction compared to the base year. At 17 institutions, targets vary by sector/asset class. However, the goals are difficult to compare because of differences in base year, the inclusion/exclusion of scope 3 and the type of target set (absolute/economic intensity/physical intensity).

### Additional interim targets

The additional reduction targets are highly varied. 29% have a reduction target for 2025. Other institutions have annual reduction targets or exclusion targets, for example.

### Sub-portfolio or sector objectives

In formulating sector-specific targets, many institutions focus on emission-intensive sectors. The availability of (reliable) data and/or measurement methods is a frequently cited reason for not formulating these targets.

### Third-party approval

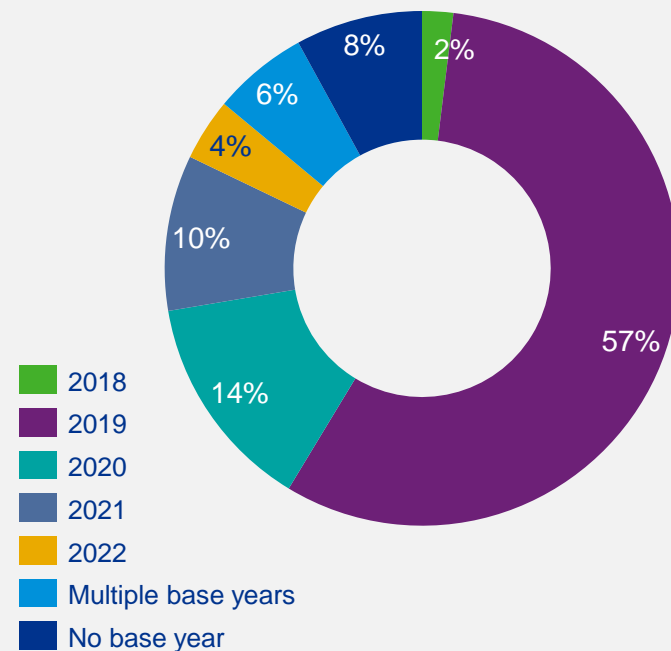
Institutions indicate that their targets have been validated (or are in the validation process) by a third party (e.g. SBTi, NZAMI or IIGCC).



## Base year: Financial institutions use various base years to calculate their CO<sub>2</sub>e reductions. This makes comparing reduction targets and results between institutions a complex matter.

Reduction targets are often measured against a base year. Financial institutions give varied reasons for setting their base year. Commonly cited reasons are the availability of (reliable) data and following international guidelines and scenarios.

### What base year do financial institutions use to measure their CO<sub>2</sub>e reductions?



Operating a base year is not a requirement under the Climate Agreement. However, it is a good way of setting reduction targets and tracking progress.



The Dutch government takes 1990 as the base year for its climate targets towards climate neutrality in 2050. For reasons to do with data availability and reliability, however, institutions use a later base year. That makes it harder to determine to what extent it contributes to the current goal of the Climate Agreement.



46 organisations (90%) take 2019 or later as the base year. It is generally true to say that the later the base year, the better the data quality.



19 institutions (37%) based their base year on national and international agreements, guidelines and scenarios. For example, most of the institutions with 2019 as their base year refer to the IIGCC interpretation<sup>1</sup>. 22 institutions (43%) chose their base year because of the availability of (reliable) data.



Four institutions (8%) do not set off their emissions against a base year. For example, they work with an absolute target or consider year by year what further reduction is needed to achieve a 'net zero' portfolio by 2050.

<sup>1</sup> [NZIF IIGCC-Target-Setting-Guidance.pdf](#) p. 21

## Governance (1/2): 94% of institutions have embedded action plans in the governance structure. This contributes to the ability to bring the plans to fruition. The extent to which and how they are embedded varies across institutions

# 94%

of the action plans are approved at board level. This is either the organisation's executive or supervisory board



# 43%

of action plans and/or reduction targets are embedded in directors' performance appraisals



### There are differences in responsibilities and level of directors' involvement in the action plan between organisations.

- The level of involvement of the board chairman or executive board varies in implementing climate action plans. 14% of the institutions explicitly indicate that the institution's chairman of the board (e.g. CEO) is ultimately responsible for or directly involved in implementing the action plan. In other cases, the plan is taken up by other board or management members or delegated to the organisation's lower levels.
- Half the organisations did not describe specific responsibilities for the highest body approving the action plan. That body has an overall 'final responsibility' for implementing the plan. The other organisations describe responsibilities, such as formulating objectives, monitoring and managing results.

### Some directors are assessed on meeting reduction targets. A few institutions have linked climate targets to variable remuneration.

- Institutions that have embedded their action plan or reduction targets in the evaluation policy assess board members on achieving specific targets from the action plan. Nine institutions indicate that the entire board has climate-related objectives. For other institutions, only one board member has climate-related objectives. Where variable pay is possible, 22% explicitly state that they have linked variable pay to climate targets\*.
- Institutions that have not embedded climate goals in the assessment policy for board members (57%) indicate, among other things, that they include sustainability as an integral part of their annual strategic plan or do not have a variable remuneration policy (e.g. variable remuneration for pension fund directors is not permitted by law).



An insurer's remuneration policy explicitly includes a target for reducing funded emissions. It also expects companies with the highest emissions to have a climate transition plan as part of their strategy and linked to their remuneration policy. That increases the ability to achieve the plans.

\* Percentage calculated by the number of institutions excl. Pension funds (8/37). By law, pension funds are not allowed to pay variable remuneration to the board.

## Governance (2/2): Action plans are embedded in the wider organisational structure through training and the involvement of risk and other managers. The extent of this and the approach vary between institutions

# 90%

of the institutions train staff and management on sustainability subjects to properly implement the action plan



### The extent to which and how institutions include their staff in their organisation vary by institution.

These differences mainly relate to who receives the training (e.g. all employees, a selection of employees or only the board), the degree of embedding of the training in the organisation (structural or on an ad hoc basis) and whether the training is mandatory or voluntary.

- A third of the institutions that explained their training offerings\* structurally offer ESG training or will do so from 2023.
- A third of the institutions indicate that management has received training on sustainability (both structural and one-off).
- Four institutions make training on sustainability available to all employees without any obligation, for example through an online Academy.
- At the other institutions, training is provided ad hoc (such as occasional workshops or events), through informal knowledge sharing (internally) or based on employee needs.

# 65%

of institutions have a role for internal risk managers and internal auditors in assessing the effectiveness of action plans



### In addition to embedding through training, internal risk managers and internal auditors are involved in the realisation of the action plan, including:

- the integration of targets in assessment policy for employees
- assess reduction targets from a risk perspective
- challenging management on business risks related to climate targets and providing support for mitigating these risks
- providing substantive knowledge and support regarding climate risks within the organisation so that these risks are well understood
- providing support in implementing laws and regulations on sustainability.

A few organisations have not yet involved the internal risk managers (the second line) and internal auditors (the third line) because they say it is too early to assess the effectiveness of the action plan, as it has only recently been published.

\*21/51 organisations explained the role of ESG-related training in the survey.

## Scope (1/2): 71% of institutions have all 'relevant' asset classes in scope. 45% of the institutions take scope 3 of funded emissions (either fully or partially) into account



of institutions report having included all relevant asset classes in the action plan.

The guidance document<sup>1</sup> states that all financing and investments are relevant, except those for which emissions are negligible. Organisations can also prioritise those asset classes where sufficient (reliable) data and measurement methods are available or where there are sufficient opportunities to steer emission reductions (see priority category 1 in the guidance document). These two reasons are frequently cited for leaving certain asset classes out of scope. Also, 14 organisations (27%) have not (yet) applied the guidance from Q4 2022. If not all relevant asset classes are in scope, it is difficult to determine whether the action plans contribute sufficiently to achieving the stated reduction target of the Climate Agreement. There are expected to be more opportunities to measure emissions and set targets for asset classes that now fall under priority category 2 in the guidance. It is therefore very important that action plans are extended when (reliable) data and measurement methods become available.



Example: although EU government bonds make up 20% of the investment portfolio of a large pension fund, they are not included in the action plan because of the limited influence the fund can exert on reducing emissions from government bonds. This places a significant part of the portfolio out of scope.



of institutions include scope 3 of funded emissions (partially) in their targets.

Financial institutions that indicate they partially include scope 3 in their targets do so for companies/sectors where scope 3 is a significant part of total emissions. This is the case, for example, for car manufacturers, gas and oil companies and real estate lessors. The main reason for not including scope 3 in the targets is that no (reliable) data and/or measurement methods are available. The guidance document<sup>1</sup> does not explain how to include scope 3 in setting targets (because this is not mandatory). Institutions are, however, encouraged to report on this.



The biggest climate impact of financial institutions is in scope 3 (indirect, funded emissions) from organisations to which institutions provide financial products, such as loans or investments. For example, when a bank grants an oil or gas company a loan, the emissions released from this activity fall almost entirely into scope 3 emissions (see appendix 5 for additional explanation).

Due to the large share of scope 3 in funded emissions, financial institutions must include it in their action plan where possible. As data for scope 3 is not yet available for all sectors, the PCAF standard follows a phased approach to scope 3 reporting by sector (Appendix 5).

<sup>1</sup> [Leidraad-Leidraad-voor-relevante-financieringen-beleggingen-en-actieplannen-okt2022.pdf \(klimaatcommitment.nl\)](#)

## Scope (2/2): On certain asset classes, such as equities, targets are set and monitored more frequently than on other asset classes, such as corporate loans and mortgages

Monitoring CO<sub>2</sub>e emissions and setting targets per asset class contribute to gaining the insight needed to take more effective actions and to the feasibility of an action plan. The table below shows the number of institutions with a specific asset class in the scope of the action plan. For the institutions that have the asset class in scope (column 1), it shows how many institutions monitor the CO<sub>2</sub>e emissions of this asset class and how many institutions have a reduction target for it.

### Overview of asset classes in scope where monitoring and targets are set (in numbers, based on 51 completed surveys)\*

| Asset class          | In scope | Monitoring | Target setting |
|----------------------|----------|------------|----------------|
| Listed shares        | 41       | 35         | 30             |
| Corporate bonds      | 40       | 34         | 28             |
| Commercial property  | 30       | 24         | 16             |
| Mortgages            | 26       | 17         | 9              |
| Government bonds     | 26       | 19         | 7              |
| Business & SME loans | 18       | 11         | 6              |
| Physical assets      | 15       | 10         | 6              |
| Private equity       | 13       | 7          | 3              |
| Project funding      | 9        | 5          | 5              |



### Notes

The extent to which CO<sub>2</sub>e emissions are monitored and/or targets are set varies by asset class. For example, a difference between the asset classes 'listed equities' and 'mortgages' can be seen. CO<sub>2</sub>e emissions from equities are monitored by 95% of institutions, and a target has been set for this asset class in 81% of action plans. For mortgages, this is only 65% and 35%, respectively. One reason could be a lack of data availability or the ability to influence this asset class. The latter may be the case when the institution is not itself the mortgage lender but invests in mortgages through another party.

### Example:

One of the pension funds has no targets for mortgages. This is because they only have information about the energy labels of the homes, which is sometimes insufficient for calculating the CO<sub>2</sub>e emissions. This requires additional information, such as floor area or actual power consumption. This data is currently not available for the institution in question. In the case of pension funds, it is also understandable that the focus is less on mortgages, given their limited share in the portfolio. They will take a closer look at how to set a reduction target.

## Methods (1/2): Financial institutions use multiple science-based methods to formulate their action plans and objectives

Financial institutions use a wide range of recognised methods in their action plan for different purposes. To measure the CO<sub>2</sub>e footprint, 92% use PCAF. Institutions have named more than ten other methods they use in the action plan (appendix 6). Given the variety of methods, it is important for organisations to be transparent about which methods they use and for which purposes. 92% describe the measurement methods used.

# 92%



of institutions are using the PCAF standard in the action plan. PCAF is a recognised method for measuring the CO<sub>2</sub>e emissions for financial institutions.

Besides PCAF, financial institutions also use a number of other recognised methods in their action plan, each for a different purpose:

- **12%** use a temperature-based method (e.g. SBTi) to set targets;
- **18%** use the percentage of companies meeting climate criteria as an indicator in the action plan;
- **35%** use another method (appendix 6).



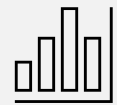
### Different methods, different purposes

Institutions in the financial sector can use a wide range of methods to achieve their action plan.

These include methods for setting targets (e.g. SBTi), for measuring the CO<sub>2</sub>e footprint (PCAF), for monitoring progress (e.g. PACTA) and for reporting it. There are also methods suitable for specific subsectors within the financial sector, such as real estate.

Which method(s) a financial institution uses therefore depends very much on the type of institution and the specific portfolio. It is important for institutions to be transparent about what methods have been used and for what purposes.

# 92%



describe which measurement methods are used to calculate the reduction targets.

# 88%



describe the data used for climate action plans and targets.

# 80%



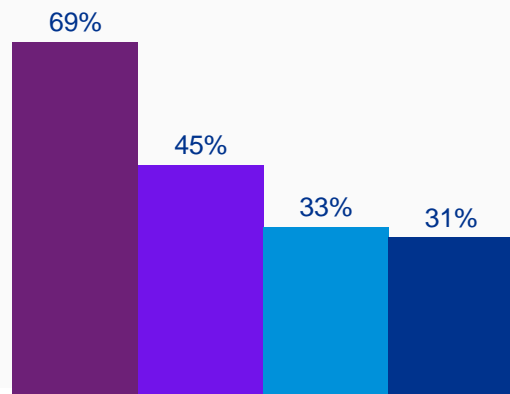
describe the assumptions made for developing climate targets or for the climate action plan. 8% use no assumptions.



## Methods (2/2): Financial institutions use multiple CO<sub>2</sub>e indicators in their action plan. The various indicators each serve different purposes and complement each other.

### The various indicators used by institutions to formulate their action plans and reduction targets (in %)

- Footprint (CO<sub>2</sub>e/EURm invested)
- Absolute emissions
- Other \*
- Intensity (CO<sub>2</sub>e/EURm turnover)



\* For example, actual emission intensity.



### Various indicators serve various goals

#### Absolute emissions

Absolute emissions show the total CO<sub>2</sub>e an institution's investments and financing emit. They provide an insight into the progress made with climate targets at the overall portfolio level. With a 'net zero' portfolio in 2050, absolute emissions are net zero in 2050.

#### Economic indicators

Economic indicators, such as footprint and CO<sub>2</sub>e intensity, help us to understand and compare progress within a specific institution, sector or asset class. Emission intensity reflects total CO<sub>2</sub>e emissions per euro earned, while footprint expresses CO<sub>2</sub>e emissions per euro invested.

#### Actual emission intensity

The actual emission intensity reflects CO<sub>2</sub>e emissions per unit of physical output, such as per m<sup>2</sup>, per tonne of product or per kWh. This makes it possible to measure and compare the unit efficiency for (part of) a portfolio. This is commonly found in specific sectors, such as real estate.



### The use of indicators in practice

#### Example 1:

A large bank (portfolio EUR 50 billion) is likely to emit more CO<sub>2</sub>e than a small bank (portfolio EUR 5 billion). Comparing the footprint (CO<sub>2</sub>e per euro invested) of the two banks then gives more insight into how the banks perform relative to each other than absolute emissions.

#### Example 2:

When an asset manager expands its portfolio, e.g. through an acquisition, its absolute CO<sub>2</sub>e emissions rise sharply compared to a previous reporting year. If relative emissions (e.g. footprint or CO<sub>2</sub>e intensity) subsequently fall, this can be a good sign, despite the increase in absolute emissions.

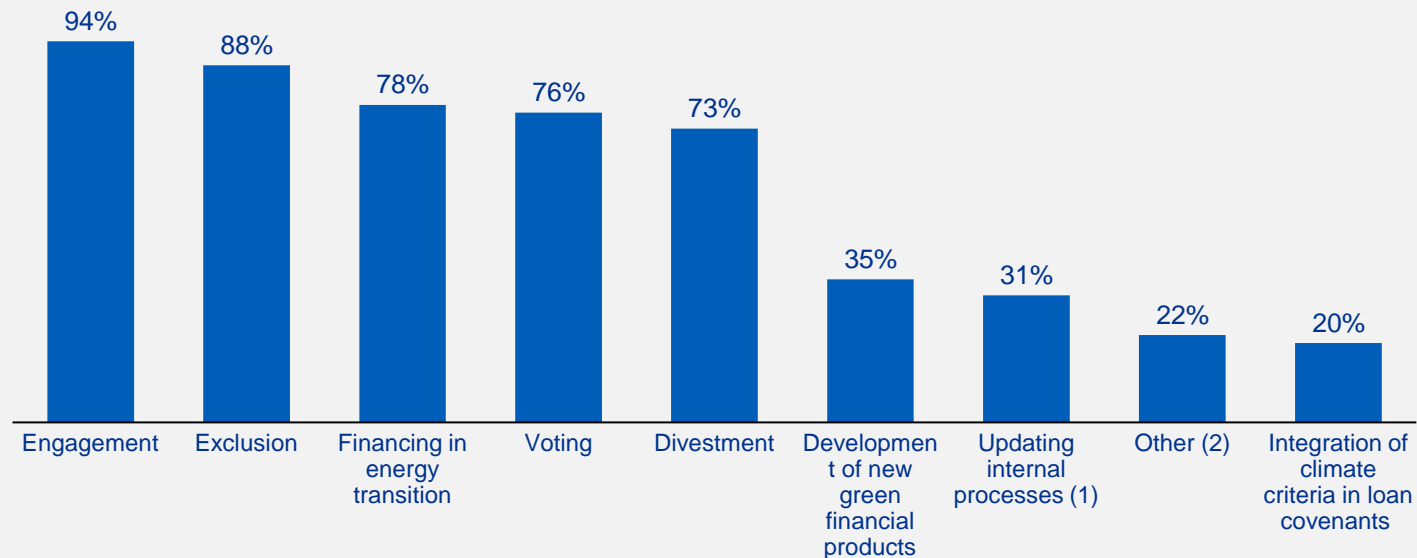
#### Example 3:

A large property portfolio certainly often emits more CO<sub>2</sub> than a small one, and property prices vary significantly from country to country. Using a physical indicator, such as CO<sub>2</sub>e emissions per m<sup>2</sup>, gives a clearer impression of the progress made within the sector.

## Actions (1/4): The most commonly used actions to achieve reduction targets are engagement, exclusion, energy transition financing, voting and divestment.

Engagement, exclusion, financing in the energy transition, voting and divestment are the most frequently mentioned actions to achieve reduction targets. See Appendix 7 for a breakdown by type of financial institution.

### Institutions have included the following actions in the action plan



<sup>1</sup> E.g. training, adjusting governance and capital allocation.

<sup>2</sup> Other actions include stress testing scenarios, working with customers to reduce the CO<sub>2</sub>e reduction or mobilising additional public or private investment capital.



### Actions in practice

An insurer **engages** with coal producers (for steel production) and conventional oil and gas products. If their targets are not sufficiently in line with the transition path of the Paris Climate Agreement, they will sell their shares in these companies. Last year, one of the pension funds decided to stop investing in companies with a business model based on fossil fuel exploration and production. This is an example of **divestment** and **exclusion**.

An asset manager has **developed** a **new financial product** focusing on the sustainable development of agricultural land.

Besides holding talks and setting financing requirements, some banks also engage with customers to encourage them to buy more sustainable products. For instance, some banks inform their customers about the possibilities and savings opportunities of sustainability when taking out a mortgage, offering products to finance the solutions.

## Actions (2/4): Voting and engagement are examples of financial sector climate action

### Voting

### Engagement

| Description           | Voting is a steering tool to guide business decisions on climate-related issues and encourage companies to implement their climate strategy.  | Engagement is a management tool to improve sustainability activities through structured discussions with customers to improve their sustainability activities.   |
|-----------------------|---|--|
| Application           | Financial institutions such as asset managers, pension funds and insurers indicate that they use voting rights as part of their climate action strategy since they own an equity investment portfolio, while some have structured voting policies. Some institutions publish their voting policies on their websites, making it easy to see which sustainability motions they support.  | For example, financial institutions indicate that they are holding talks to guide the companies in their portfolio, with several of them having developed a clear engagement strategy and approach.  |
| Using the instruments | <ul style="list-style-type: none"> <li>• The voting policy includes criteria for voting for or against climate-related proposals, such as climate-related proposals from shareholders, the re-election of board members, the development of a climate strategy and approval of climate-related publications.</li> <li>• Some institutions have established climate voting policies, voting against the re-election of board members if the company does not disclose its CO<sub>2</sub>e emissions or voting in favour of climate-related shareholder proposals.</li> <li>• Shell's recent AGM signalled to the market that more and more shareholders are exercising their voting rights to drive the company's approach to climate change, as evidenced by the number of investor votes against the energy transition strategy doubling between 2021 and 2022.</li> <li>• Banks have relatively few shares on their balance sheets, so most have not formulated climate voting policies.</li> </ul> | <ul style="list-style-type: none"> <li>• Financial institutions hold talks with directors, board members and senior management of companies in their portfolio to encourage them to improve their sustainability efforts. This is done by the financial institutions themselves or collectively within the industry.</li> <li>• The selection criteria for companies in their portfolio typically vary based on different criteria, such as high emissions or low ESG scores.</li> <li>• Many financial institutions have indicated that they are participating in initiatives such as Climate Action 100+, which involves making collective commitments to companies with high CO<sub>2</sub>e emissions to ensure that CO<sub>2</sub>e reductions are aligned with the Paris Climate Agreement.</li> </ul> |

# Actions (3/4): Thematic investment, exclusion and divestment are examples of climate action by the financial sector

## Thematic investment<sup>1</sup>

| Description           | Financial institutions use various forms of financing and investment to steer capital towards activities favourable to the climate.  | Exclusions and divestments | Companies with high ESG risk are removed from a portfolio with an exclusion or divestment strategy.  |
|-----------------------|--|----------------------------|--|
| Application           | Institutions invest in and fund activities with a climate-related focus. They do this by setting different criteria and targets for clients/portfolio companies through various financial instruments.   |                            | Institutions can exclude certain sectors from funding or investment, or divest.  |
| Using the instruments | <ul style="list-style-type: none"> <li>Banks focus their financing on sustainable projects and customers, offering preferential financing terms, including ESG in lending criteria and linking climate performance to sustainable mortgages and loans.</li> <li>Investors allocate capital to low-carbon assets by investing in the best-performing companies, using tools such as thematic funds, positive and negative screening, and incorporating ESG scores when building their portfolios. General screening criteria consider issues such as risk, return, cost and the extent to which activities are sustainable and responsible.</li> <li>Green bonds are raised to finance new and existing projects that provide environmental benefits. Other products used in public and private markets are impact investments and ESG funds.</li> <li>Many institutions have committed their resources to climate-related initiatives, and their value is being made public. For instance, some institutions reported the amount invested in green bonds and investments in energy-related infrastructure. Others have also set a target of investing 5% of all assets under management in CO<sub>2</sub>e capture, for instance.</li> </ul> |                            | <ul style="list-style-type: none"> <li>Sectors that are absolutely not allowed in portfolios are placed on exclusion lists. Still, some financial institutions are gradually reducing their investments in carbon-intensive sectors (e.g. coal, oil and gas). Some of them have exclusion criteria for sectors such as logging and coal mining.</li> <li>Divestment (pulling out of an investment) is sometimes the last resort if companies are still behind on reductions after several talks.</li> <li>Some asset managers opt for a gradual phase-out, applying a cap (e.g. 70%) on the use of coal by companies they invest in. Companies exceeding this limit are subject to engagement, monitoring, and possible exclusion.</li> <li>While exclusion and divestment effectively reduce CO<sub>2</sub>e levels in portfolios, CO<sub>2</sub>e emissions in the real economy remain the same. However, an exclusion can contribute to higher borrowing costs for a company, giving them an incentive to become more sustainable.</li> <li>The financial sector faces an ongoing dilemma of balancing divestment and engagement to encourage customers and companies whose activities have a real impact on the climate to gradually make those activities carbon-free.</li> </ul> |

<sup>1</sup>Thematic investment partly corresponds to the options 'invest in energy transition' and 'develop sustainable products'.

## Actions (4/4): 94% of organisations have a clear understanding of where in their portfolio the greatest climate impact is found. CO<sub>2</sub>e offsetting is sometimes used for the residual emissions.



of institutions have a clear understanding of *where* in their portfolio is the greatest climate impact.

78% of institutions use this insight to target the companies/sectors with the highest emissions, for example in formulating the first round of) targets, or the actions such as engagement or divestments.

16% of the institutions indicate that they see no clear link between the actions and the sectors with the highest emissions. 3 institutions (6%) do not have a clear impression of which part of the portfolio has the highest climate impact.



One of the banks based the first round of targets on a climate risk analysis. This analysis considered the size of the portfolios, emission intensity and the availability of data and methods. In addition, one insurer chose to invest less in fossil fuels because of their high climate impact.



of the institutions involved indicate that they use CO<sub>2</sub>e offsetting (for their own CO<sub>2</sub>e footprint)

CO<sub>2</sub>e offsetting is a reduction or removal of net emissions of greenhouse gases made to offset emissions elsewhere. Although 24% of institutions indicated that they make use of this, their explanations in the survey (based on self-reporting) show that this only involves offsetting residual emissions when further reduction is no longer possible or sustainable alternatives are no longer available, such as for cement. The institutions' focus is thus on reducing emissions rather than offsetting them.



CO<sub>2</sub>e emissions can be offset, for example, by investing in nature or climate protection projects. Since one of the institutions has the ambition to have a 'net zero' portfolio as early as 2035, it does use earlier CO<sub>2</sub>e offsetting. However, this institution does intend to continue to focus on reducing emissions even after 2035.

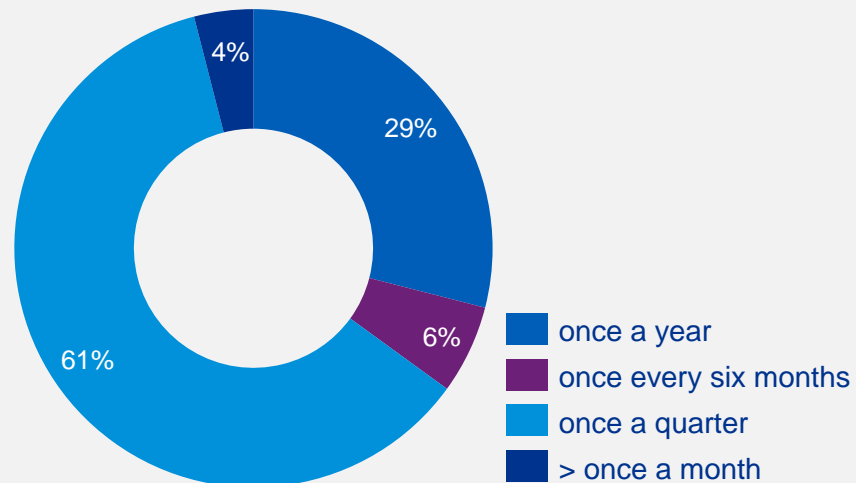
## Monitoring: 100% report the progress of action plans to the directors at least annually, 61% do so quarterly. 75% of institutions expect to adapt the plan by 2023

### Progress

# 61%

of the institutions indicate that they report progress on action plans to the board at least on a quarterly basis

#### Frequency of reporting progress to directors



### Changes

# 35%

of the institutions have adjusted their targets following the annual review of targets.

Of the institutions that did not make any adjustments, 45% indicated that this was because the organisation had not previously published an action plan.

# 75%

of the institutions expect to update the climate action plan in 2023 based on new scientific knowledge.

For example, organisations plan to expand their scope by adding assets/sectors or including scope 3 (at least partially) in their targets. Some also want to set more intermediate or sector/asset class-specific targets. The possibilities depend on the availability of (reliable) data and measurement methods.



## Broader context & dependencies

This report should be read taking into account five relevant contextual aspects. The first two aspects are general observations by KPMG on the feasibility and comparability of the action plans. The other three aspects say something about the role of the financial sector in reducing emissions and the obstacles involved. Institutions indicate that they also depend (partly) on external factors.

### 01 Each institution has a unique climate action plan, which means the plans are not always easy to compare with each other

The goal of each financial institution is to establish a specific achievable action plan. Comparability is not the goal. For example, there are differences based on:

- subsectors and regions in which financial institutions invest; some parties operate globally, others only in the Netherlands
- asset classes in which institutions (may) invest; a bank has more mortgages on its balance sheet than an asset manager

### 02 Institutions depend on funded entities when it comes to reducing emissions

For example, half of the action plans include government bonds as a relevant asset class. This asset class is often a large part of the portfolio in pension funds and insurers. However, organisations indicate that engagement is not always possible with foreign governments, making the intended reduction not easily influenceable and achievable.

### 03 Institutions depend in part on their customers

Asset managers say their CO<sub>2</sub>e emissions depend on their clients' mandates. For example, one of the asset managers indicates that their **own investments** are in line with a 1.5°C scenario but that their clients' **mandates** could potentially contribute to a warming of 2.3 to 3.3°C by 2050.

### 04 The availability of (reliable) data and measurement methods is one of the main reasons for the incomplete scope

Reliable data and measurement methods are important for monitoring and setting targets. This is therefore one of the main reasons why some relevant asset classes are left out of scope, and scope 3 is not always included in the monitoring. This is the case with real estate, for example, as institutions cannot always see tenants' energy consumption. In addition, SMEs do not always report their emissions, also leading to a lack of data.

### 05 Although the action plans have been drafted with care, it is difficult to determine whether the actions are sufficient to achieve the CO<sub>2</sub>e reduction

It is also hard to predict whether the actions described will guarantee that institutions' portfolios will be 'net zero' by 2050. The same applies to meeting the 2030 target. In general, action plans have been drawn up with care and are secured in the organisation. However, implementation depends, among other things, on introducing sustainability measures in the real economy.

**04**

# **Appendices**

# Methodology and Approach

## Appendix 1

### Description of KPMG methodology analysis

KPMG conducted this study on behalf of the Financial Sector Climate Commitment Committee consisting of the Dutch Banking Association (NVB), the Association of Insurers, the Pension Federation and the Dutch Fund and Asset Management Association (DUFAS).

This study is largely based on publicly available information from the individual participating institutions and has not been audited. These institutions provided input through a survey prepared by KPMG with references to the publicly available information. The survey was completed by 51 out of 52 organisations.

Information from individual institutions is largely approved at management level.

For some institutions, this was the first time a climate action plan had been adopted. Many institutions indicate that they will review these plans in the coming years. In the next progress report, the intention is to provide an analysis of the updated plans in addition to the reduction in figures.

In the case of diversified institutions, KPMG consulted with the institution to determine the best solution. For example, for Achmea, two surveys were completed and three

action plans were delivered. At Van Lanschot Kempen, one survey was completed and one action plan was delivered for both the bank and the asset manager.

To arrive at a careful assessment of the action plans, we looked not only at the requirements from the Climate Commitment but also at additional sources, such as the Guidance document, and KPMG's own observations.

Insights were gained from the following guidelines, among others: GHG Protocol, Guidelines for Climate Target Setting for Banks, SBTi sector guidelines, Sustainable Markets Initiative, WWF net-zero Introduction guide for financial institutions, PRI Inaugural 2025 Target Setting Protocol.

# Milestones and key industry developments

## Appendix 2

The Dutch financial sector has been actively involved in climate-related initiatives since 2015. This aligns with its effort to significantly contribute to the goals of the Paris Climate Agreement, the EU's climate targets and the Dutch Climate Agreement.

### 2015

#### PCAF

Establishment of the Partnership for Carbon Accounting Financials (PCAF) by Dutch financial institutions to measure, assess and publish greenhouse gas emissions from investments and loans.

#### Dutch Carbon Pledge

11 Dutch financial institutions called on world leaders to consider the role of the financial sector in achieving climate goals.

### 2018

#### PACTA

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

#### The Spitsbergen Ambition

Fifteen financial institutions agree to measure, externally report and reduce the climate impact of all their financing and investment activities.

### 2020

#### Climate Action 100+

Seven hundred investors, accounting for more than \$68 trillion in assets under management, are engaging with companies to improve their approach to climate change, reduce emissions and publish climate-related financial information.

### 2022

#### First part of the second progress report on the Climate Commitment

#### SBTi Finance Framework

Provides a framework to set science-based targets to align lending and investment activities with the Paris climate agreement.

### 2016

#### DNB Platform for Sustainable Financing

Platform to promote cooperation and raise awareness of sustainability. Working groups focus on aspects such as climate risks, biodiversity and the circular economy.

### 2019

#### Climate Commitment

About 50 financial institutions have signed the Climate Commitment.

#### Net-Zero Asset Manager Alliance

Asset managers worldwide have committed to decarbonising their investment portfolios and being CO<sub>2</sub>e neutral by the end of 2050.

### 2021

#### First progress report on the Climate Commitment

The first progress report on the progress of

the financial sector on the Climate Commitment.

#### IIGCC Net Zero Framework

This framework provides a set of common actions, metrics and methods to achieve net zero global greenhouse gas emissions by the end of 2050.

### 2023

With this report on climate action plans, published in the first quarter of 2023, we release the second part of the second progress report.

# List of participating institutions

## Appendix 3

### Participating institutions

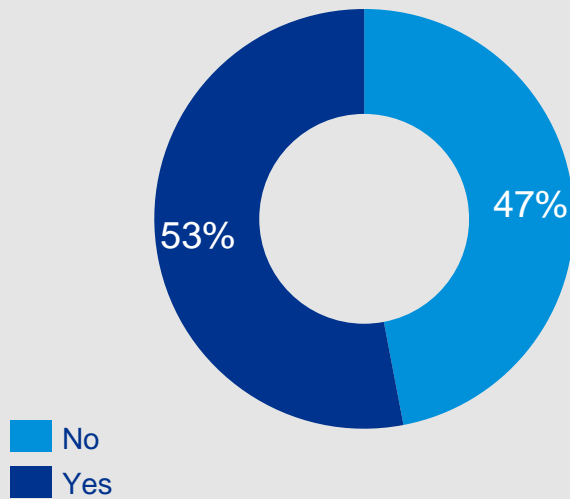
- ABN AMRO
- ABP
- Achmea B.V.
- Actiam
- Aegon Asset Management Nederland
- Aegon Nederland N.V.
- Allianz Nederland Groep N.V.
- Anthos Fund and Asset Management
- APG
- ASN Bank
- ASN Impact Investors
- ASR Nederland N.V.
- Athora Netherlands N.V.
- BlackRock (Netherlands) B.V.
- BNG Bank
- BNP Paribas Asset Management Nederland
- BPL Pension
- CBRE Investment Management
- Coöperatie Klaverblad Verzekeringen U.A.
- Coöperatie Univé U.A.
- Coöperatie VGZ U.A.
- De Goudse N.V.
- De Vereende N.V.
- FMO
- ING
- InsingerGilissen
- 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 N.V.
- VvAA Schadeverzekeringen N.V.
- **Sector representing organisations**
- Dutch Fund and Asset Management Association (DUFAS)
- Nederlandse Vereniging van Banken (NVB)
- Pension Federation
- Association of Insurers

## Deep dive on subjects including guidance, energy transition and inclusion in the annual report

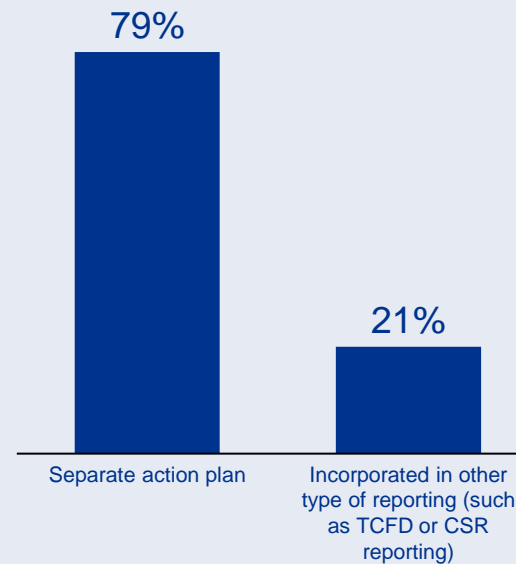
### Appendix 4

53% of participants invest in energy transition. 79% have a separate climate action plan, but do refer to the annual report for additional disclosures. Some parties have incorporated the action plan into another type of reporting, such as TCFD or CSR reporting. Not all institutions have applied the guidance on relevant funding, investments and action plans<sup>1</sup>, but many expect to do so next year.

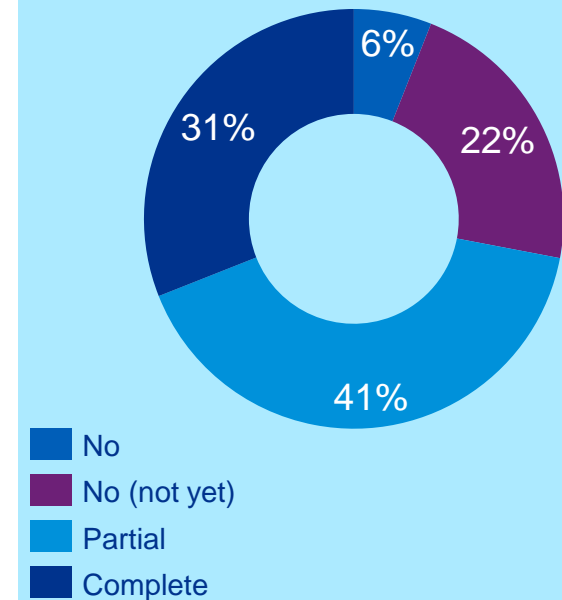
53% of institutions have a quantitative target on investing in/financing the energy transition



79% of institutions have a separate climate action plan



Applied the guidance





# Notes on reporting scope 1, 2 and 3 of funded sectors/companies

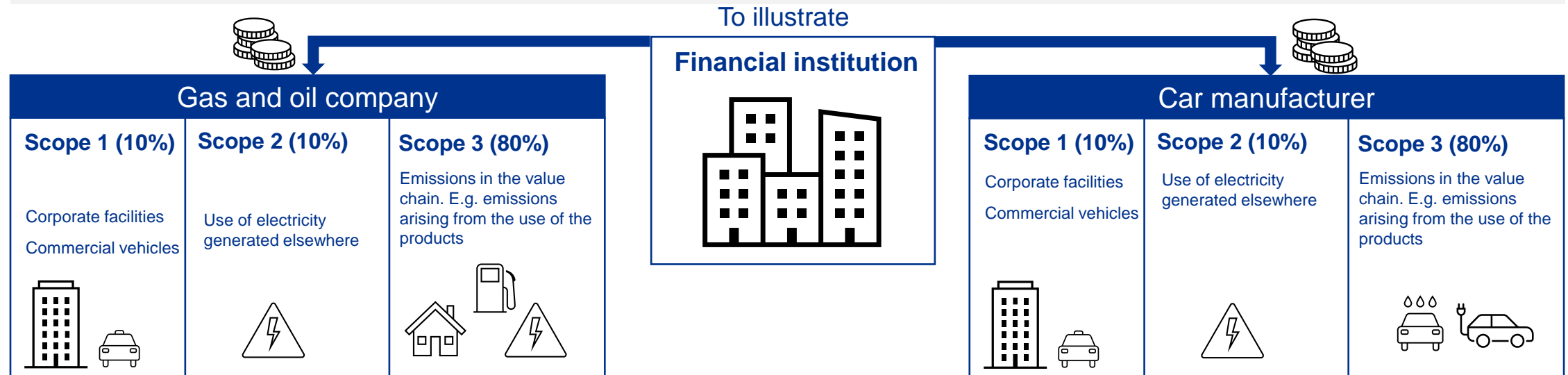
## Appendix 5

A company's emissions can be divided into scope 1, 2 and 3. Scope 3 includes lifecycle emissions from all products the company buys, manufactures or sells. Often, scope 3 is the largest. This is illustrated below with indicative percentages.

Financial institutions should report on the absolute scope 1 and scope 2 of funded emissions across all sectors. For scope 3, this is not always possible yet due to data availability. Therefore, PCAF follows a tiered approach that requires scope 3 reporting for lending to and making investments in companies. Financial institutions should disclose these absolute emissions separately for sectors where reporting on scope 3 emissions is required. Separate reporting ensures full transparency while recognising potential problems with double counting. The table on the right shows the phased approach to scope 3 reporting<sup>1</sup>.

### List of sectors in which scope 3 emissions should be included as defined by the EU TEG

| Period                                  | Sectors (based on NACE classification)  |
|---|---|
| For published reports from 2021 onwards | At least oil and gas and mining (i.e., NACE L2: 05-09, 19, 20)  |
| For published reports from 2023 onwards | At least construction, transport, real estate, materials and industry sectors (i.e., NACE L2: 10-18, 21-33, 41-43, 49-53, 81) |
| For published reports from 2025 onwards | All sectors   |



<sup>1</sup> [The Global GHG Accounting and Reporting Standard for the Financial Industry \(carbonaccountingfinancials.com\)](https://www.carbonaccountingfinancials.com/) p. 50/51

# Overview of methods/initiatives

## Appendix 6

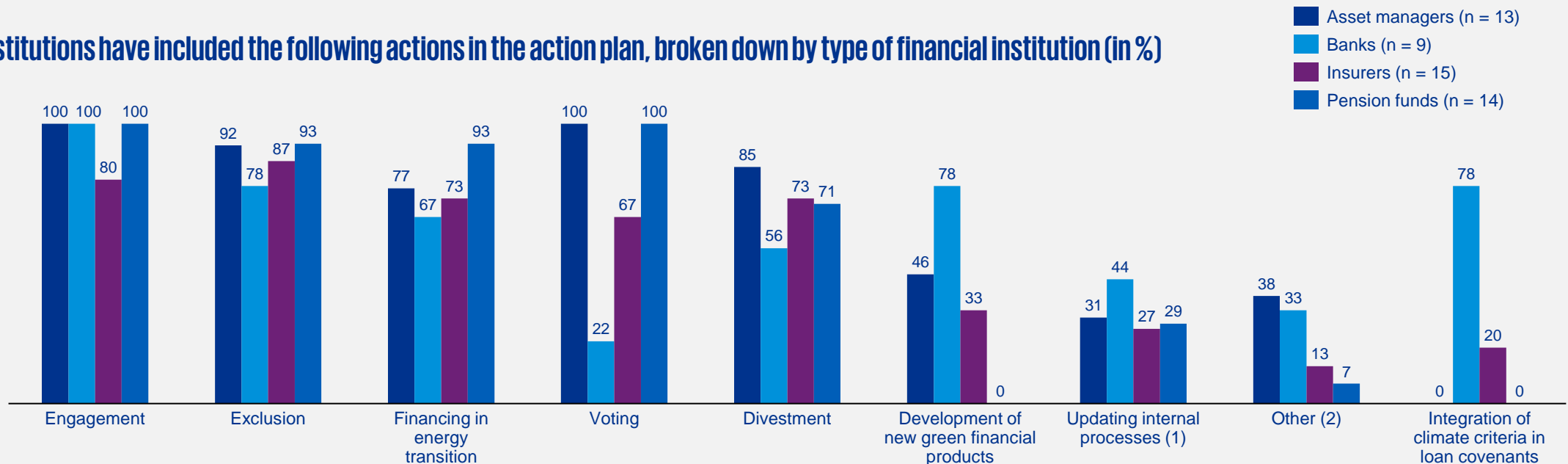
| Method / Initiative  | Description   |
|--|---|
| Partnership for Carbon Accounting Financials (PCAF)                          | An industry-led collaboration to measure and publicly disclose greenhouse gas emissions from loans and investments.   |
| Science-Based Target Initiative for Financial Institutions (SBTi)            | A science-based methodology for companies to set greenhouse gas reduction targets needed to stay within a 2-degree temperature rise above pre-industrial levels.                                |
| Paris Alignment Capital Transition Assessment (PACTA)                        | Climate scenario analysis toolkit for investor and corporate loan portfolios to measure alignment with international energy agencies' climate scenarios in key sectors and technologies.        |
| Transition Pathway Initiative (TPI) Carbon Performance                       | Carbon performance module that looks at how companies' emissions now and in the future compare with international targets and national commitments made as part of the Paris Climate Agreement. |
| Carbon Risk Real Estate Monitor (CRREM)                                      | Toolkit offering the real estate sector a transparent, science-based decarbonisation pathway aligned with the Paris climate goals.  |
| Carbon Disclosure Project (CDP)  | An initiative that enables companies, cities, states and regions to disclose their environmental impacts, including their greenhouse gas emissions, to investors and stakeholders.              |
| PAII Net-Zero Investment Framework   | Created by the IIGCC and others, this framework helps investors set targets, measure progress and report on their efforts to align their investments with the Paris Climate Agreement targets.  |
| Global ESG Benchmark for Real Assets (GRESB)                                 | A benchmarking and reporting tool for the environmental, social and governance (ESG) performance of physical assets, including real estate and infrastructure.                                  |
| EU Climate Transition Benchmark  | An EU benchmark to help investors assess companies' performance on the transition to a low-carbon economy and the Paris Climate Agreement targets.  |
| International Energy Agency's Net-Zero Emissions by 2050 (Roadmap) (IEA NZE) | A strategy developed by the International Energy Agency (IEA) outlining the steps needed to achieve net zero greenhouse gas emissions by 2050.  |
| INITIATOR model (from NMI) for rural real estate                             | A model developed by RIVM that assesses the environmental and health impacts (risks and opportunities) of rural property development.   |
| UN Asset Owner Alliance Target Setting Protocol                              | A protocol to provide institutional investors with a methodology to set and implement science-based targets for reducing their greenhouse gas emissions, in line with the Paris targets.        |
| UNEP Guidelines for Climate Target Setting                                   | Guidelines that set out key principles for setting credible, robust, impactful and ambitious targets in line with achieving the goals of the Paris Climate Agreement.                           |

# Actions broken down by type of financial institution

## Appendix 7

The diagram below breaks down the actions from the action plans by type of financial institution. It should be borne in mind that this diagram is only about types of actions specified by the institutions themselves and does not reflect the extent of the actions. The degree of action varies from one institution to another. Actions such as integrating climate criteria into loan covenants are applied particularly by banks, as they do a lot of lending.

### Institutions have included the following actions in the action plan, broken down by type of financial institution (in %)



<sup>1</sup> E.g. training, adjusting governance and capital allocation.

<sup>2</sup> Other actions include stress testing scenarios, working with customers to reduce CO<sub>2</sub> or mobilising additional public or private investment capital.

# Monitoring and targets broken down by type of financial institution

## Appendix 8

The tables below show the number of institutions monitoring and setting targets for the different relevant asset classes broken down by type of financial institution. This shows, for example, that only one pension fund monitors and none sets targets for the asset class 'mortgages'. This may be because pension funds often do not invest directly in mortgages. As a result, they have little insight into the portfolios and can exert only limited influence on them.

### Asset managers (n = 13)

| Asset class          | Relevant assets | Monitoring | Objective |
|----------------------|-----------------|------------|-----------|
| Listed shares        | 13              | 8          | 7         |
| Corporate bonds      | 11              | 7          | 6         |
| Commercial property  | 4               | 3          | 2         |
| Mortgages            | 2               | 1          | 0         |
| Government bonds     | 5               | 2          | 1         |
| Business & SME loans | 1               | 1          | 0         |
| Physical assets      | 3               | 2          | 1         |
| Private Equity       | 2               | 1          | 1         |
| Project funding      | 1               | 1          | 1         |

### Banks (n = 9)

| Asset class          | Relevant assets | Monitoring | Objective |
|----------------------|-----------------|------------|-----------|
| Listed shares        | 1               | 1          | 1         |
| Corporate bonds      | 2               | 2          | 2         |
| Commercial property  | 7               | 4          | 3         |
| Mortgages            | 6               | 5          | 4         |
| Government bonds     | 2               | 2          | 1         |
| Business & SME loans | 9               | 5          | 4         |
| Physical assets      | 1               | 1          | 1         |
| Private Equity       | 2               | 1          | 1         |
| Project funding      | 4               | 2          | 2         |

### Insurers (n = 15)

| Asset class          | Relevant assets | Monitoring | Objective |
|----------------------|-----------------|------------|-----------|
| Listed shares        | 13              | 12         | 9         |
| Corporate bonds      | 14              | 13         | 9         |
| Commercial property  | 8               | 8          | 4         |
| Mortgages            | 12              | 10         | 5         |
| Government bonds     | 13              | 12         | 5         |
| Business & SME loans | 6               | 5          | 2         |
| Physical assets      | 4               | 3          | 1         |
| Private Equity       | 2               | 1          | 1         |
| Project funding      | 1               | 0          | 0         |

### Pension funds (n = 14)

| Asset class          | Relevant assets | Monitoring | Objective |
|----------------------|-----------------|------------|-----------|
| Listed shares        | 14              | 14         | 13        |
| Corporate bonds      | 13              | 12         | 11        |
| Commercial property  | 11              | 9          | 7         |
| Mortgages            | 6               | 1          | 0         |
| Government bonds     | 6               | 3          | 0         |
| Business & SME loans | 2               | 0          | 0         |
| Physical assets      | 7               | 4          | 3         |
| Private Equity       | 7               | 4          | 0         |
| Project funding      | 3               | 2          | 2         |



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