

## ***Financial sector commitment<sup>1</sup>***

The financial sector (banks, pension funds, insurers and asset managers) is taking the initiative of contributing to the implementation of the Paris Agreement. The objective of the Dutch climate agreement is to reduce greenhouse gas emissions (hereinafter: CO<sub>2</sub>) by 49% compared to 1990 in a cost-effective way by 2030. The Dutch climate agreement affects all sectors of the Dutch economy and Dutch society, and calls for widespread support from and effective cooperation on the part of all parties concerned.

To this end, in accordance with their role in the financial chain, responsibility and capacity, the undersigned parties are pledging to take the following actions:

- a. The parties concerned will participate in financing the energy transition and to this end accept a best-effort obligation within the compass of statutory and regulatory frameworks and risk-return objectives. Where necessary and useful, financing options for sustainable economic activities will be optimized in collaboration with Invest-NL and other relevant parties.
- b. The parties will take action to measure the carbon footprint of their relevant financing and investment activities. From 2020 onwards they will issue public reports on these activities in whatever format is most appropriate. The parties are free to choose their own methodologies, but are committed to a process geared towards sharing experiences with one another, making it possible to compare results, and taking steps to improve and deepen the measurements. Furthermore, efforts will be made to dovetail with international developments and standards in this regard.
- c. The parties will announce their action plans, including reduction targets for 2030, for all their relevant financing and investment activities by no later than 2022. The parties will clarify what actions they will be taking to contribute to the Paris Agreement. This could comprise a combination of approaches, including CO<sub>2</sub> reduction targets for their portfolio where possible, engagement, and financing CO<sub>2</sub>-reducing projects.
- d. This commitment forms an integral part of the Dutch climate agreement. Parties will organize an annual meeting on progress vis-à-vis fulfilment of the agreements with all those involved. The progress will be reported in the Climate Committee to be set up. Wherever the parties flag up structural bottlenecks that are impeding fulfilment of the agreements, these will be actively brought to the attention of the parties involved.

The financial sector's commitment to the success of the necessary energy transition pertains both to the provision of appropriate, competitive financing arrangements for sustainable economic activities and to integrating climate targets, including CO<sub>2</sub>-reduction targets, into its own strategy.

The financial sector is keen to make a substantial contribution to sustainable economic activities in order to adequately shape the energy transition in the various sectors of the economy and society, in line with the market. Through the Dutch climate agreement financing task force, the financial sector has dedicated itself to fostering cross-sectoral forms of financing in order to better harmonize the supply of and demand for financing, and to flag up and remedy potential bottlenecks. Wherever necessary and useful, this role will be embedded in a portal in partnership with Invest-NL, thereby further enhancing the possibilities for optimization of cross-sectoral financing.

The energy transition challenges financial parties to fulfil their role in a controlled, steady manner. Climate policy and developments in carbon-neutral technologies could lead to rapid changes. Parties will need to anticipate these, in terms of both associated opportunities and associated threats. This could give grounds for financial parties to engage in dialogue with businesses and other customers with a view to reducing CO<sub>2</sub> emissions.

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<sup>1</sup> Original Dutch version is binding. This English version of the Financial sector commitment is drafted by the Dutch Banking Association, Dutch Association of Insurers, Federation of the Dutch Pension Funds and Dufas.

Key to the commitment is that each party will focus primarily on those activities that are most directly within their own sphere of influence, that fit in with the financial risk-return objective and that dovetail with the role of the relevant party within the financial chain. In the case of asset management, for instance, it will be the relevant customers themselves who ultimately decide how their money gets invested.

The financial trade associations will support this commitment, coordinate the efforts of their members, and play an active role in the annual meeting on progress vis-à-vis fulfilment of the agreements.

Whilst fulfilling this commitment, efforts will be made to dovetail with (national and international) developments and standards (as included in the appendix).

The Sustainable Finance Platform will provide the financial parties involved with a platform for the purposes of sharing knowledge and experiences, in terms of both financing sustainable economic activities and measuring the carbon footprint of their relevant financing and investment activities. In collaboration with the four financial trade associations (Dutch Banking Association, Dutch Association of Insurers, Federation of the Dutch Pension Funds and Dufas), the platform will organize work conferences on measuring and steering things on climate impact. Exchanging best practices will enable pioneers within the financial sector and other financial parties (which may lack capacity to initiate innovations themselves due to such factors as their smaller scale) to be helpful when it comes to formulating an ambition that befits the institution as well as to developing an approach to fulfilling that ambition effectively.