

# Summary – Sustainability Risk Policy for Investment

## What is the purpose of this policy?

The Sustainability Risk Policy for Investment sets out the requirements which ensure that the bank's global investment products and solutions and proprietary investment activities are in accordance with the defined risk appetite and [sustainability risk standards of the bank](#).

Investment products and solutions refer to our services that enable our clients to invest for example in stocks and bonds. Proprietary investment refers to our private equity activities for example through the [Energy Transition Funds](#).

## What is the scope of this policy?

The policy applies to ABN AMRO Bank N.V. and all its subsidiaries, branches, representative offices and legal entities that are under its control (together referred to as 'ABN AMRO' or 'the bank'), unless explicitly stated otherwise.

## How does ABN AMRO govern the sustainability risks of its investment products and solutions?

The business line is responsible for monitoring the sustainability performance of our investment universe, which consists of the securities with client exposure and those listed on the client investment portal of the bank. The process is overseen by the Executive Board.

We will screen the investment universe on a quarterly basis and exclude assets associated with companies listed on the bank-wide [Controversial Weapons List](#)<sup>1</sup>, or the Investment Exclusion List<sup>2</sup>. The sustainability performance of companies and funds in the investment universe is then assessed and classified, based on an analysis of the company's or fund's approach to sustainability matters and a check on sustainability-related controversies. Companies or funds are assigned a Sustainability Indicator (*poor, weak, average, good, excellent*) based on their position relative to sector averages. The Sustainability Indicators are disclosed on the client investment portal.

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<sup>1</sup> A list of companies that are involved in controversial weapons such as cluster munitions and are therefore excluded from the bank's financial services and client's investments.

<sup>2</sup> List of companies that have not improved their sustainability performance in spite of the bank's engagement on the investment side.

## How does ABN AMRO engage with companies and funds in the Investment Universe?

Because the bank does not have a client relationship with the companies in its investment universe, our leverage is limited. Nevertheless we will start an engagement process if a company is identified as breaching one of the ten [Principles of the UN Global Compact](#). Even if there is no formal breach, the Global Sustainability Board of Private Banking can decide to start an engagement process. This process is overseen by the bank's Engagement Advisory Committee.

We ask third party fund managers to confirm that funds do not exceed a 5% exposure to companies (in)directly involved in cluster munition. Investment funds which lack this confirmation are excluded from our 'Discretionary Portfolio Management' portfolio and clients who manage their own portfolio are advised to sell these funds. In addition, the bank only advises on products of fund managers that have signed the [Principles for Responsible Investment](#).

Lastly, we apply proxy voting, which is the casting of shareholder votes without presence in shareholder meetings. The proxy voting must be in line with the Principles for Responsible Investment and be aimed at the improvement of environmental, social and governance practices of the company in line with the [Sustainability Risk Policy Framework](#) of the bank.

## How does ABN AMRO govern the sustainability risks of its proprietary investment?

Proprietary investment refers to our private equity activities for example through the Energy Transition Funds. For these activities – which tend to have a mid to long term time horizon - we apply the four steps of the sustainability risk management process: risk determination, risk assessment, approval and risk monitoring.

1. Risk determination - The business line screens the investee and the investees' activities for bank-wide embargoes, in particular the [ABN AMRO Exclusion List](#)<sup>3</sup> and the ABN AMRO Controversial Weapons List. In absence of an embargo, the business line identifies the client's sustainability risk (low, medium or high) based on the sector(s) and country(ies) in which the client operates.
2. Risk assessment – The business line assesses whether the investee meets the bank's sustainability requirements as defined in the Sustainability Risk Policy Framework. Due diligence takes place at an intensity level that corresponds with the determined sustainability risk level (low, medium or high).
3. Investment sustainability approval - In case the investee's sustainability performance is 'on par' or 'above par', the business line can proceed with the investment process. In case the investee's sustainability performance is 'below par' with the bank's requirements, the transaction can only be accepted if the business line has ensured that the investee is willing and able to meet the requirements of the bank within a defined time frame. All information obtained in the Sustainability risk assessment process is included in the documentation for investment approval.
4. Risk monitoring, reporting and engagement - As part of the periodic investment review process, the business line monitors, and reports on, the sustainability performance and progress of the investee company.

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<sup>3</sup> A list of activities which have unacceptable impact on people and/or environment and are therefore excluded from the bank's financial services.