

# Sustainable Finance Strategy

2021-2025

2023 update

DeNederlandscheBank

EUROSYSTEM

# Sustainable Finance Strategy 2021-2025

## Why sustainability is a strategic priority for DNB

Sustainability developments affect the financial-economic system and thus all core functions of DNB. In addition, DNB wants to make a positive contribution to global sustainability targets

Risks:  
Developments affect our core functions

Impact:  
Contributions to sustainable prosperity



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## Our targets for 2025



### Resilient financial system

- Sustainability risks are managed and are integrated
- Adequate supervisory regulations, instruments and methodology



### More sustainable monetary tasks and payment system

- Monetary tasks are more aligned with climate goals
- Lower environmental impact of the payment system
- Cash and financial services are more accessible



### Informed debate on a sustainable economy

- Agenda-setting research and advice
- Environmental effects in economic models



### Robust sustainability data and statistics

- Adequate methodology and metrics
- Applicable and accessible data

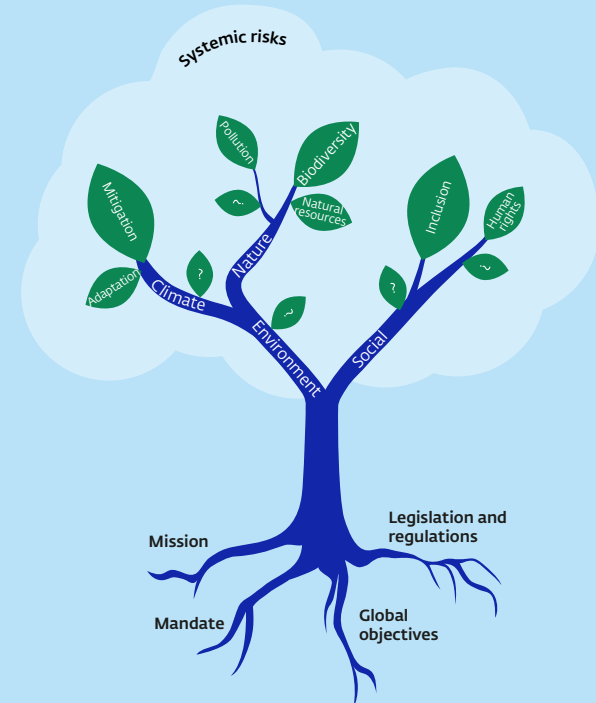


### Sustainable DNB

- Our investments 'Paris-aligned'
- Sustainable internal operations
- Transparent reporting and transition plan
- Diverse, safe and inclusive work environment

## How we organise this

Sustainability is never 'finished'. We constantly keep abreast of new developments that could affect our core functions. Where necessary, we translate new insights into policy and integrate them into our work. This is how we stay *fit for purpose*.



# Introduction

De Nederlandsche Bank (DNB) seeks to safeguard financial stability and thus contributes to sustainable prosperity in the Netherlands. This means that we are committed to sustainable economic growth with no harmful impact on the environment and an inclusive financial and economic system. We want to contribute as concretely as possible to making the financial system more sustainable, and we are therefore working towards fully integrating sustainability into our core functions by 2025.

## Why is DNB working on sustainability?

Global societal and environmental challenges, such as climate change or biodiversity loss, have a direct impact on the Dutch financial and economic system. After all, these challenges and related transitions translate into financial risks that threaten our economy, the solidity of the financial system or individual institutions. These therefore affect our mission and mandate.

We want to respond appropriately to these challenges through our activities as a central bank, supervisor and resolution authority. As an organisation, we are climate-neutral and as circular as possible, including our offices. Moreover, we want to make a fitting contribution to achieving global public objectives such as the United Nations Sustainable Development Goals (SDGs), the Paris Climate Agreement, the agreement reached at the 2022 Biodiversity Conference in Montreal, along with European targets (the Green Deal) and national targets (including the Climate Agreement) to which the Dutch government has committed. In our Sustainable Finance Strategy, we seek alignment with these targets where possible.

We also work for a more inclusive society by conducting research, advising the government, supervising and collaborating with other organisations to jointly ensure that no large groups are left out and attention is paid to the most vulnerable groups in society. Therefore, the potential loss of access to payment systems, financial services, economic transactions or social security also has our explicit attention. In our own operations, themes such as diversity and inclusion already have pride of place. We strive for more diversity in the broadest sense of the word: cultural background, religious beliefs, sexual orientation, gender identity or gender expression, age, occupational disability, education and experience. This ensures that our organisation reflects the diversity of our society. We are committed to an inclusive work environment in which everyone can be themselves, is not afraid to contribute their own ideas and ways of working, and is appreciated for it.<sup>1</sup> These themes will continue to receive undiminished attention.

## What does DNB want to achieve, and how?

We have set ourselves the strategic priority of fully integrating sustainability into all our core functions by 2025. Our Sustainable Finance Strategy will help us achieve this goal. The strategy specifies the objectives for each core function. We focus on the themes of 'Environment' and 'Social' and analyse them in conjunction with each other wherever possible.

As the third ESG theme, 'Governance', has already been integrated into our core functions, we have not included any specific focal areas for this theme in our strategy.

<sup>1</sup> Also see: [Diversity and inclusion | De Nederlandsche Bank](#)

In addition, to monitor, facilitate and act as a catalyst for progress, in 2021 we launched the Strategic Sustainable Finance Programme and set up the Sustainable Finance Office (SFO). The SFO acts as a hub for sustainability within DNB and coordinates the implementation of the Sustainable Finance Strategy. The SFO will become redundant once we have fully integrated sustainability in our core functions.

In order to be able to respond to the latest insights and requirements of our rapidly changing society, we make sure that both our objectives and strategy remain agile. This is why in 2022 we sought interaction with our environment by having stakeholders and experts challenge our existing strategy in the form of a number of thematic round tables. Based on their input and new developments and insights (e.g. in laws and regulations<sup>2</sup>, government policies<sup>3</sup> and scientific findings<sup>4</sup>), we updated our strategy in early 2023.

## What are the new accents DNB is placing in its strategy?

The challenge with external stakeholders yielded broad-based support for the powerful role DNB is playing as a catalyst to advance the topic of sustainability in relation to the financial system and embed sustainability aspects in our field of operations. The overarching ambition and objectives by core function from the original Sustainable Finance Strategy are as relevant as ever. We are therefore continuing along the course we have embarked on, but emphasise a number of new accents in implementing the strategy in the coming years, which we base on the insights from this round of updates.

Because sustainability risks are interrelated systemic risks that potentially affect financial stability, they require that we adopt an integrated approach with a long-term perspective, even more so than we have done so far. We do this in various ways, including as follows:

- In supervision, we follow a trajectory towards mature management of sustainability risks, based on concrete expectations and enforcement, in line with the further embedding of these risks in laws and regulations. In early 2023 we released the Guide to managing climate and environmental risks, setting out good practices for managing ESG risks and current developments in laws and regulations.<sup>5</sup> We will regularly update and expand this Guide. Adhering to the focal points highlighted in the Guide, we are embedding ESG factors in the risk assessment framework which we use for financial institutions. Following a baseline assessment, we will announce in 2024 when we will assess institutions' compliance and, where necessary, take enforcement action. The ambitions and targets which financial institutions have laid down in the Dutch Financial Sector Climate Commitment are a key part of our supervision. Insufficient adherence to the action plans announced by the signatories in the Climate Commitment in 2022 can be a source of reputational and litigation risks, which is why we will consistently include such plans in our risk assessment.
- We develop an integrated approach towards broader nature-related issues, such as biodiversity loss, resource scarcity and water stress, also considering interactions with climate-related issues. We address these overlaps because developments in these areas are strongly interrelated and can reinforce each other. Therefore, these risks must be analysed in coherence.<sup>6</sup>

<sup>2</sup> Including the EU Sustainable Finance legislation (Taxonomy Regulation, SFDR and CSRD) and the legislative proposal to integrate ESG factors into the European banking prudential framework (CRR3/CRD6)

<sup>3</sup> Including the Ministry of Finance's 2022 Sustainable Finance Policy Agenda

<sup>4</sup> In particular, the IPCC's sixth Assessment Report (2021-2023)

<sup>5</sup> The [Guide to managing climate and environmental risks](#), March 2023

<sup>6</sup> Examples of such interrelationships include the role nature plays in storing greenhouse gases, the impact pollution has on biodiversity and the implication of limited access to raw materials on the energy transition.

- As an independent adviser, we produce agenda-setting analyses with a long-term perspective that consider sustainability issues in mutual conjunction and treat them as systemic risks. Besides paying more attention to sustainability in *risk* analyses, we also look explicitly at the *opportunities* presented by the sustainability transition. Where possible, we use our cooperation and coordinating role with market players in the Netherlands, e.g. in the Sustainable Finance Platform<sup>7</sup>, and internationally, e.g. within the Network for Greening the Financial System.
- We put relatively new topics relevant to the Dutch economy and financial sector on the agenda, such as materiality, possible transmission channels and potential mitigants of social risks, such as engaging in or being associated with human rights controversies and other practices that go against widely accepted societal standards. We also investigate themes that have already been part of the sustainability debate but whose potential interactions with our core tasks have been little explored. A case in point is making the Netherlands climate-proof in good time, i.e. adaptation. In our view, advancing the availability of robust sustainability data is an important task in this regard.
- In our own policy, acting in the forefront, we make a positive contribution to the aforementioned nationally and internationally agreed objectives. To put this into practice in concrete terms, we will draw up a transition plan towards 2050 that contains specific ambitions in line with these objectives for all our core functions and internal organisation, and we will develop a detailed plan with measurable milestones to achieve those ambitions.

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<sup>7</sup> In Dutch: *Platform voor Duurzame Financiering*

# Objectives 2025

We have set ourselves the ambition of integrating sustainability into all elements of our core tasks by 2025. In our Sustainable Finance Strategy, we translate this ambition into a set of targets, by each area of activity, for 2025.

## A financial system resilient to sustainability risks

### Supervision, financial stability and resolution

- **Sustainability embedded in supervisory methodology:** In our supervisory methodology and own (digital) supervisory processes, we embed our expectations with regard to the management of material ESG risks and we take appropriate measures if management is insufficient. We are transparent when we expect the financial sector to manage these risks adequately. In addition, we monitor the progress institutions make on their voluntary sustainability commitments.
- **Forward-looking toolkit applied in monitoring financial stability:** We regularly and consistently identify macroprudential sustainability risks, including through the Financial Stability Report and climate stress tests. We explore, as a pilot, how to factor nature-related risks into our macro analyses.
- **Legal and regulatory framework, standards and supervisory toolkit developed further:** DNB uses its influence in the various international fora to advance the development of standards and (forward-looking) supervisory instruments such as stress tests and scenario analyses for identification and assessment of sustainability risks, in particular, the Basel Committee for Banking Supervision (BCBS), the European regulatory authorities (EBA, EIOPA), the Financial Stability Board, the Network for Greening the Financial System and the International Sustainability Standards Board.

## More sustainable monetary tasks and payments

### Monetary tasks and payment system

- **Monetary tasks more aligned with climate targets:** Given our primary objective of pursuing price stability, we take climate-related risks into account wherever possible in the performance of our monetary tasks. Based on its expertise and acting at the forefront, we actively contribute to the ECB's action plan to incorporate climate considerations into monetary policy and operations, thereby supporting the EU's climate policy..
- **Reduced environmental impact of payment systems:** Where it is within our control, we reduce the environmental impact of cash, thereby seeking alignment with international targets such as the Paris Agreement.
- **Access to financial products and services stimulated:** We monitor and promote universal access to financial services and products, such as payment accounts, pensions, insurance and mortgage loans.

## Informed debate on creating a sustainable economy

### Economic research and advice

- **Sustainability themes put on the agenda through research and advice:** we fuel and stimulates the public debate on sustainable prosperity with agenda-setting economic research and advice on themes such as climate change, the energy transition, sources of prosperity and inclusive policies, devoting special attention to the most vulnerable groups in society.
- **Environmental impact included in economic models:** The main economic models and metrics that we use take into account changes in the environment and their long-term effects on prosperity.

## Robust sustainability data and statistics

### Statistics

- **Use of appropriate methodology:** We have reliable sources and methods for producing and using sustainability statistics. We will also use our influence to advance the development of national and international data, statistics and standards.
- **High-value data and reporting:** Our data allows us to keep track of the current and estimated CO<sub>2</sub> emissions of the Dutch financial sector and monetary system, including through adequate reporting from financial institutions.

## Sustainable organisation

### Reserve management and internal operations

- **Own investments 'Paris-aligned':** Our reserve management is designed in a responsible, sustainable manner that is in line with internationally leading ESG standards and international climate targets.
- **Sustainable internal operations:** As an organisation, we are climate-neutral (including our offices) and as circular as possible. We aim to obtain the BREEAM Outstanding and WELL Platinum labels for our (renovated) headquarters. We carefully select our suppliers and critically evaluate whether their service and social return match our sustainability standards.
- **Transparent reporting and our transition plan:** Through comprehensive and accessible reporting, we are transparent about sustainability risks inherent in our work and how we deal with them. Within this context, we will also prepare a transition plan to meet nationally and internationally agreed targets. In this plan, we will detail the objectives we aim to achieve, such as carbon emission reductions.
- **Diverse, safe, inclusive work environment:** We ensure that all our staff members can be themselves, feel at home and be appreciated for who they are - in all their diversity.

# Dialogue on sustainability

Effective interaction with our stakeholders is a prerequisite for achieving our sustainability ambitions and generating a positive impact on international sustainability objectives. To this end, we organise a dialogue platform.

We engage in active and broad-based stakeholder dialogue on sustainability, including with the financial sector, policymakers, sustainability experts, NGOs and other relevant parties. We bring in outside perspectives on sustainability to obtain the latest insights, which we incorporate in our core tasks.

In so doing, we seek to align with the [Sustainable Finance Platform](#) as much as possible. We set up this platform in 2016 to work jointly with the Dutch financial sector, supervisors and ministries on sustainability initiatives. The platform's ambition is to promote and increase awareness of sustainable funding in the financial sector and foster cooperation.

We also actively seek cooperation on the international stage, and together with various stakeholders we contribute to policy making and developing international standards in the area of climate. We do this through initiatives such as the Taskforce on Climate-related Financial Disclosures (TCFD), which we co-founded, as well as the Network for Greening the Financial System (NGFS), the international network for central banks and supervisory authorities that works proactively to make the financial system more sustainable.

## Further information:

Please address any questions about DNB and sustainability to the [Sustainable Finance Office](#).



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