Sustainable Finance Strategy 2021-2025
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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.

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 more aligned with climate goals
  - Lower environmental impact of the payment system
  - Cash remains 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
  - Own investments Paris-aligned
  - Sustainable internal operations
  - Transparent reporting

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.

- Sustainability into all its core functions.
- This Sustainable Finance Strategy provides guidance and sets clear targets.
- The Sustainable Finance Office is the central contact point for sustainability within DNB (sfo@dnb.nl).
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-economic system more sustainable, and are therefore working towards fully integrating sustainability into our core functions by 2025.

1 Why does DNB engage in sustainability?
Global societal and environmental challenges, such as climate change or biodiversity loss, can have a direct impact on the Dutch financial and economic system. After all, these challenges and related transitions can translate into financial risks that threaten our economy, the solidity of the financial system or individual institutions. They therefore affect DNB’s mission and mandate.

In our capacity as central bank, supervisor and resolution authority we want to respond adequately to these challenges. Moreover, we want to make a fitting contribution to the realisation of global public objectives such as the Sustainable Development Goals (SDGs) of the United Nations and the Paris Climate Agreement.

2 How does DNB view global challenges and transitions?
Since our financial system is not only affected by global societal and environmental challenges per se, but also by the responses of governments to these challenges, we closely monitor global developments. The 17 aforementioned Sustainable Development Goals (SDGs) guide the transition towards global sustainable development, as do the specific climate change goals in the Paris Agreement. We also expect to see similar international targets for other development goals in the future, which are generally also implemented nationally. In our Sustainable Finance Strategy, we seek alignment with these (inter)national targets where possible.

3 What does DNB want to achieve, and how?
We have set ourselves the ambition of fully integrating sustainability into all our core functions by 2025. This is a strategic priority for DNB. Our new Sustainable Finance Strategy will help us achieve this goal. Through this strategy, we build on the previously published CSR vision, and the goals we want to achieve are further specified.

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 is temporary in nature: it will become redundant once DNB has fully integrated sustainability in its core functions.
While this ultimate goal is clear, the path towards it cannot be set in stone. In order to be able to respond to the latest insights and requirements of our rapidly changing society, we need to make sure that both our objectives and strategy remain agile. We will therefore periodically reassess this strategy on the basis of new developments and insights. In doing so, we explicitly seek interaction with the external stakeholders, to ensure we are up to date with the latest insights, and based on the conviction that we can achieve the greatest impact working together with our stakeholders.

4 What topics does DNB approach from an ESG perspective?
For now, our Sustainable Finance Strategy focuses on the following sustainability themes, which we have categorised here under the themes ‘Environment’ and ‘Social’:

- **Environment**: Climate change and biodiversity loss were already part of the CSR vision, and continue to be key focus areas in our strategy. For climate change, further integration into our core functions and our internal operations is the main objective. For biodiversity, we intend to translate earlier exploratory studies in this field into concrete policy before we proceed to integration at a later stage. Pollution and the depletion of natural resources have been added as areas for further exploration, given the impact pollution can have on biodiversity and ecosystems, but also because limited access to natural resources can have a significant impact on economic activities and thus on our economy (as we also identified in our 2019 report "Values at Risk").

- **Social**: Potential loss of access to financial services, economic activity or social security, remains – as in the CSR vision – a focal point of the strategy. Considerations in this respect include risks that may arise due to limited access to payment methods, the labour market, the housing market and social security. This theme will be further integrated in the performance of our core functions. In addition, in the coming period we will also explore whether the financial sector is exposed to risks through associations with human rights controversies and (other) practices that are contrary to generally-accepted societal norms, that affect our core functions, such as the investment management of our own reserves.

As the third ESG theme, ‘Governance’ has been a focal area for DNB for some time, it has already been largely integrated in our core functions. As such we have not included any specific focal areas for this theme in our strategy.
Objectives for 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:** DNB embeds sustainability risks in its supervisory methodology and its own (digital) supervisory processes.
- **Forward-looking toolkit applied in monitoring financial stability:** DNB regularly and consistently identifies macroprudential sustainability risks, including through stress tests or scenario 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.
- **Access to financial products and services monitored:** We pay close attention to the implications for the access of societal (sub-)groups to financial services and products such as current accounts, pensions, insurance and mortgages.

**Monetary tasks and payment system**

- **Monetary tasks more aligned with climate targets:** Based on its expertise and acting at the forefront, DNB actively contributes 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:** Insofar as it is within its sphere of influence, DNB reduces the environmental impact of payments and cash, thereby seeking alignment with international targets such as the Paris Agreement.
- **Cash remains accessible:** DNB safeguards the accessibility of payment systems for vulnerable groups in the face of technological and societal changes.

Informed debate on creating a sustainable economy

**Economic research and advice**

- **Sustainability themes put on the agenda through research and advice:** DNB fuels 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 the inclusiveness of the economic system.
- **Environmental impact included in economic models:** The main economic models and metrics that DNB uses take into account changes in the environment and their long-term effects on prosperity.
Robust sustainability data and statistics

**Statistics**

- **Use of adequate methodology and metrics**: DNB has reliable sources and methods at its disposal for producing and using sustainability statistics. DNB will also use its influence to advance the development of (inter)national data, statistics and standards.

- **High-value data and reporting**: Our data allows us to keep track of the current and estimated CO2 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’**: DNB’s 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, DNB (its offices included) is climate-neutral and as circular as possible. We carefully select our suppliers and critically evaluate whether their service and social return match our sustainability standards.

- **Transparent reporting**: Through comprehensive and accessible reporting, we are transparent about how we identify and mitigate sustainability risks.
The Strategic Sustainable Finance Programme and our stakeholders

Our Sustainable Finance Strategy forms the basis for all our activities in the area of sustainability. The Strategic Sustainable Finance Programme and the Sustainable Finance Office (SFO) have been set up to monitor, facilitate and act as a catalyst for the Sustainable Finance Strategy. Effective interaction with the outside world is essential for realising our sustainability ambitions and a positive impact on international goals. To facilitate this, the SFO creates a platform for dialogue with stakeholders.

Dialogue on sustainability

DNB engages in dialogue on sustainability with a broad group of stakeholders such as the financial sector, policymakers, sustainability experts, NGOs and other relevant parties. We bring in external knowledge on sustainability from the outside to obtain the latest insights, which we incorporate in periodic reviews of the Sustainable Finance Strategy and in the design of our work and research programme.

Furthermore, we seek dialogue with the sector on possible dilemmas or obstacles that supervised institutions experience regarding sustainability and ESG regulations. Through our network we will also look out for innovative solutions and pilots with the sector, aimed at integrating sustainability in our supervision. Where possible, we will seek to do this through the Sustainable Finance Platform. This platform was established by DNB in 2016 to work jointly with the Dutch financial sector, supervisors and ministries on sustainability initiatives. It was set up to promote and increase awareness of sustainable finance in the financial sector and foster cooperation.

We also actively seek cooperation on the international stage, and together with various stakeholders we contribute to developing climate-related policy and international standards. We do this through initiatives such as the Task-Force on Climate-related Financial Disclosures (TCFD), which DNB co-founded, as well as the Network for Greening the Financial System (NGFS), the international network for central banks and regulators that works proactively to support the transition towards a more sustainable economy.

Further information:
The Sustainable Finance Strategy’s priorities are defined and published annually.

Please address any questions about DNB and sustainability to:
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The Sustainable Finance Office