

POST-ISSUANCE CLIMATE BOND CERTIFICATION

Verification Report for Post-Issuance Certification
for the Green Bond Issued by ABN AMRO



SCOPE

ABN AMRO commissioned ISS-oekom to compile a Verifier's Report for Post-Issuance Certification of its 2019 Green Bond by the Climate Bonds Initiative (CBI). The Climate Bonds Certification process includes verifying whether the provisions of the Climate Bonds Standards issued by the CBI are met and obtaining evidence to support the verification.

CRITERIA

Relevant CBI Standards for this Climate Bonds Certification:

- Climate Bonds Standard (Version 2.1)
- Marine Renewable Energy Sector Eligibility Criteria (status 10/2017)
- Residential Property (Version 1.0)
- Commercial Property (Version 1.0)
- Sector Criteria for Solar (Version 2.1)

ISSUER'S RESPONSIBILITY

ABN AMRO's responsibility was to provide information and documentation on:

- Selection of nominated projects & assets
- Technical aspects of projects & assets
- Internal processes & controls
- Proposed reporting

ISS-oekom's VERIFICATION PROCESS

ISS-oekom is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS-oekom has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS-oekom has been conducted this independent Post-Issuance Verification Process of the green bond to be issued by ABN AMRO based on the Climate Bond Standards 2.1. and in line with the limited assurance procedure defined by the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

ISS-oekom's approach to assess whether the issuer's Green Bond meets the criteria of the Climate Bond Standards 2.1. is as follows:

- The issuer provided an overview over the assets to be included in the Green Bond asset pool and the relevant processes and documentation regarding the proceeds (e.g. use of proceeds, management of proceeds) to ISS-oekom.
- The issuer filled in a questionnaire that covers all criteria of the Climate Bonds Standard 2.1.
- The issuer provided background documents that elaborate further on the information mentioned in the questionnaire.
- Using the questionnaire and background documents, ISS-oekom carried out an assessment of the CBI criteria. In case any answers were unclear, ISS-oekom contacted the issuer for more details and clarification.

The engagement with ABN AMRO took place in March 2019 and August 2019.

ISS- oekom's BUSINESS PRACTICES

ISS-oekom's aspiration and goal is to serve our clients with their full trust and confidence. We earn and retain this by providing high quality services which are understood by our clients to rest upon high degrees of transparency, objectivity, and independence. Because of the breadth of our client base, we understand and take seriously the potential for real or perceived conflicts of interest which may result from our many business activities.

RESTRICTION ON DISTRIBUTION AND USE OF REPORT

This Verification Report for Climate Bonds Certification including all documentation provided alongside is intended for the use of ABN AMRO and the Climate Bonds Standard Board. The present document may be published by ABN AMRO, CBI and ISS-oekom. CBI and ISS-oekom agree to publish the report with the consent of ABN AMRO.

OPINION

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the ABN AMRO's 2019 Green Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements.



ROBERT HÄBLER
ISS-oekom
Munich, 28 August 2019

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About ISS-oekom and ISS ESG

Since March 2018, ISS-oekom has been a member of the ISS family, sitting within the ISS ESG business unit, which also includes ISS-ethix and ISS-climate. ISS ESG provides high quality solutions for sustainable and responsible investment and corporate governance. The External Review team, covering Second Party Opinions (SPOs) and Climate Bond Certifications is made up of colleagues across ISS ESG, from ISS-oekom and ISS-climate.

Originally founded in 1993 and formerly known as oekom research AG, ISS-oekom is one of the world’s leading ESG research and rating agencies for sustainable investments with an unsurpassed rating methodology and quality recognition. ISS-oekom analyzes businesses and countries with respect to their environmental social and governance performance. As an experienced partner of institutional investors and financial service providers, we analyse the level of responsibility exercised by equity and bond issuers towards society and the environment. Under the new ownership, ISS-oekom completes the ESG research and RI services offerings of ISS, making it a worldwide pure-player in the area of RI Research & Solutions. ISS-oekom is headed by Robert Haßler, former CEO and co-founder of oekom research AG. More information: www.oekom-research.com and www.issgovernance.com.

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ANNEXES

Annex 1: Detailed Findings

Annex 2: Detailed Findings Marine Renewable Energy Standards

Annex 3: Detailed Findings Residential Property

Annex 4: Detailed Findings Commercial Property

Annex 5: Detailed Findings Solar power

ANNEX 1: DETAILED FINDINGS

4. NOMINATED PROJECTS & ASSETS

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
4.1	Decision-making process to determine the continuing eligibility of nominated projects and assets	ABN AMRO has defined an environmental objective and has implemented processes to determine the eligibility of nominated assets.	✓
4.2	Conformance with the Bond's documented objectives and requirements of Part B of the CBI Standard	The full amount of the net proceeds is distributed to Eligible assets related to energy efficiency and renewable energy and that conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓
4.3	No double nomination of projects and assets	ABN AMRO's selection method is designed to ensure that assets are not nominated twice. Furthermore, ABN AMRO has engaged an external auditor to verify that assets are not already nominated to other Climate Bonds ¹ .	✓

5. USE OF PROCEEDS

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
5.1	Allocation of net proceeds to nominated projects and assets.	The full amount of the net proceeds has been allocated to nominated Eligible Assets as of June 2019.	✓
5.2	Allocation of funds within 24 months of issuance of the bond	The full amount of the net proceeds has been allocated to nominated Eligible Assets as of June 2019.	✓

¹ The most recent assurance report of this external auditor can be found on the following link:

https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Debt_Investors/Unsecured_funding/Euro_Medium_Term_Notes/1787455/ABN_AMRO_Green_Bond_assurance_report_KPMG_2018-12-31.pdf

5.3	Share of financing and refinancing.	The net proceeds of the Green Bond were exclusively used to refinance Eligible Assets identified by ABN AMRO	✓
5.4	Tracking of proceeds	The net proceeds of the bond are moved to a Green Bond portfolio and are tracked by the organisation.	✓
5.5	Net proceeds of the loan and investment to nominated projects and assets	To ensure that the bond proceeds can be directed in full to the Eligible Assets, the total issued amount of the bond proceeds is limited to 80% of the Eligible Assets.	✓

6. NON-CONTAMINATION OF PROCEEDS

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
6.1	Tracking of proceeds	The net proceeds of the bond are moved to a Green Bond portfolio and are tracked in the organisation.	✓
6.2	Non-contamination of proceeds	Unallocated proceeds are invested in short term Money Market products from Sovereigns, Supranationals, Agencies, Development Banks and Financial Institutions which are rated 'Prime' by ISS ESG.	✓
6.3	Cases of force majeure	Not applicable. All proceeds have been allocated.	—

7. CONFIDENTIALITY

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
7.1	Description of the projects	The full amount of the net proceeds is distributed to Eligible assets related to energy efficiency and renewable energy and that conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓

7.2	Disclosure of information to the market	Details on ABN AMRO's Green Bond are available in the Green Bond Report Group Treasury (issue 4) ² published on the 30 th of June 2019.	✓
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8. REPORTING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
8.1	Description of reporting	<p>ABN AMRO's reporting impact indicators are described in the Annex 2 of the Green Bond Framework to be found as the last annex of this document.</p> <p>The ABN AMRO's Green Bond impact report to be issued will be in line with impact reports released in 2015, 2016 and 2017³.</p>	✓

9. CLIMATE BOND TAXONOMY

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
8.1	Matching of Climate Bond category	The full amount of the net proceeds is distributed to Eligible assets related to energy efficiency and renewable energy and that conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓

² Green Bond Report Group Treasury (issue 4): https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Debt_Investors/Unsecured_funding/Euro_Medium_Term_Notes/1805639/ABN_AMRO_GB_04_XS1982037696_report_20190630.pdf

³ ABN AMRO's Green Bond Impact Report 2017: https://www.abnamro.com/nl/images/Documents/050_Investor_Relations/Debt_Investors/Unsecured_funding/Euro_Medium_Term_Notes/Green_Bonds/1772709/ABN_AMRO_Green_Bond_impact_reporting-2017.pdf

10. TECHNICAL CRITERIA

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
10.1	Sector-specific eligibility criteria	The full amount of the net proceeds is distributed to Eligible assets related to energy efficiency and renewable energy and that conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓
10.2	Bonds covering several sector-specific criteria	Not applicable.	–

11. PROJECT HOLDING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
11.1	Holding of assets with a fair market value at least of the original amount at time of issuance	The value of assets selected is equal to principal amount of bond issuance as external reporting of allocation ⁴ . Additional Nominated Projects and Assets will always meet the eligibility criteria.	✓

12. SETTLEMENT PERIOD

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
12.1	Description of the process and timeline of distribution of proceeds	The full amount of the net proceeds has been allocated to nominated Eligible Assets as of June 2019.	✓
12.2	Description of process regarding unallocated proceeds after 24 months	Not applicable. The full amount of the net proceeds has been allocated to nominated Eligible Assets as of June 2019.	–

⁴ Green Bond Report Group Treasury (issue 4):

https://www.abnamro.com/en/images/Documents/050_Investor_Relations/Debt_Investors/Unsecured_funding/Euro_Medium_Term_Notes/1805639/ABN_AMRO_GB_04_XS1982037696_report_20190630.pdf

13. EARMARKING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
13.1	Description of internal earmarking process	ABN AMRO has established an earmarking process to manage and account for funding to the nominated assets. This process is overseen by the Treasury department.	✓

ANNEX 2: DETAILED FINDINGS MARINE RENEWABLE ENERGY

1. DISCLOSURE COMPONENT

REQUIREMENTS	DISCLOSURE EVIDENCE (information publicly available)	FULFILLS THE REQUIREMENTS	COMMENT
Project location and size, including description of marine coastal ecosystem in proximity to planned installations, noting for example whether located in marine protected areas or vulnerable marine ecosystems.	<p>Project 1: North Sea, Belgium, 44 turbines.</p> <p>Project 2: North Sea, UK, 174 turbines.</p> <p>Project 3: North Sea, UK, 90 turbines.</p> <p>Project 4: North Sea, The Netherlands, 77 turbines.</p>	✓	
Projected lifespan of the asset/project.	<p>Project 1: 20 years.</p> <p>Project 2: 25 years.</p> <p>Project 3: 20 to 25 years.</p> <p>Project 4: 30 years, including construction and decommissioning.</p>	✓	
Key stakeholders involved, including other users of the area and surrounding area (sea, land or air depending on what is applicable) of the facility (ies).	<p>Project 2: Land area stakeholders involved.</p> <p>Project 3: Land area stakeholders involved.</p> <p>Project 4: Key stakeholders involved.</p>	✓	<p>For projects 2 & 3, public information is available only on the consultation of land area stakeholders impacted by the facilities.</p> <p>For project 1, information is not publicly available at this stage.</p>

Description of the project activities including details on installation, operation and decommissioning activities.

Projects 1, 2 & 3:
Description of the projects activities is available on the project's website.



Project 4: Description of the project activities is available on the Netherlands Enterprise Agency website.

Expected/current facility capacity and generation during and after the life of the bond.

Project 1: 370 MW maximum capacity.

Project 2: 1.2 GW total capacity.



Project 3: 857 MW maximum capacity.

Project 4: 731.4 MW total capacity.

Details of where the energy generated is being fed into, and estimated impact of the grid mix.

Project 1: Grid connection through Norther substation

Project 2: Grid connection through Hornsea Offshore substation



Project 3: Grid connection through Bicker Fen substation

Project 4: Grid connection through Borssele Alpha and Beta substations

Projected avoided GHG emissions compared to fossil fuel counterfactual (in kgCO₂e) using recognised conversion factors.




For all the projects, information is not available at this stage.

The planning standards, environmental regulations and other regulations that the project has been required to comply with.

Project 1: EIA is available on the Royal Belgian Institute of Natural Sciences website.

Project 2: EIA is available on the project's website.



Project 3: EIA is available on UK National Infrastructure Planning website. 

Project 4: Summary of EIA is available on the Netherlands Enterprise Agency website.

2. Mitigation Component

The ABN AMRO's Green Bond Asset Pool is in line with the Mitigation Component of the Climate Bonds Initiative as it is entirely dedicated to renewable energy.

3. Adaptation & Resilience Requirements

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
1	Processes are in place to assess key risks to the assets from a changing climate and its impact on marine conditions.	Four projects, accounting for 100% of the Asset Pool, include wind and ocean studies determining risks involved.	
2	Processes are in place to assess improvements and impacts the assets have on the resilience of other stakeholders.	Impacts on the resilience of stakeholders are subject to existing regulatory requirements (Environmental Permits and EIAs) covered by national law (Belgium, the United Kingdom and the Netherlands) for four projects, accounting for 100% of the Asset Pool.	

3	An adaptation plan has been designed and is being implemented to address the risks identified in assessments outlined above.	For four projects, accounting for 100% of the asset pool, monitoring, implementation, prevention, and response measures are in place to address identified risks, or are subject to existing regulatory requirements (Environmental Permits and EIAs) covered by national law (Belgium, the United Kingdom and the Netherlands).	✓
3.1	Inspections are carried out regularly and there is a maintenance regime for future inspection.	For four projects, accounting for 100% of the Asset Pool, maintenance is provided by a specialised O&M Contractor or following a SCADA-system.	✓
4	Involvement in stakeholder engagement and collaboration	Four projects, accounting for 100% of the Asset Pool, have carried out close collaborations with stakeholders in order to promote resilience and adaptation.	✓
5	The assets do not put at risk or endangered species or habitats or unduly impact ecosystem services. If so, mitigation measures have been implemented.	Four projects, accounting for 100% of the Asset Pool, have avifauna monitoring plans and other mitigation measures in place to minimise impact on endangered species and the ecosystem, or are subject to existing regulatory requirements (Environmental Permits and EIAs) covered by national law (Belgium, the United Kingdom and the Netherlands).	✓
5.1	Waste is responsibly dealt with. Recycling is in place where possible.	Four projects, accounting for 100% of the Asset Pool, include waste disposal measures, or are subject to regulatory requirements (EIAs and Environmental Permits) covered by national law (Belgium, the United Kingdom and the Netherlands).	✓
5.2	Potential risks for accidental site contamination have been recognised. Steps have been taken to minimise these risks.	Four projects, accounting for 100% of the Asset Pool, include measures to minimise risks for accidental site contamination, or are subject to regulatory requirements (EIAs and Environmental Permits) covered by national law (Belgium, the United Kingdom and the Netherlands).	✓

5.3	Decommissioning of the plant is planned in a way that considers the environmental impacts.	Four projects, accounting for 100% of the Asset Pool, include measures for responsible decommissioning.	✓
5.4	Plans and processes are in place to effectively manage and minimise conflicts with other users of the marine and coastal space.	Four projects, accounting for 100% of the Asset Pool, include measures to minimise navigational risks to maritime traffic and aviation, or are subject to regulatory requirements (EIAs and Environmental Permits) covered by national law (Belgium, the United Kingdom and the Netherlands).	✓

ANNEX 3: DETAILED FINDINGS RESIDENTIAL PROPERTY



The Green Bond Asset Pool complies with the Low Carbon Buildings criteria for Residential Properties of the Climate Bonds Initiative.

Being built after the Dutch Building Decree 2012 (Bouwbesluit 2012), assets are automatically eligible for the Climate Bonds Certification and are part of the top 15% energy efficient buildings of the Dutch market.

ANNEX 4: DETAILED FINDINGS COMMERCIAL PROPERTY



The Green Bond Asset Pool complies with the Low Carbon Buildings criteria for Commercial Properties of the Climate Bonds Initiative.

Commercial property included in the Asset Pool obtained an Energy performance Certificate as issued by NL with an Energy Performance labelled “A” (currently ranging up to A++++ and down to G). As such, the asset is automatically eligible for the Climate Bonds Certification and are part of the top 15% energy efficient buildings of the Dutch market.

ANNEX 5: DETAILED FINDINGS SOLAR POWER



The Green Bond Asset Pool complies with the Solar Power criteria of the Climate Bonds Initiative.

All onshore solar projects are automatically eligible for the Climate Bonds certification.