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Investing: Dutch Bank Publishes Climate Strategy and Joins NZBA

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Investing



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On December 16, the Amsterdam headquartered bank ABN AMRO **announced** the publication of a **climate strategy** and its decision to join the Net Zero Banking Alliance (NZBA). ABN AMRO stated that it is “committed to making a difference” and that “sustainability has been core to our strategy since 2018.” The bank announced a net-zero target for its own operations of 2030, and established 2030 targets for reducing financed emissions in the five largest sectors of asset classes on its books: oil & gas, power generation, shipping, commercial real estate and mortgages. To develop its targets and methodologies to meet the targets, the bank set forth a framework of eight criteria to measure its baseline and monitor its progress. Additionally, the bank offered a roadmap for expanding emissions reduction targets to other sectors. ABN AMRO also stated that it aims to increase its lending commitment to renewables and decarbonization technologies to at least EUR 4 billion by 2025 and that by 2030, up to EUR 1 billion in early-stage capital will be allocated to speed up the transition to a decarbonized economy.

The NZBA now has over 120 member banks from 41 countries representing 40% of global banking assets. Members of the NZBA are required to declare decarbonization targets within 18 months of joining the alliance.

Robert Swaak, CEO of ABN AMRO, stated in the foreword to the climate strategy document that “we know we cannot do this alone and will continue to team up with other stakeholders and other banks, sharing expertise and fostering cross-sector collaboration between our clients and other partners. Our commitment to sustainability in these past years has significantly enhanced our expertise, but to deliver on our climate strategy we need to step up our knowledge and capabilities. We will further broaden our wide range of in-house learning solutions, supported by partners. We are committed to supporting the transition to a net zero economy by 2050 and our climate strategy is an important step in accelerating our journey. We look forward to working with you on this major challenge for us all.”

Taking The Temperature: ABN AMRO is only the most recent among major financial institutions to [announce](#) emissions-financing reduction targets and membership in industry climate collaborations. At the same time, in the U.S., those same industry collaborations are [being challenged](#) on antitrust grounds and—to the extent members adopt climate-related goals—as antithetical to appropriate investment considerations, by certain primarily Republican Southern and Western state finance officials. In our view, in discharging fiduciary duties to clients, financial firms that manage client assets have to consider all issues material to an investment, whether related to climate issues or not. Turning a blind eye to one subset of material issues, in this case climate-related impacts, not only is illogical but also likely runs counter to fiduciary obligations. Nonetheless, we expect such politicizing of climate-related issues to continue in the U.S. even though, from a financial and legal perspective, objections from the “anti-ESG” side ring hollow.