

Second
Party
Opinion

Verification of the sustainability quality of the first
Green Bond
issued by ABN AMRO NV

Aim and scope of this Second Party Opinion

ABN AMRO NV commissioned oekom research to assist with the issuance of its first Green Bond by verifying and commenting on the added sustainable value of this bond using the criteria and indicators of a sustainability framework concept. The aim of the Green Bond issuance is to finance and refinance projects with an added environmental value.

oekom research's mandate included the following services:

- Definition of a verification framework containing a clear description of eligible project categories and the social and environmental criteria assigned to each category for evaluating the sustainability-related performance of the projects (re-) financed through the proceeds of the bond.
- Verification of compliance of the (re-) financed projects with the verification framework criteria.
- Verification of the alignment of the (re-) financed projects with the Green Bond Principles (2015).
- Review and classification of ABN AMRO's sustainability performance on the basis of the oekom Corporate Rating.

Overall evaluation of the Green Bond

oekom research's overall evaluation of the inaugural Green Bond issued by ABN AMRO is positive:

- The Green Bond's formal concept, defined processes and (announced) disclosures are aligned with the Green Bond Principles (Part I of this Second Party Opinion).
- The Green Bond's formal concept, defined processes and (announced) disclosures are aligned with the standards of the Climate Bond Initiative. A separate verification report has been provided to ABN AMRO and the Climate Bond Initiative (subject to final approval by the Climate Bond Initiative at the time of writing).
- The overall sustainability quality of the bond and the sustainability performance of each of the funded assets in terms of sustainability benefits and risk avoidance and minimisation is good (Part II of this Second Party Opinion).
- The issuer itself shows a good sustainability performance (Part III of this Second Party Opinion).

There are some aspects for which more specific selection or performance criteria would be recommended as these could still add to the overall quality of future Green Bonds issued by ABN AMRO and to the bank's ESG performance as a whole. The most important point from oekom research's perspective would be to integrate minimum energy efficiency requirements in the credit process for mortgage clients (going beyond legal thresholds). In addition, for commercial real estate customers, it would be recommended to collect more information about the buildings, which would allow an improved evaluation of energy efficiency (e.g. details on the data used to determine the energy label).

Total CO₂ performance of the Green Bond

The proceeds of this Green Bond will be used exclusively to finance and refinance mortgage loans for new residential buildings, "green loans" for financing solar panels installed on residential buildings as well as commercial real estate loans for the construction and financing of energy efficient buildings.

The following table contains basic estimations of the CO₂ performance of the buildings and solar panels financed through the Green Bond. The calculations on energy and CO₂ data were made by the Dutch consultancy firm W/E (based on a model portfolio of €350m) and oekom research has carried out a basic plausibility check. More information on the calculations can be found in Part II of this document.

Category	CO ₂ performance *	Per year	Per 5 years	Per 7 years
A: Mortgage loans on residential buildings	CO ₂ emissions savings in comparison to average Dutch residential buildings	2,436 t	12,179 t	17,051 t
B: Loans on the installation of solar panels	CO ₂ emissions avoidance against carbon intensity of Dutch energy mix	3,558 t	17,789 t	24,904 t
C: Commercial real estate loans	CO ₂ emissions savings in comparison to average Dutch commercial buildings	2,687 t	13,433 t	18,806 t

* All emission factors are based on the carbon intensity of the Dutch energy mix in 2014 (using the same data as ABN AMRO uses for all other sustainability assessments).

The CO₂ emissions of ABN AMRO's Green Bond **mortgage loan portfolio** are 46% lower than the emissions of a portfolio of average Dutch residential buildings. In comparison to the Dutch average residential building, the buildings in ABN AMRO's portfolio emit 2,436 t less CO₂ per year.

The total predicted electricity production of the **solar panels** financed by the „green loans“ will result into annual CO₂ savings of 3,558 t. Over the average lifespan of a solar panel of 25 years, the avoided CO₂ emissions will approximately be 89,000 t (this number is an approximation as CO₂ emissions of the Dutch electricity grid are likely to decline in the future).

The CO₂ emissions of ABN AMRO's Green Bond **commercial real estate portfolio** are 34% lower than the emissions of a portfolio of average Dutch commercial buildings. In comparison to the Dutch average commercial building, the buildings in ABN AMRO's portfolio emit 2,687 t less CO₂ per year.

The total annual CO₂ performance per €100m of issuance comprises an avoidance of approximately 1,017 t CO₂ per €100m due to the installation of solar panels and savings of approximately 1,464 t CO₂ per €100m due to the comparatively high energy efficiency of the buildings in the portfolio. Compared to the emissions of a portfolio solely consisting of average Dutch residential and commercial buildings (without installed solar capacity), the CO₂ emissions of the ABN AMRO Green Bond are approximately 2,480 t lower per €100m of issuance.

Part I – Green Bond Principles

ABN AMRO has provided oekom research with a process document describing in detail eligibility criteria for the assets to be included in its Green Bond, the processes of selecting eligible assets, the management of proceeds and the future reporting to investors. Details are provided in the following.

1) Use of proceeds

The proceeds of this Green Bond will be used exclusively to finance and refinance mortgage loans for new residential buildings, “green loans” for financing solar panels installed on residential buildings as well as commercial real estate loans for the construction and financing of energy efficient buildings. All assets are situated in the Netherlands.

The following categories have been chosen for allocating the proceeds of this issuance (the percentages relate to a model portfolio of €350m):

	A. Mortgage loans for energy efficient residential buildings	B. “Green loans” for the installation of solar panels on residential buildings	C. Commercial real estate loans for energy efficient building projects
Project category	Mortgage loans to retail clients for the construction of residential housing.	Loans to retail clients for the installation of solar panels on residential housing.	Commercial real estate loans regarding offices, retail stores and retail housing. Projects include new buildings and financing of existing buildings.
Share of bond issuance (percentages refer to the project amount at the time of issuance)	72.3%	3.4%	24.3%
Start dates of the loans (first draw date of the loans)	2013 – 2015	2012 – 2015	2013 – 2015
Building/Installation/Renovation years of the buildings	2013 – 2015	2012 – 2015	21 buildings: Two newly constructed buildings and 19 existing buildings.

Project details category C:

ABN AMRO provided oekom research with confidential information on the details of the commercial real estate loans. The following paragraphs summarize the provided information.

The commercial real estate portfolio comprises 21 buildings, of which 19 are buildings from an existing pool and two buildings are new builds. The total used floor space of the commercial real estate portfolio is about 188.000 m². The new builds represent 19% of used floor space of the commercial real estate portfolio and are offices only. The existing buildings are equivalent to 81% of the used floor space of the portfolio and include 47% offices, 49% retail stores and 4% retail housing.

Regarding energy efficiency, all buildings obtained an Energy Performance Certificate by the Netherlands Enterprise Agency (RVO: Rijksdienst voor Ondernemend Nederland) with an energy performance labelled “A” or better. Furthermore, the majority of existing offices and retail stores (in relation to used floor space) obtained a green building label BREEAM “very good”. All new builds will score BREEAM “very good” or “excellent” after completion.

The three project categories are positive from a sustainability perspective: The mortgage and the commercial real estate loans aim at an overall increase in energy efficiency and renewable energy is supported by the “green loans” on solar panels. In addition, all projects meet specific and demanding sustainability standards (see Part II of this document). These criteria are clearly defined and verifiable using quantitative indicators. The criteria ensure a substantial positive impact of the projects that is not impaired by adverse impacts and effects in other areas (e.g. social standards, environmental impacts, impacts on local communities).

2) Process for project evaluation and selection

The selection of assets for inclusion in the Green Bond is carried out by the respective asset owners: ABN AMRO Mortgage Group, ALFAM GreenLoans and Commercial Real Estate, all part of ABN AMRO NV. Besides these departments, three other departments participate in the process: Treasury, Debt Solutions and Communication & Sustainability.

The selection is based on eligibility criteria defined by ABN AMRO. These criteria comprise amongst others eligible project/asset categories, specific selection and reporting criteria.

In addition, oekom research has defined a Green Bond Verification Framework (see Annex 1 of this document). For each eligible project/asset category, it comprises a list of specific sustainability criteria. On this basis, the sustainability quality of the assets has been verified by oekom research.

During the lifetime of the Green Bond, ABN AMRO will make a new selection of assets based on the eligibility criteria on a monthly basis. In addition, ABN AMRO will consider the oekom Green Bond Verification Framework criteria if sufficient data is available. After this selection, each internal asset owner will provide a pre-defined report. Based on this information, ABN AMRO will review that existing and new loans qualify as eligible in accordance with the defined criteria framework.

3) Management of proceeds

ABN AMRO states that the net proceeds of the outstanding bonds will be moved to a specific portfolio. Until maturity of the Green Bond, ABN AMRO commits to allocating an amount equivalent to the net proceeds of the bond towards eligible loans. Unallocated proceeds will be invested in short term money market papers from Sovereigns, Supranationals, Agencies, Development Banks and Financial Institutions which are rated 'Prime' by oekom research and thus show a good sustainability performance. Via this choice of investment, ABN AMRO will make sure that no harmful and/or greenhouse gas intensive industries are directly financed.

The Management Team of Treasury will approve the distribution of the proceeds.

At the moment of issuance, ABN AMRO seeks to ensure that the bond proceeds can be fully directed to the eligible assets by limiting the total issued amount of the bond proceeds to 80% of the eligible loans. On a monthly basis, the Treasury Mid Office will review existing and new loans. In case loans are no longer eligible or repaid prior to maturity, ABN AMRO intends to replace these assets with other available eligible assets on the basis of the above selection process.

ABN AMRO will appoint an external auditor to provide assurance on the use of proceeds of the bonds. The external auditor will examine if the proceeds of the bonds are either distributed to eligible assets or invested in appropriate financial instruments as described above.

4) Reporting

ABN AMRO commits to a regular reporting towards the Green Bond's investors.

Use of proceeds reporting:

ABN AMRO will provide quarterly reports on the management of flow of funds.

This report provides information about:

- the allocated assets including a breakdown of exposure per type of assets,
- the total outstanding of green bond transactions,
- unallocated proceeds,
- if the total issued amount of the bond proceeds does not exceed 80% of the eligible loans.

This quarterly reporting will be disclosed on ABN AMRO's website (<http://www.abnamro.com/en/investor-relations/debt-investors/index.html>).

Sustainability and impact reporting:

ABN AMRO will provide annual reports on selected sustainability and impact criteria.

The reporting will be disclosed either via ABN AMRO's website (<http://www.abnamro.com/en/sustainable-banking/reporting/index.html>) or via newsletters or sustainability reporting.

The reporting will provide the following information:

Category A (mortgage loans):

- Percentage of residential buildings for which the annual energy consumption for space heating and domestic water is below 70 kWh/m².
- Percentage of residential buildings that comply with the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 7120).
- Distribution of EPC (Energy Performance Coefficient) levels among the buildings.
- Average energy consumption of residential buildings (in kWh/m²) financed through the loans compared to the average energy consumption of residential buildings in the Netherlands.
- Average CO₂ emissions of residential buildings (in kg/m²) financed through the loans compared to the average CO₂ emissions of residential buildings in the Netherlands (based on the carbon intensity of the Dutch energy mix).

Category B (green loans for solar panels on residential buildings):

- Annual energy production of solar panels installed (in kWh) as well as total energy production of solar panels installed (in kWh) within 25 years based on actual data from previous years and expected averages for future years.
- Annual avoidance of CO₂ emissions (in kg) related to these loans as well as avoidance of CO₂ emissions (in kg) related to these loans within 25 years (based on above energy production and average carbon intensity of the Dutch energy mix).

Category C (commercial real estate):

- Percentage of offices, retail housing and retail stores that are located within a maximum of 1 km from two or more modalities of public transport (newly constructed buildings).
- Percentage of offices, retail housing and retail stores that are located within a maximum of 1 km from one or more modalities of public transport (existing buildings).
- Percentage of new buildings that are developed on brownfield sites (newly constructed buildings).
- Percentage of building projects for which the implementing construction companies are required to comply with appropriate standards concerning the use of ecologically preferable products (100% FSC/PEFC timber) (newly constructed buildings).
- Percentage of buildings that comply with the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 7120) (newly constructed buildings).
- Distribution of Energy Performance Coefficient levels and Energy Performance Certifications (“Energy labels”) among the buildings.
- Percentage of building projects with gross floor areas exceeding 5000 m² which have a BREEAM “Very Good” or LEED “Gold” completion certificate (newly constructed buildings).
- Percentage of building projects with gross floor areas smaller than 5000 m² which have a BREEAM “Very Good” or LEED “Gold” indicative label (newly constructed buildings).
- Percentage of building projects that are part of an area development project that meet the BREEAM-NL area development standard of at least “very good” (newly constructed buildings).
- Average annual energy consumption of retail housing, office space or retail store (in kWh/m²) compared to average energy consumption per retail housing, office space or retail store in the Netherlands.
- Average annual CO₂ emissions of retail housing, office space or retail store (in kg/m²) compared to average CO₂ emissions per retail housing, office space or retail store in the Netherlands.

Part II – Sustainability Quality of the Green Bond

1) Green Bond Verification Framework

The Green Bond Verification Framework serves as a framework for verifying the sustainability quality and thus the social and environmental added value of the use of proceeds of this Green Bond issuance as part of ABN AMRO's Green Bond programme. In case ABN AMRO issues similar bonds from its Green Bond programme, this verification framework can be used for future issuances.

The verification framework comprises firstly a clear definition of eligible categories of projects offering environmental added value. Secondly, it encloses the specific sustainability criteria for each project category by means of which this added value and therefore the sustainability performance of the Green Bond can be clearly identified and verified. The sustainability criteria are complemented by specific and measurable indicators which not only make it possible to set ambitious targets but also enable quantitative measurement of the sustainability performance of the bond issuance, as well as informative reporting. In addition, impact indicators have been defined for each project category, thus providing investors with concrete information on environmental added value.

Details of the individual criteria and indicators for the three project categories can be found in Annex 1 „Green Bond Verification Framework“.

2) Verification of the projects refinanced by the Green Bond

Methods

oekom research has verified whether the projects funded through the bond match the project categories and criteria listed in the Green Bond Verification Framework.

The verification was carried out using information and documents provided to oekom research, partly on a confidential basis, by ABN AMRO NV (e.g. ABN AMRO credit guidelines, Dutch legislation and collective bargaining agreements, calculations on energy performance carried out by W/E consultants).

Findings

Project category A: Mortgage loans for energy efficient residential buildings

A.1. Achieved energy efficiency of buildings

- ✓ For 100% of residential buildings the annual energy consumption for space heating and domestic water is 68 kWh/m² or lower.
- ✓ 100% of residential buildings were built after 2013, fulfil the requirements of the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 7120) and meet the EPC (Energy Performance Coefficient) requirements for residential buildings of a value below 0.6. The European Union's "Energy Performance of Buildings Directive" (EPBD, 2010) is implemented via the Bouwbesluit 2012.
- ✓ 100% of residential buildings were built after 2013, fulfil the requirements of the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 1068) and thus have a building's insulation effectiveness above 3.5 m²K/W (R_c-value for roofs, walls and floors). The R_c-value of 3.5 m²K/W for an exterior wall approximately equals a u-value of 0.27 W/m²K.
- ✓ 100% of residential buildings were built after 2013, fulfil the requirements of the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5) and thus have a heat transfer coefficient of each window system (U_w-value) below 1.65 W/m²K.
- ✓ 100% of residential buildings obtained an Energy Performance Certificate by the Netherlands Enterprise Agency (RVO: Rijksdienst voor Ondernemend Nederland) with an energy performance labelled „A“ (on a scale from G to A).

A.2. Responsible treatment of customers with debt repayment problems

- ✓ For 100% of ABN AMRO's mortgage loans and for the loans in this category, preventive measures and sustainable solutions for customers with debt repayment problems are in place (e.g. screening of mortgages, debt counselling, handling of mortgage payment difficulties).

Impact indicator 1: Energy performance

The loans finance residential buildings with an annual primary energy consumption of 161 kWh/m² or lower. This value is 44% below the Dutch average of 286 kWh/m² for residential buildings (energy consumption refers to natural gas for heating and domestic water plus electricity; the calculations on the Dutch average refer to March 2015).

Impact indicator 2: CO₂ emissions performance

The loans finance residential buildings with annual CO₂ emissions of 27.1 kg/m² or lower. This value is 46% below the Dutch average of 49.7 kg/m² for residential buildings (both values were calculated on the basis of the carbon intensity of the Dutch energy mix: CO₂ emissions of electricity were 0.404 kg/kWh, CO₂ emissions of Dutch natural gas were 1.78 kg/m³ in 2014. This figure does not include CO₂-emissions related to transmission and distribution of electricity).

All data on impact indicators was calculated and provided by W/E consultants.

Project category B: “Green loans” for the installation of solar panels on residential buildings

B.1. Environmental aspects of solar panels used

- ✓ For 100% of solar panels financed through these loans, collection schemes exist so that customers can return the equipment free of charge at the end of their life (in accordance with the European Waste Electrical and Electronic Equipment Directive – WEEE).
- No information is available on whether there is a voluntary commitment by the retailers of the solar panels that solar panels financed through the loans are in line with the requirements of the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive).

B.2. Responsible treatment of customers with debt repayment problems

- ✓ For 100% of ABN AMRO’s loans to retail clients and the loans in this category preventive measures and sustainable solutions for customers with debt repayment problems are in place (e.g. screening of loans, debt counselling).

Impact indicator 1: Energy production

The loans finance solar panels with a total annual energy production of 8,806 MWh/year (based on assumptions regarding the installation costs per solar module, the output power per module in Wp and an average annual energy production of solar panels of 875 kWh/kWp. These assumptions are based on actual production data in scientific literature as well as a sample from the loan data).

Impact indicator 2: Avoidance of CO₂ emissions

The total avoidance of CO₂ emissions related to these loans is 3,557,703 kg CO₂/year. Over the lifespan of a solar panel of about 25 years, the avoided CO₂ emissions are approximately 89 million kg (based on the carbon intensity of the Dutch energy mix: CO₂ emissions of electricity were 0.404 kg/kWh in 2014. This figure does not include CO₂ emissions related to transmission and distribution of electricity).

All data on impact indicators was calculated and provided by W/E consultants.

Project category C: Commercial real estate loans for energy efficient building projects (offices, retail stores and retail housing)

C.1. Involvement of local residents at the planning stage (newly constructed buildings)

- ✓ For 100% of building projects the Dutch provisions on environmental law (“Wabo legislation”) ensures involvement of local residents. Residents have to be informed about building projects and given the possibility to object to the plans (depending on the type of project, objections can be raised before or after the decision by the authority in charge).

C.2. Environmental standards for site selection (newly constructed buildings)

- ✓ 100% of large-scale building projects (more than 5000 m²) are located inside metropolitan areas.
- ✓ 100% of newly constructed buildings are developed on brownfield sites.

C.3. Access to public transport

- ✓ 100% of buildings are located within a maximum distance of 1 km from one or more modalities of public transport. 15 of 21 buildings accounting for 82% of the used floor space of buildings are located within a maximum distance of 1 km from two or more modalities of public transport.

C.4. Social standards for construction (newly constructed buildings)

- ✓ For 100% of newly constructed buildings in this category, the Dutch Working Conditions Legislation (“Arbo Legislation”) ensures adequate working conditions regarding health and safety, including special regulations regarding construction sites.
- ✓ For 100% of newly constructed buildings in this category the Collective Bargaining Agreement for the Construction Industry 2014 (“CAO voor de Bouwnijverheid 2014”) provides binding and adequate standards including minimum paid annual leave, minimum rates of pay, maximum working hours per week and day and minimum rest periods.

C.5. Environmental standards for construction (newly constructed buildings)

- There is no information available on whether the implementing construction companies of new building projects guarantee resource efficiency.

C.6. Safety of tenants and customers (newly constructed buildings)

- ✓ 100% of newly constructed buildings comply with the requirements of the Dutch Building Decree 2012 regarding operational safety for constructional measures (e.g. fire safety, elevator safety).

C.7. Energy efficiency of buildings

- ✓ 100% of buildings have obtained (or will obtain after completion of the building phase) an Energy Performance Certificate by the Netherlands Enterprise Agency (RVO: Rijksdienst voor Ondernemend Nederland) with a minimum energy performance labelled „A“ (on a scale from G to A⁺⁺⁺⁺ for non-residential). Three buildings accounting for 17% of the used floor space of buildings obtained A⁺ (equivalent to 14% of all buildings).
- ✓ 100% of newly constructed buildings fulfil the requirements of the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 7120) regarding energy efficiency. The EPC (Energy Performance Coefficient) value is 1.1 for offices and the building’s insulation effectiveness is above 3.5 m²K/W (R_c-value for roofs, walls and floors; i.e. the R_c-value of 3.5 m²K/W for an exterior wall approximately equals a u-value of 0.27 W/m²K). The European Union’s “Energy Performance of Buildings Directive” (EPBD, 2010) is implemented via the Bouwbesluit 2012.
- Merely two out of 19 existing buildings, accounting for 4% of the used floor space of existing buildings, were built in 2013 and thus have an R_c-value of 3.5 m²K/W (equivalent to 11% of existing buildings). For the remaining 17 buildings, accounting for 96% of the used floor space of existing buildings, no information is available on the insulation effectiveness.

C.8. Labels / certificates

- ✓ 100% of newly constructed buildings obtained or will obtain a BREEAM “Very Good” certificate or better after completion of the building phase.
- ✓ Ten out of 21 buildings accounting for 66% of the used floor space of all buildings obtained or will obtain a BREEAM “Very Good” certificate or better.
- Eleven out of 21 buildings accounting for 34% of the used floor space of all buildings did not obtain a green building certificate.
- ✓ None of the newly constructed buildings is part of an area development project (therefore no certification regarding the BREEAM-NL area development standard is required).

Exclusion of controversial business areas for building projects for which the users are already determined

For 100% of buildings controversial building uses such as production facilities of armaments, pesticides, tobacco and environmentally controversial energy forms such as nuclear power or fossil fuel energy generation can be excluded.

Impact indicator 1: Energy performance

The loans finance:

- offices with an average primary energy consumption of 135 kWh/m². This value is 37% below the Dutch average of 214 kWh/m² for offices,
- retail stores with an average primary energy consumption of 217 kWh/m². This value is 30% below the Dutch average of 309 kWh/m² for retail stores,
- retail housing with an average primary energy consumption of 88 kWh/m². This value is 32% below the Dutch average of 130 kWh/m² for this type of retail housing.

The calculations on the Dutch average refer to March 2015.

Impact indicator 2: CO₂ emissions performance

The loans finance:

- offices with average annual CO₂ emissions of 22.5 kg/m². This value is 39% below the Dutch average of 36.9 kg/m² for offices,
- retail stores with average annual CO₂ emissions of 34.9 kg/m². This value is 30% below the Dutch average of 49.6 kg/m² for retail stores,
- retail housing with average annual CO₂ emissions of 15.4 kg/m². This value is 33% below the Dutch average of 23.0 kg/m² for this type of retail housing.

(All values were calculated on the basis of the carbon intensity of the Dutch energy mix: CO₂ emissions of electricity were 0.0438kg/M_{primary} and CO₂ emissions of Dutch natural gas were 0.506kg/M_{primary} in 2014.)

All data on impact indicators was calculated and provided by W/E consultants.

Part III – Assessment of ABN AMRO’s sustainability performance

In the oekom Corporate Rating with a rating scale from A+ (excellent) to D- (poor), ABN AMRO NV was awarded a score of C and classified as “Prime”. This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by oekom research. In oekom research’s view, the securities issued by the company thus all meet the basic requirements for sustainable investments.



As at 13.05.2015, this rating puts ABN AMRO NV in place 12 out of 292 companies rated by oekom research in the “Financials / Commercial Banks and Capital Markets” sector.

In this sector, oekom research has identified the following issues as the key challenges facing companies in terms of sustainability management:

- Sustainability standards for the lending business
- Customer and product responsibility
- Sustainable investment criteria
- Employee relations and work environment
- Business ethics

In all of these key issues, ABN AMRO NV achieved a rating that was above the average for the sector.

The company has a controversy level that is comparatively low. Yet, the company is involved in controversial environmental practices through a USD 50m loan to the pulp and paper producer APRIL which is involved in widespread deforestation in Indonesia. In March 2015 ABN AMRO announced that it would not renew the current funding to APRIL and that any future loans would be conditional on APRIL implementing new sustainability measures which address its involvement with deforestation.

Details on the rating of the issuer can be found in Annex 2 “Corporate Rating ABN AMRO”.

oekom research AG
Munich, 13 May 2015

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oekom research is one of the world’s leading rating agencies in the field of sustainable investment. The agency analyses companies and countries with regard to their environmental and social performance. oekom research has extensive experience as a partner to institutional investors and financial service providers, identifying issuers of securities and bonds which are distinguished by their responsible management of social and environmental issues. More than 100 asset managers and asset owners routinely draw on the rating agency’s research in their investment decisionmaking. oekom research’s analyses therefore currently influence the management of assets valued at over 600 billion euros.

As part of our Green Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria. We verify the compliance with the criteria in the selection of projects and draw up an independent second party opinion so that investors are as well informed as possible about the quality of the loan from a sustainability point of view.

Contact: oekom research AG, Goethestraße 28, 80336 Munich, Germany, tel: +49/(0)89/544184-90, e-mail: info@oekom-research.com

Annex

- Annex 1: oekom Green Bond Verification Framework
- Annex 2: Corporate Rating ABN AMRO

Annex 1: Green Bond Verification Framework

Introduction

The Green Bond Verification Framework serves as a structure for verifying the sustainability quality – i.e. the social and environmental added value – of the projects to be financed through the Green Bond issuance. It comprises firstly the definition of use of proceeds categories offering added social and/or environmental value and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the Green Bond issuance can be clearly identified and verified.

The sustainability criteria are complemented by specific indicators, which make it possible to enable quantitative measurement of the sustainability performance of the Green Bond issue and can be used for comprehensive reporting.

Use of proceeds

The proceeds of this first Green Bond issued by ABN AMRO will be exclusively used for the following three project categories:

- A. Mortgage loans for energy efficient residential buildings**
- B. “Green loans” for the installation of solar panels on residential buildings**
- C. Commercial real estate loans for energy efficient building projects (offices, retail stores and retail housing)**

Sustainability criteria and quantitative indicators for use of proceeds

Sustainability risks and benefits of the project categories

The environmental **benefits** of the three project categories comprise climate protection and the efficient use of energy and resources.

At the same time, it is important from a sustainability perspective to take into account all **possible risks** linked to these project categories.

From a social perspective, these risks are linked to the following aspects:

- Working conditions on constructions sites
- Integration of new buildings in social context
- Safety of tenants and customers
- Debt repayment regarding retail clients of the bank

From an environmental perspective, possible risks are linked to:

- Impacts on biodiversity (planning stage)
- Impacts on the environment (implementation stage)

In addition, risks can be associated with project-related controversies.

In order to make sure that the environmental and social risks linked to the financed projects are prevented and the opportunities clearly fostered, a list of sustainability criteria has been established for each project category. Two impact indicators, allowing for measurement of progress and regular reporting, complete each category.

Project category A: Mortgage loans for energy efficient residential buildings

A.1. Achieved energy efficiency of buildings

Quantitative Indicators:

- Percentage of residential buildings for which the annual energy consumption for space heating and domestic water is below 70 kWh/m².
- Percentage of residential buildings that comply with the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 7120) and meet the EPC (Energy Performance Coefficient) requirements for residential buildings of a value below 0.6. The European Union's "Energy Performance of Buildings Directive" (EPBD, 2010) is implemented via the Bouwbesluit 2012.
- Percentage of residential buildings that comply with the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5 and NEN 1068) and meet the requirement of the building's insulation effectiveness above 3.5 m²K/W (R_c-value for roofs, walls and floors). For example, the R_c-value of 3.5 m²K/W for an exterior wall approximately equals a u-value of 0.27 W/m²K.
- Percentage of residential buildings that comply with the Dutch Building Decree 2012 (Bouwbesluit 2012: Chapter 5) and meet the requirement of a heat transfer coefficient of each window system (U_w-value) below 1.65 W/m²K.
- Percentage of residential buildings that obtained an Energy Performance Certificate by the Netherlands Enterprise Agency (RVO: Rijksdienst voor Ondernemend Nederland) with a minimum energy performance labelled „A“ (on a scale from G to A).

A.2. Responsible treatment of customers with debt repayment problems

Quantitative Indicator:

- Percentage of loans for which preventive measures and sustainable solutions for customers with debt repayment problems are in place.

Impact indicator 1: Energy performance

Quantitative Indicator:

- Average energy consumption of residential buildings (in kWh/m²) financed through the loans compared to the average energy consumption of residential buildings in the Netherlands.

Impact indicator 2: CO₂ emissions performance

Quantitative Indicator:

- Average CO₂ emissions of residential buildings (in kg/m²) financed through the loans compared to the average CO₂ emissions of residential buildings in the Netherlands (based on the carbon intensity of the Dutch energy mix).

Project category B: "Green loans" for the installation of solar panels on residential buildings

B.1. Environmental aspects of solar panels used

Quantitative Indicators:

- Percentage of solar panels financed through the loans that comply with the European Waste Electrical and Electronic Equipment Directive (WEEE Directive) requiring the creation of collection schemes where consumers can return electronic equipment free of charge.
- Percentage of solar panels financed through the loans that are in line with the requirements of the European Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS Directive).

B.2. Responsible treatment of customers with debt repayment problems

Quantitative Indicator:

- Percentage of loans for which preventive measures and sustainable solutions for customers with debt repayment problems are in place.

Impact indicator 1: Energy production

Quantitative Indicator:

- Total annual energy production (in kWh) of installed solar panels that are financed through the loans.

Impact indicator 2: Avoidance of CO₂ emissions

Quantitative Indicator:

- Total annual avoidance of CO₂ emissions (in kg) related to these loans (based on the average carbon intensity of the Dutch energy mix).

Project category C: Commercial real estate loans for energy efficient building projects (offices, retail stores and retail housing)

C.1. Involvement of local residents at the planning stage (newly constructed buildings)

Quantitative Indicator:

- Percentage of building projects for which residents are or were involved at the planning stage (e.g. information of residents, consultation of residents including follow-up).

C.2. Environmental standards for site selection (newly constructed buildings)

Quantitative Indicators:

- Percentage of new large-scale building projects outside metropolitan areas for which an environmental impact assessment is or has been carried out.
- Percentage of new buildings that are developed on brownfield sites.

C.3. Access to public transport

Quantitative Indicator:

- Percentage of offices, retail housing and retail stores that are located within a maximum of 1 km from one or more modalities of public transport.

C.4. Social standards for construction (newly constructed buildings)

Quantitative Indicator:

- Percentage of building projects for which the implementing construction companies and subcontractors guarantee adequate working conditions through binding standards (e.g. health and safety, working hours, payment, type of contracts).

C.5. Environmental standards for construction (newly constructed buildings)

Quantitative Indicator:

- Percentage of building projects for which resource efficiency is guaranteed by the implementing construction companies.

C.6. Safety of tenants and customers (newly constructed buildings)

Quantitative Indicator:

- Percentage of building projects for which the operational safety is ensured by constructional measures (e.g. fire safety, elevator safety).

C.7. Energy efficiency of buildings

Quantitative Indicators:

- Percentage of buildings which obtained an Energy Performance Certificate by the Netherlands Enterprise Agency (RVO: Rijksdienst voor Ondernemend Nederland) with a minimum energy performance labelled „A“ (on a scale from G to A⁺⁺⁺⁺ for non-residential buildings).
- Percentage of newly constructed buildings for which energy efficiency indicators fulfil the requirements of the Dutch Building Decree 2012 (EPC value and R_c-value; Bouwbesluit 2012: Chapter 5 and NEN 7120). The European Union's "Energy Performance of Buildings Directive" (EPBD, 2010) is implemented via the Bouwbesluit 2012.
- Percentage of existing buildings with an R_c-value above 3,5 m²K/W.

C.8. Labels / Certificates

Quantitative Indicators:

- Percentage of buildings that obtained a BREEAM "Very Good" or LEED "Gold" certificate.
- Percentage of newly constructed buildings that are part of an area development project that meet the BREEAM-NL area development standard of at least "very good".

Impact indicator 1: Energy performance

Quantitative Indicator:

- Average energy consumption of office space, retail store and retail housing (in kWh/m²) compared to average energy consumption per office space, retail store and retail housing in the Netherlands.

Impact indicator 2: CO₂ emissions performance

Quantitative Indicator:

- Average CO₂ emissions of office space, retail store and retail housing (in kg/m²) compared to average CO₂ emissions per office space, retail store and retail housing in the Netherlands (based on the average carbon intensity of the Dutch energy mix).

Exclusion of controversial business areas for building projects for which the users are already determined

Quantitative Indicator:

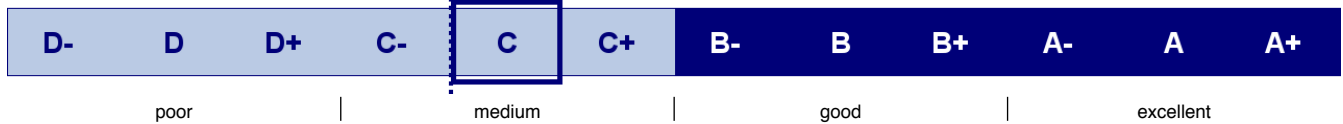
- Percentage of buildings for which controversial building uses such as production facilities of armaments, pesticides, tobacco and environmentally controversial energy forms such as nuclear power or fossil fuel energy generation can be excluded.

oekom Corporate Rating

ABN AMRO Bank NV

Industry: Financials/Commercial Banks & Capital Markets
 GICS Industry: #N/A
 Country: Netherlands
 ISIN: XS0543370430
 Bloomberg Ticker: 3531454Z NA Equity

Status: **Prime**
 Rating: **C**
 Prime Threshold: **C**



Competitive Position

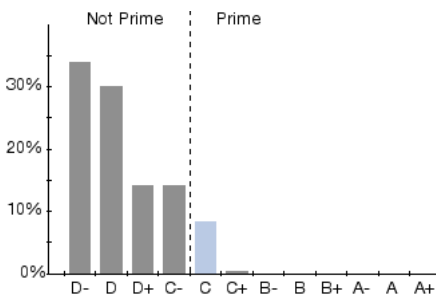
Industry Leaders

(in alphabetical order)

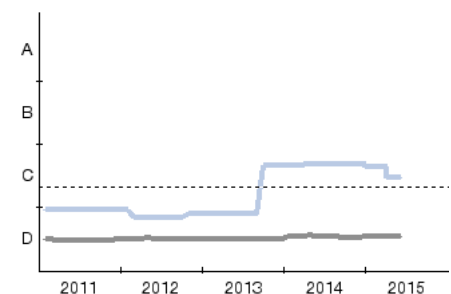
- DNB ASA (NO)
- Nedbank Group Ltd (ZA)
- SNS REAAL NV (NL)

Distribution of Ratings

(292 companies in the industry)



Rating History



Key Issues

Key Issue Performance



Strengths and Weaknesses

- + reasonable measures regarding responsible treatment of customers with debt repayment problems
- + several measures taken to guarantee responsible sales practices
- + sound integration of environmental and social aspects into the lending and investment banking business
- + reasonable range of sustainable investment products and services
- lack of transparency regarding the integration of environmental and social aspects into asset management
- no strict and comprehensive strategy concerning the integration of environmental and social aspects into the company's own investment portfolio

Controversy Monitor

Company

Controversy Score: -5
 Controversy Level: Moderate



Industry

Maximum Controversy Score: -32
 Controversy Risk: Significant



Disclaimer

- oekom research AG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide.
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ABN AMRO Bank NV

Methodology - Overview

oekom Corporate Rating	<p>The oekom Universe comprises more than 3,500 companies (mostly companies in important national and international indices, but also small & mid caps drawn from sectors with links to sustainability as well as significant non-listed bond issuers).</p> <p>The assessment of the social and environmental performance of a company is generally carried out with the aid of approx. 100 social and environmental criteria, selected specifically for each industry. All criteria are individually weighted, evaluated and aggregated to yield an overall score (Rating). In case there is no relevant or up-to-date company information available on a certain criterion, it is graded with a D-.</p> <p>In order to generate a comprehensive picture of each company, our analysts collect information relevant to the rating both from the company itself and from independent sources. During the rating process, considerable importance is attached to cooperating extensively with the company under evaluation. Companies are regularly given the opportunity to comment on the results and provide additional information.</p> <p>An external rating committee assists the analysts at oekom research with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.</p>
Controversy Monitor	<p>The oekom Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.</p> <p>The controversy score is a measure of the number and extent of the controversies in which a company is currently involved: all controversial business areas and business practices are assigned a negative score, which varies depending on the significance and severity of the controversy. Both the score of the portrayed company and the maximum score obtained in the industry are displayed.</p> <p>For better classification, the scores are assigned to different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.</p> <p>Only controversies, for which reliable information from trustworthy sources is available, are recorded. It should be noted that large international companies are more often the focus of public and media attention and available information is often more comprehensive than for less prominent companies.</p>
Distribution of Ratings	<p>Overview of the distribution of all company ratings of an industry from the oekom Universe (company portrayed in this report: light blue). The industry-specific Prime threshold (vertical dotted line) is also shown.</p>
Industry Classification	<p>The social and environmental impacts of industries differ. Therefore, subject to its relevance, each industry analysed is classified in a Sustainability Matrix.</p> <p>Depending on this classification, the two dimensions of the oekom Corporate Rating, i.e. the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the oekom Prime Status (Prime threshold) are defined (absolute best-in-class approach).</p>
Industry Leaders	<p>List (in alphabetical order) of the top three companies in an industry from the oekom Universe at the time of generation of this report.</p>
Key Issue Performance	<p>Overview of the company's performance with regard to important social and environmental issues that are key to the industry, compared to the industry average.</p>
Rating History	<p>Trend in the company's rating over time and comparison to the average rating in the industry.</p>
Rating Scale	<p>Companies are rated on a twelve-point scale from A+ to D-: A+: the company shows excellent performance. D-: the company shows poor performance.</p> <p>Overview of the range of scores achieved in the industry (light blue) and display of the industry-specific Prime threshold (vertical dotted line).</p>
Sources of Information	<p>Data for the Bloomberg Ticker, Company Name, Country, GICS Industry and ISIN was sourced from Bloomberg.</p>
Status & Prime Threshold	<p>Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by oekom for a specific industry (absolute best-in-class approach) in the oekom Corporate Rating. Prime companies rank among the leaders in that industry.</p>
Strengths & Weaknesses	<p>Overview of selected strengths and weaknesses of a company with regard to relevant social and environmental criteria.</p>

