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ING's approach to the environment

We believe that climate change is one of the biggest global challenges of our time. Closely linked, the need to more efficiently use natural resources has never been greater. These challenges affect not only the environment but societies and economies around the world. At ING we understand that our activities impact the environment we operate in - both directly, through the operations of our buildings, IT systems and business travel, but also indirectly, through our financing portfolio and our through our procurement supply chains.

We are committed to reducing our own environmental footprint and working closely together with both customers and suppliers to adapt and take advantage of opportunities within the low-carbon economy of the future. Via this Environmental Approach, we aim to drive awareness - both inside and outside of our organization - of the risks and opportunities that climate change and the natural environment pose. We feel that being a trusted member of the community depends in part on our ability to manage our own environmental issues, to continuously improve performance and to work with our customers and suppliers to do the same. This Environmental Approach outlines how we are managing our direct and indirect environmental impacts as well as how we mitigate risks and create and seize opportunities. Our [Climate Statement](#) outlines our strategy for combating climate change both via our own transition and that of our customers.

Managing our direct environmental impact

Our direct footprint is comprised of our operations and buildings, IT systems and business travel. In order to minimize our impact on the environment across our offices, branches and data centers, we work towards reducing our energy consumption, paper, e-waste and CO₂e emissions. We take a critical look at our procurement and use of resources essential to our day-to-day operations and have set ambitious targets to reduce this operational footprint and drive eco-efficiency.

MEASURING, MONITORING AND REPORTING

Our efforts and targets to reduce our footprint are based on our measured performance. We measure our greenhouse gas emissions and resource use. We also manage our lending to the energy sector annually with a focus on renewables through our [Sustainable Lending Portfolio](#). We disclose all requested information to CDP yearly, and we have been included in the CDP's Climate Disclosure and Climate Performance Leadership Indices, earning the highest possible score for both in 2015.. Our direct environmental footprint approach addresses and covers countries where more than 200 FTE are present and where we have management control. These locations are asked to provide environmental data and to work towards reduction targets. We've set clear targets around our environmental performance per scope. Results against these targets are monitored closely and are to be reported publicly each year. For our 2015 results, please see our 2015 Integrated Annual Report.

MINIMIZING OUR DIRECT FOOTPRINT

We manage our direct footprint by focusing on the following areas:

Energy

We work on monitoring, reporting and reducing our energy consumption by improving the energy efficiency of buildings and data centers. Where possible we are aiming to increase our procurement of green energy. By green energy we mean electricity generated from renewable sources such as wind, solar power, geothermal, hydropower, and biomass. Municipal solid waste (MSW) is also considered to be a renewable energy resource. The use of nuclear power is not included in our renewable electricity consumption.

Business Travel

We encourage employees to reduce business trips by car and airplane. We encourage and facilitate videoconferencing instead of travel when possible as well as proactively providing more environmentally friendly means of travelling, e.g. fully electric vehicles and public transport.

Carbon Off-setting

We minimize our carbon footprint as much as possible and offset any remaining emissions; we have been carbon neutral since 2007. We have certified our CO₂e footprint via third party verification as part of our integrated annual report.

Water:

As a financial services provider, our water footprint is not as material as other target areas in terms of our environmental impact. Nevertheless, the issue of water stress is becoming increasingly important worldwide. Therefore, we began measuring and reporting on our water consumption in 2014.

Paper use and Waste

Our ING Sustainable Paper Statement sets forth our standards by which paper, one of our most environmentally material resources next to energy and fuel for business travel, is sourced. Our policy takes into consideration conservation of global resources and the standards of sustainable production we expect from our paper suppliers.

We also work to minimize residual waste by partnering with suppliers to increasingly expand our paper recycling and (e)waste separation programs.

GOVERNANCE

The ultimate responsibility for ING's Environmental Approach, performance and disclosure lie with the Executive Board. Our Chief Operations Officer is responsible for developing the strategy, the roll out and monitoring the KPIs regarding our direct footprint. Responsibility is then cascaded to relevant business lines who are monitored on a quarterly basis with annual public disclosure through our integrated report.

OUR COMMITMENTS

- We will reduce our CO₂e emissions by 10% by 2017 and 20% by 2020 (base year 2014).
- We will reduce global residual waste by 10% by 2017 and 20% by 2020 (base year 2014).
- We will reduce our water footprint by 10% by 2017 and 20% by 2020 (base year 2014).
- We will remain carbon neutral by off-setting remaining carbon emissions.
- We will maintain a standard for transparency about our progress by reporting to CDP and disclosing material environmental performance indicators in our annual report.

Managing our indirect environmental impact through our financing activities

As a bank, the indirect impact on climate change and the environment through our financing activities is much larger than our direct impact. For this reason we are proactively identifying opportunities to finance sustainable projects and companies that are environmental outperformers compared to peers in their sector. We also proactively work to mitigate environmental risks in our lending portfolio in order to minimize negative impact.

SUSTAINABLE TRANSITIONS: SUPPORTING OUR CUSTOMERS

We are proactively identifying and seizing opportunities to finance sustainable projects and companies that are environmental outperformers compared to peers in their sector. We have dedicated teams seeking financing opportunities with a focus to reduce indirect CO₂e emissions, waste stream and water use. By doing so, in due course, our portfolio will become more and more sustainable and the sustainability of our business is solidified. [More information can be found here.](#)

MANAGING ENVIRONMENTAL RISKS

Financial risk is irrevocably intertwined with environmental and social risk. By integrating these we make our business stronger and more sustainable. We manage the socio-environmental risk of our transactions and client engagements via our Environmental and Social Risk Framework, which is an integral part of ING's risk management framework. The ESR Framework is a practical expression of our ING values and our group's underlying commitment to respect human rights and the environment. It lays out the rules and guidelines for specific industry sectors social and environmental issues with the following key elements:

- An activity-based exclusion policy
- A sector-based policy
- A customer risk assessment
- A transaction risk assessment

Our Environmental, Social and Risk Framework can be found [here](#). Our ESR framework applies globally. Nonetheless, the ESR assessment process specifically focuses on corporate clients (approx. 30% of ING Bank's assets).

OUR COMMITMENTS

- We will identify and seize opportunities to finance sustainable projects and companies that are environmental outperformers compared to peers in their sector.
- We will review our Environmental and Social Risk Framework every 3 years.

Managing our indirect environmental impact through cooperation with our suppliers

As a signatory to the UN Global Compact (UNGC), we have asked our suppliers to agree to compliance with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption. Suppliers do this by signing our the ING Supplier Terms of Engagement in which the ING Procurement Sustainability Standards are included.

THE SUSTAINABLE PROCUREMENT PROGRAMME

By encouraging our suppliers to share our standards and work towards continual improvement, we believe we can make a demonstrable impact on the environment and society while mitigating risks.

In order to take into account the attitude of ING suppliers towards sustainability and to further improve our sustainable procurement practices, we have established the Sustainable Procurement Programme. This program focuses on supplier sustainability performance monitoring and the proliferation of green purchasing across high and medium impact categories. We have partnered (amongst others) with the sustainability supply management agency EcoVadis. Through this specialized agency, ING can effectively monitor supplier compliance while seeking collaborative engagement.

OUR COMMITMENTS

- We will have global supplier coverage of Procurement Sustainability Standards of 90% by 2017 and 95% by 2020.
- We will procure 100% Renewable Electricity for all ING buildings where we have management control worldwide by 2020.
- We will preferably procure green energy from local renewable projects: electricity supplied by energy sources that are naturally and continually replenished, such as wind, solar power, geothermal, hydropower, and biomass.
- We will realize 20 circular purchasing projects in 2016, since we regard circular purchasing as a key future model of procurement. This means that materials used in the production of the goods we procure will re-enter the use or production cycle.
- We will have 450 suppliers assessed for sustainability performance in 2016 as part of the Sustainable Procurement Programme.

Advocacy

Climate change is one of the biggest global challenges of our time. Through this Environmental Approach and all ensuing efforts focused on reducing our direct and indirect impact on the environment, we aim to drive awareness - both inside and outside of our organization - of the risks and opportunities of climate change and the impact of business on the environment.

INTERNAL ADVOCACY AND EMPLOYEE AWARENESS

We create awareness of ING's approach to the environment through various channels. We seek to ensure that employees understand the importance of incorporating environmental considerations into their daily business activities through the following activities:

- Engaging our employees through periodic communications and an internal champions network to increase their understanding of environmental issues
- Providing training for managers and employees for managing environmental impact
- Creating and managing workplaces that reflect our commitment to caring for the environment and, in particular, managing waste and eco-efficiency
- We support initiatives to maintain and restore the world's environment through our day to day risk and lending policies and practices as well as the volunteer efforts of our employees.

EXTERNAL ADVOCACY

We have committed to:

- The Equator Principles Association
- OECD Guidelines
- IUCN Red list for Species
- IUCN Protected Areas Category 1 and 2
- CDP (formerly known as the Carbon Disclosure Project)
- Global Reporting Initiative (GRI)
- Global CEO letter to world leaders urging concrete climate action (2015)
- RE100 commitment to 100% renewable electricity procurement
- European Financial Services Round Table (EFR) Statement on Climate Change

ING is a signatory of:

- United Nations Environmental Programme Finance Initiative (UNEP FI)
- UNEP Finance Initiative Climate Change Working Group (UNEP FI CCWG)
- Energy Efficiency Financial Institutions Group (UNEP FI/ European Commission)
- United Nations Global Compact
- IUCN Leaders for Nature network

[For a complete list of endorsements, please see.](#)

Our Environmental Approach will be reviewed every 2 years.