

TABLE OF CONTENTS

ING's approach to the Equator Principles	3
Implementing the EP in our ESR risk framework	4
Training of our staff	4
Deals Closed	5

ING'S APPROACH TO THE EQUATOR PRINCIPLES

To achieve long-term sustainable development, we must responsibly manage environmental and social risks. ING has a well-established Environmental and Social Risk Framework (ESR Risk Framework) that sets out the standards we expect of clients and ourselves, including application of the Equator Principles (EP).

The EP are adopted and applied voluntarily by financial institutions, called Equator Principles Financial Institutions (EPFIs). They are based on the International Finance Corporation Performance Standards on social and environmental sustainability (IFC PS) and the Environmental, Health, and Safety Guidelines (EHS Guidelines).

The EP have positively changed the way financial institutions approach environmental and social risk management. From the 10 initial EPFIs in 2003 to more than 80 financial institutions world-wide today, the EP have become the standard in the financial industry for assessing and managing environmental and social risk in project financing. ING has a long history as an early adopter of industry-leading sustainability initiatives, including the EP where ING was one of the initial 10 adopters.

ING was elected Chair of the Steering Committee for the period 2012-2014, where we played a key role in finalizing the second review update of the EP (so called 'EPIII') and still in force. The first review update of EP was undertaken in 2006 and second and last in 2013. This last update included broadening the scope of EP to apply to project-related corporate loans and bridge loans. The last review also included the integration of new language for assessing climate change, biodiversity and human rights when financing projects that fall under the scope of EP. The full text of the Equator Principles can be found at www.equator-principles.com.

In 2014, ING was re-elected to remain in the EP Steering Committee where we continue to play a leadership role in guiding the EP and the Association in dealing with environmental and social challenges and opportunities when financing projects. Many of these challenges and opportunities are also discussed in specific [EP Working Groups](#), where ING is an active participant of the EP Social Risk, Biodiversity and Climate Change Working Groups. ING also co-leads the EP Capacity Building and Training Working Group which was recently formed for the development and facilitation of knowledge sharing opportunities within the EP Association and support EPFIs in their understanding and implementation of the EP.

The EP have been fully integrated into ING's ESR Risk Framework, which includes incorporation of environmental and social risk requirements in our credit policies, procedures and governance. This is also supported by a full system implementation for assessment and reporting EP as part of ING's ESR Risk Framework.

ING is an active advocate and practitioner of the EP as we recognize their ability to positively contribute to society. As part of our commitment to finance projects that are developed in a socially responsible manner and according to sound environmental management practices, we incorporate conditions related to our ESR Risk Framework in the financial documentation, making them part of the commercial relationship.

IMPLEMENTING THE EP IN OUR ESR RISK FRAMEWORK

APPLYING THE EQUATOR PRINCIPLES

As an EPFI, we implement the EP in our internal environmental and social policies, procedures and standards. We do not provide project finance or project-related corporate loans if the Equator Principle process cannot be applied or in case clients are unable or choose not to comply with the environmental and social risk standards applicable to the project.

ING takes a robust approach to assessing transactions falling under the scope of the EP. The assessment depends on the scale and on projects risks and impacts, which may vary widely from project to project. All EP transactions are reviewed at least annually, at which time covenant compliance is typically affirmed. The review assesses if the project is still compliant with the EP and the given requirements. Some projects are 'approved under conditions', which means the basic elements are in place, but the company still has to meet some requirements in order to be fully compliant.

The EP are embedded in ING's ESR Risk Framework, including in our credit risk systems, and require involvement of the following three banking areas:

- **Front Office:** departments that originate transactions and have direct contact with the client or sponsors. These departments are critical to providing information and acting as the anchor point between the project sponsor, lenders and consultants where necessary;
- **Risk Managers:** departments which provide control over Front Office activities and generally review and sign off on the environmental and social impacts for 'Low Risk' EP deals i.e. Category C projects or Category A and B in designated countries;
- **Environmental and Social Risk:** a single department within risk management fully dedicated to assessing and reviewing environmental and social impacts associated with 'High Risk' transactions, which in the context of EP generally refer to Category A and B projects in non-designated countries. Negative advice from the ESR Desk can only be waived by ING's highest Credit Committee or the Executive Board. In practice such waivers are exceptional.

TRAINING OF OUR STAFF

TRAINING AND CAPACITY BUILDING ON EPIII

As our risk assessment processes are decentralised, each front office team must be highly familiar with the ING's Environmental and Social framework and in particular Equator Principles III (EPIII). After EPIII was approved in June 2013, ING made a significant investment in training programmes which to date has been provided to more than 1,500 colleagues in front office and risk management globally. In 2015, 479

colleagues were specifically trained on the ESR Framework and the application of the Equator Principles worldwide.

DEALS CLOSED

The information below is provided in accordance with the new EPIII reporting requirements, which refer to deals that have reached financial close or advisory roles that have been mandated to ING in the 2015 calendar year. Therefore the figures shown below will differ from previous years, which reported the total deals screened. ING screens all deals that fall under our EP/ESR Risk Framework.

Transaction Type	A	B	C	Total
Project Finance	3	25	1	29
Project Related Corporate Loan	3	5	1	9
PF Advisory	1			1
Total	7	30	2	39

These transactions are distributed between Project Finance, Project Related Corporate Loan and Project Finance Advisory services, as follows:

PROJECT FINANCE TRANSACTIONS			
Total number that reached financial close in the reporting period			29
Sector	Category A	Category B	Category C
Mining	1	1	
Infrastructure		2	
Oil & Gas	2	15	
Power		6	1
Others		1	
<i>Sub Total</i>	3	25	1
Region	Category A	Category B	Category C
Americas	3	15	1
Europe, Middle East & Africa		6	
Asia Pacific		4	
<i>Sub Total</i>	3	25	1
Country Designation	Category A	Category B	Category C
Designated Country	2	22	1
Non-Designated Country (Automatically Generated)	1	3	0
<i>Sub Total</i>	3	25	1
Independent Review	Category A	Category B	Category C
Yes	3	6	1
No (Automatically Generated)	0	19	0
<i>Sub Total</i>	3	25	1
Total Number of Category A Projects	3		
Total Number of Category B Projects		25	
Total Number of Category C Projects			1

PROJECT-RELATED CORPORATE LOANS			
Total number that reached financial close in the reporting period			9
Sector	Category A	Category B	Category C
Mining	1	1	
Infrastructure			1
Oil & Gas	1	4	
Power			
Others	1		
<i>Sub Total</i>	3	5	1
Region	Category A	Category B	Category C
Americas	2	2	
Europe, Middle East & Africa	1	3	1
Asia Pacific			
<i>Sub Total</i>	3	5	1
Country Designation	Category A	Category B	Category C
Designated Country		2	
Non-Designated Country (Automatically Generated)	3	3	1
<i>Sub Total</i>	3	5	1
Independent Review	Category A	Category B	Category C
Yes	3	3	
No (Automatically Generated)	0	2	1
<i>Sub Total</i>	3	5	1
Total Number of Category A Projects	3		
Total Number of Category B Projects		5	
Total Number of Category C Projects			1

PROJECT FINANCE ADVISORY SERVICES	
Total number mandated in the reporting period	1
Sector	Total
Mining	
Infrastructure	
Oil & Gas	1
Power	
Others	
<i>Sub Total</i>	1
Region	Total
Americas	
Europe, Middle East & Africa	1
Asia Pacific	
<i>Sub Total</i>	1

With regard to EP annual reviews, the table below provides information on deals that were reviewed and escalated to the ESR team:

EP Annual Reviews in 2015	A	B	C	Total
EP Annual Reviews	20	90	9	119
EP Reviews Escalated	7	6		13

More information on ING's Environmental and Social Risk Framework can be found at www.ing.com