ING's climate targets validated by the Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) is an independent validator of corporate climate goals. It was established in 2015 by the Carbon Disclosures Project (CDP), the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). The SBTi Financial Institutions Near-term Criteria (FINT) standard is a global framework for banks' net-zero target-setting in line with climate science.

SBTi has validated ING's emissions reduction targets for the sectors fossil fuel (coal, oil & gas), power, cement, steel, automotive, aviation and commercial real estate, and has confirmed that these targets are in line with the 1.5 °C ambition of the Paris Agreement according to SBTi's latest Financial Institutions' Near-Term Criteria Version 2.0 (FINT Criteria V2).

The validated targets cover 67% of our total financed emissions of our full balance sheet for reference year 2021 following SBTi's target boundary calculation requirements (including scope 3 emissions of our clients in upstream oil & gas and automotive). Certain additional targets set under Terra have not been validated by SBTi as these targets were newly developed or updated during the validation process. This pertains to our targets for the shipping, aluminium and dairy sectors. Additionally, the residential real estate sector is considered optional under SBTi FINT Criteria V2 and has not been validated.

Although our in-scope targets were developed using multiple methodologies (i.e. PACTA, Sustainable STEEL Principles (SSP), Pegasus Guidelines and SBTi/CRREM), all targets were validated by SBTi using their Sectoral Decarbonization Approach (SDA).

See SBTi's official Target Language and Summary document - ING.

The target language required by SBTi (to ensure consistency across all financial institutions whose targets it validates) differs slightly in some cases from how ING has described its targets in our previous climate disclosures. For example, the "*long-lead time* upstream oil and gas projects" referred to by SBTi are what ING defines as new upstream oil and gas fields (approved for development after 31 December 2021). It is important to note that our targets validated by SBTi are long-established and are not new. The only adjustment made to pre-existing targets, so as to meet the requirements of SBTi FINT Criteria V2, was to include assets under management (direct lines in discretionary mandates for retail customers) where relevant in our fossil fuel policies and targets – aligned with our intention to continue to expand the coverage of our Terra approach.

Our SBTi-validated targets for power, cement, aviation, automotive and commercial real estate, and the progress we are making in achieving those targets, were most recently published in our 2024 annual report. Our SBTi-validated target for the steel sector was published for the first time in our 2022 Climate Report, applying the Sustainable STEEL Principles (SSP) that we co-developed with other banks and industry partners. Using the SSP for steel, we assumed a fixed scrap rate, including the underlying IEA net-zero scenario for steel as of 2021.

SBTi also validated our fossil fuel policies and targets against its FINT Criteria V2 for Fossil Fuel, confirming that our fossil fuel policies and targets are in line with the 1.5 °C ambition. Our fossil fuel policies and targets apply to both our Lending to corporate (Wholesale Banking) clients and, where relevant, our Asset Management activities for Retail customers. Our current fossil fuel policies and targets for our Asset Management activities cover direct lines within our discretionary mandates (i.e. investments in the listed bonds and equity of companies), as these assets are under our direct control and influence.

Our fossil fuel policies and targets, as published in the ESRS-compliant Sustainability Statement of our 2024 annual report and in our ESR Policy Framework, are:

Related to Coal:

- ING will not finance any new thermal coal-fired power plants or thermal coal mines.
- Existing financings are to run off, unless an earlier exit can be achieved without harm to the client.
- ING will not engage new clients whose total power generation capacity is >5% reliant on operating coal-fired power plants.
- All existing clients in the utilities sector should have reduced their reliance on thermal coal capacity to ≤5% by the end of 2025 to continue the relationship beyond that time.
- ING's phase-out of lending to individual coal-fired power plants will be completed by the end of 2025.
- Within the direct lines under discretionary mandates in our Asset Management activities for Retail customers, all coal companies with over 5% production revenue from the thermal coal value chain will be phased out by the end of 2025.

Related to Oil & Gas:

- In 2022, following the IEA's Net Zero Roadmap report and COP26 in Glasgow (2021), ING announced it would stop dedicated upstream finance (lending and capital markets) for new oil and gas fields approved for development after 31 December 2021.
- The scope of this restriction was expanded in 2023 to also include dedicated midstream activities (oil & gas infrastructure) that unlock new field developments.
- In 2024, the scope of the new oil & gas fields development restriction was further expanded to apply to general corporate purposes lending and debt capital market bond issuance services for pure-play upstream oil & gas companies that continue to develop new fields.

- Next to these restriction policies, we steer our Upstream Oil and Gas portfolio in line with the Net Zero Emissions scenario for Advanced Economies of the International Energy Agency (IEA) by lowering our exposure to this sector (by -35% by 2030), which translates into a reduction of 50% absolute emissions financed linked to our Upstream Oil & Gas sector portfolio (scope 1, 2, and 3) compared to 2019.
- Where relevant, the above policies and targets for Lending also apply to direct lines in discretionary mandates within our Asset Management activities for Retail customers (which are under our direct control and influence).

Following our target validation, SBTi requires us to report annually (on our website or via reports) on our financed emissions and our actions and progress to achieve these validated targets. ING already reports information on financed emissions, our actions and progress on our targets, as we publish our climate progress in our Sustainability Statement (CSRD) of our Annual Report, and in our EBA ESG Pillar 3 (template 1 and 3) disclosures. SBTi requires us to report our lending target for upstream O&G in loan commitments/limits instead of in amounts outstanding which is our current practice. ING has agreed to this change, to be implemented in our 2026 reporting cycle.

ING's targets are calculated based on the available data, the selected calculation methodologies, proxies and/or available scenarios. ING's commitments, targets, baselines, calculation methodologies and alignment approach may be subject to further change due to regulations, data availability and quality, pathway availability, methodology updates, significant changes to the company structure, contractual arrangements, changes (or lack thereof) in public policy and government action and/ or other developments affecting our clients, the sectors in which they operate or society as a whole.

The economy is in a transition, and so are our clients. We finance a lot of sustainable activities, but still finance more that's not.

For more information, please visit:

- The SBTi website
- ING's Terra climate action approach