Summary

• ING has an extensive history of Climate Action leadership
• Our Sustainability journey continues to encompass Advocacy/Thought Leadership, Partnerships & Policies, Products & Services, Climate Impact Measurement, Target Setting & Strategy and Green Bond issuances, amongst other initiatives
• ING became the first bank to disclose on climate alignment
• We have a loan book of about €600 billion across many sectors, which we have begun steering towards meeting the Paris Agreement’s two-degree goal. We call our strategy to get there the ‘Terra approach’
• Terra has allowed us to understand our current performance for five of the sectors in scope so far and set ambitious, time-bound targets for aligning with science based scenarios. This has mobilised the organisation to set sector sustainability strategies in line with our ambition to steer portfolios towards the Paris Agreement.
• ING has a strong sustainability track record and is recognised as a leader across various external measures. ING is rated by data providers Sustainalytics (Medium risk)**, MSCI (A)**, CDP (A List)**, ISS ESG (Prime)**.
• We continue to take proactive action to combat climate change through sustainable finance
• Green bonds form an integral part of our sustainability strategy, as we seek to fund significant growth in our green asset portfolio
• ING’s Green Bond Framework*** consists of Renewable Energy (Wind & Solar) and Green Buildings assets
• ING’s Green Bond Framework*** is aligned with the ICMA Green Bond Principles and a Second-Party Opinion has been obtained from ISS-ESG (formerly ISS-oekom)
• Our Total Eligible Green Loan Portfolio equates to ~€8.2 bln, with ~€3.7 bln of outstanding green funding*
• Greenhouse Gas Emissions avoided for the whole Eligible Green Loan portfolio equates to 6,184,230 ton CO2eq*
• Avoided emissions per mil € invested in ING’s Green Bond equates to 752 ton CO2eq*

*As of FY2019; **As of May 2020; *** ING’s Green Bond Framework
ING Sustainability Strategy
A history of Climate Action leadership

ING's Climate Action journey so far...

- **2005**
  - Starts Disclosing Carbon Footprint

- **2007**
  - Carbon neutral operations

- **2008**
  - Lending to coal and renewable generation equal

- **2011**
  - Launch Sustainability Strategy - Sustainable Transitions is one of two key pillars

- **2014**
  - Pledge to no longer finance new coal power plants

- **2015**
  - 2 Degrees Science Based CO₂ reduction targets set for ING operations
  - ING Economic Bureau starts to publish annual climate-related research
  - Launch Sustainability Strategy - Sustainable Transitions is one of two key pillars

- **2016**
  - ING joins RE100 with commitment to 100% renewable energy by 2020
  - ING meets 2020 target for CO₂ reduction ahead of schedule, sets new target at -50%
  - Launch new Sustainability Direction wherein Low-carbon Society is one of two pillars

- **2017**
  - New target to exit coal exposure by 2025
  - ING meets 2020 target for CO₂ reduction ahead of schedule, sets new target at -50%
  - Public endorsement TCFD recommendations

- **2018**
  - ING begins to steer lending portfolio towards well-below two-degree goal to help combat climate change
  - Launch ‘Project Terra’ to develop climate impact methodology
  - ING partners with 2 Degrees Investing Initiative for research project to develop 2 degrees portfolio benchmarking capabilities

- **2019**
  - ING publishes first annual Terra Progress Report disclosing climate alignment of our lending portfolio in key sectors
  - ING Poland launches first Green Covered Bond for PLN400mln
  - ING launches second Green Bond for $1.25bn and €1.5bn

- **2020**
  - ING launches official viewpoint on Sustainable Finance, calling for effective price on carbon
  - ING becomes founding signatory of the UNEP FI Principles for Responsible Banking and signs the PRB Collective Commitment to Climate Action
  - ING publishes Climate Action Statement
  - Ralph Hamers (CEO) signs Climate Action Now statement

- **2021**
  - ING signs commitment letter of Science Based Targets Initiative
  - ING’s Climate Action journey so far...

- **2022**
  - ING launches first Green Bond for $800m and €500m
  - ING launches second Green Bond for $1.25bn and €1.5bn

- **2023**
  - ING structures and coordinated largest-ever sustainability improvement loan in commodity trading ($2.1bn)

- **2024**
  - ING becomes Sponsor of Science Based Targets Initiative Financials Sector Group

- **2025**
  - ING becomes founding signatory of the UNEP FI Principles for Responsible Banking and signs the PRB Collective Commitment to Climate Action

- **2026**
  - ING launches official viewpoint on Sustainable Finance, calling for effective price on carbon

- **2027**
  - ING becomes founding signatory of the UNEP FI Principles for Responsible Banking and signs the PRB Collective Commitment to Climate Action

- **2028**
  - ING launches official viewpoint on Sustainable Finance, calling for effective price on carbon

*As of FY2019; **As of May 2020
ING became the first bank to disclose on climate alignment

• ING announced its climate ambition to align ING’s lending portfolio with the goals of the Paris Agreement.

• In 2019, ING published its progress in its very first climate alignment report. We call our strategy the Terra approach.

• Terra is an inclusive, science-based, forward-looking and engagement-driven approach.

• With Terra, ING focuses on the sectors in the loan book generating the most climate impact.

• The ‘sector-based’ approach respects the fact that each sector has its own transition pathway, or ‘technology roadmap’, for it to contribute to a low-carbon, below-two-degree world.

• Terra draws upon two main methodologies for target-setting: the Paris Agreement Capital Transition Assessment (PACTA) and the Science Based Target Initiative’s Sectoral Decarbonisation Approach (SBTi SDA).
Terra: our progress & strategy towards below 2°C alignment

Our progress

• Over the last twelve months we have made significant progress in applying the Terra approach.

• Terra has allowed us to understand our current performance for five of the sectors in scope so far and set ambitious, time-bound targets for aligning with science based scenarios.

• This has mobilised the organisation to set sector sustainability strategies in line with our ambition to steer portfolios towards the Paris Agreement.

• For ING, ‘climate alignment’ is about steering our portfolio in line with the well-below two-degree goal of the Paris Agreement.

• Being ‘climate-aligned’ therefore means that we are outperforming the scenario or are on track with our defined convergence pathway towards the climate scenario target in each sector.

Sector Targets

• ING commits to close to zero coal-fired power generation and thermal coal mining by 2025.

• ING aims for a net energy positive mortgage portfolio by 2050.

• ING has the ambition to align its Dutch commercial real estate portfolio with the below two-degree goal by 2040 – 10 years ahead of target date.

• ING has joined the Poseidon Principles, committing to support the shipping industry’s ambition to reduce CO2 emissions by 50% in 2050.

• ING aims for the automotive sector portfolio to outperform the market (in terms of carbon intensity) in the short term.
Our progress: current climate alignment per sector

The Climate Alignment Dashboard (CAD); Portfolio view – Outstandings as of year-end 2018
## Our objectives and ambitions

### Theme: Climate Action

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Ambition 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steer ING’s lending portfolio to align with 2°C goal</td>
<td>YoY progress towards 2°C alignment</td>
</tr>
<tr>
<td>Integrate sustainable finance in our strategy to become industry leader</td>
<td>100% growth in Climate Finance portfolio*</td>
</tr>
<tr>
<td>Streamline Environmental Social Risk (ESR) internally and innovate externally</td>
<td>YoY growth in # of sustainable mandates**</td>
</tr>
<tr>
<td><strong>Climate Finance</strong></td>
<td><strong>Embed climate risk in end-to-end risk process</strong></td>
</tr>
<tr>
<td><strong>Climate Finance</strong></td>
<td><strong>100% growth in Climate Finance portfolio</strong></td>
</tr>
<tr>
<td><strong>Climate Finance</strong></td>
<td><strong>Zero coal by 2025</strong></td>
</tr>
<tr>
<td><strong>Climate Finance</strong></td>
<td><strong>100% Equator Principles equipped</strong></td>
</tr>
<tr>
<td><strong>Climate Finance</strong></td>
<td><strong>100 mln people empowered to improve financial decision making</strong></td>
</tr>
<tr>
<td><strong>Climate Finance</strong></td>
<td><strong>32 mln customers feel financially empowered</strong></td>
</tr>
<tr>
<td><strong>Climate Finance</strong></td>
<td><strong>OECD / UNGP compliance through stakeholder &amp; client-based projects</strong></td>
</tr>
</tbody>
</table>

### Theme: Financial Health

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Ambition 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Empower people to make better financial decisions</td>
<td><strong>OECD / UNGP compliance through stakeholder &amp; client-based projects</strong></td>
</tr>
<tr>
<td>Stakeholder based approach to OECD Guidelines &amp; UN Guiding Principles</td>
<td><strong>OECD / UNGP compliance through stakeholder &amp; client-based projects</strong></td>
</tr>
</tbody>
</table>

*2017 baseline year; **Sustainable improvement or linked products, Use of proceeds products, Advisory, Sustainable Equity*

See [here](#) for a full overview of the progress we are making on our environmental objectives
ING has a strong Sustainability track record

### Ratings*

<table>
<thead>
<tr>
<th>Rating</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDP</td>
<td>A and part of the ‘Climate A list’</td>
</tr>
<tr>
<td>ISS ESG</td>
<td>Prime - 21 out of 277 companies rated</td>
</tr>
<tr>
<td>MSCI</td>
<td>A</td>
</tr>
<tr>
<td>SUSTAINALYTICS</td>
<td>Second in our market-cap group, and in the 9th percentile of 378 listed and non-listed global banks</td>
</tr>
</tbody>
</table>

*As of May 2020

### Sustainability Index Products

ING is regularly included in ESG and sustainability-focused indices. Examples include:

- EURONEXT vigeo eiris INDICES BENELUX 20
- EURONEXT vigeo eiris INDICES EUROPE 120
- FTSE4Good
- STOXX ESG LEADERS INDICES
- MORNINGSTAR Indexes
We continue to take action to combat climate change

ING’s commitment to sustainable finance was underlined in 2019 by supporting:

- 63 sustainability improvement loans and green loans
- 61 social / sustainability bonds
- So far in Q1 2020 ING has supported 9 sustainability improvement loans and green loans and 10 social sustainability bonds

Noteworthy transactions:

1Q2019
- PHP 15 bln green bond – 1st from the Philippines under ASEAN Green Bond Standards
- €500 mln green bond to finance electric vehicles – 1st for LeasePlan
- $800 mln RCF – 1st sustainability improvement loan in the US general industrial sector

3Q2019
- €1 bln Green Schuldschein – 1st Green Schuldschein for a car manufacturer
- €1.5 bln Green bond – 1st Green bond for the company
- $2.3 bln Sustainability Improvement Loan – 1st Sustainability Improvement Loan for the company

2Q2019
- €200 mln Sustainability Schuldschein – 1st ESG-linked Schuldschein issued
- €1.55 bln sustainable improvement loan – largest loan for the real estate sector in Europe
- €750 mln green innovation bond – 1st bond issued under Philips’ Green & Sustainability Innovation Bond Framework

4Q2019
- €1.1 bln syndicated Green loan – Largest Green loan issued within the global transportation sector
- €500 mln Green covered bond – 1st Green covered bond for the company
Sustainability @ ING

Our Sustainability Portal

Quick links
- Our stance
- Our direction
- Policies
- ING and UN’s global goals
- Terra approach
- Environmental performance
- Circular economy
- ING Green Bond
- Reporting on Sustainability
- Ratings
- Contact us

ING’s approach to climate action

- Climate Finance: €18.8 bln*
- Social Impact Finance: €0.7 bln*
- Sustainable Investment services: €9.3 bln*

Partnerships, memberships & endorsements

www.ing.com/Sustainability; FY2019
ING Green Bond
ING Green Bond issuance

Green Bond issuance objectives

1. Support meeting our sustainability objectives
   • Fund significant growth in our green asset portfolio

2. Continued leadership in the Green Bond market
   • Development of the Global Green Bond market

3. Align with the HoldCo resolution strategy and the recycling of ING Bank senior unsecured instruments

4. Meet future MREL/TLAC requirements

Past benchmark transactions

<table>
<thead>
<tr>
<th></th>
<th>2015 Green Bond</th>
<th>2018 Green Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Issuer</strong></td>
<td>ING Bank N.V.</td>
<td>ING Group N.V.</td>
</tr>
<tr>
<td><strong>Size / Currency</strong></td>
<td>€500 mln &amp; $800 mln</td>
<td>€1.5bn &amp; $1.25bn</td>
</tr>
<tr>
<td><strong>Tenor</strong></td>
<td>5yr &amp; 3yr</td>
<td>12yr &amp; 7yr</td>
</tr>
</tbody>
</table>

Recognition

- ‘SRI Bond of the Year’ (2018)
- ‘Largest Certified Climate Bond’ (2018)
- ‘Green Bond of the Year, Bank’ (2018)

External consultants & providers

- ISS ESG
  • Second party opinion provider

- CFP Green Buildings
  • Green buildings consultant

- Navigant
  • Renewable energy consultant
ING Green Bond Framework

1. **Use of Proceeds**
   - Eligible Green Loan Portfolio includes:
     - Renewable energy (global)
     - Wind and Solar
     - Green buildings (Netherlands)
     - EPC label A
   - At the moment no loans are added to the Eligible Green Loan Portfolio from the other categories in the Green Bond Framework

2. **Project Evaluation and Selection**
   - When identifying eligible projects and their non-financial impacts ING may rely on external consultants and their data sources
   - A Green Bond Committee will manage any future updates to the Framework, including expansions to the list of Eligible Categories
   - ING’s Environmental & Social Risk policies and transaction approval process ensures that loans comply with environmental and social policies

3. **Management of Proceeds**
   - Portfolio based allocation approach
   - Single pool of eligible green loans*:
     - Renewable energy: ~€4.9 bln
     - Green buildings: ~€3.3 bln
     - Total Eligible Green Loan Portfolio: ~€8.2 bln
     - Green funding outstanding*: ~€3.7 bln

4. **Reporting**
   - Aggregated (between multiple Green Bonds)
   - Allocation report: number of eligible loans, balance of unallocated proceeds, amount or the percentage of new financing and refinancing
   - Impact report: total installed renewable energy capacity in MWh, estimated energy consumption in kWh/m², estimated annual avoided / reduced CO₂ emissions in tons
   - GHG Emissions avoided / reduced for Eligible Green Loan portfolio: 6,184,230 ton CO₂eq*

* As of latest allocation and impact report (FY2019)
Eligible Green Loan Portfolio: green buildings (Netherlands)

Use of Proceeds: green buildings

Comparison of energy label in ING Green Buildings Loan Portfolio and average building stock in the Netherlands

Group composition ING green buildings loan portfolio in the Netherlands

<table>
<thead>
<tr>
<th></th>
<th>Refurbished</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>155</td>
<td>52</td>
</tr>
<tr>
<td>Office</td>
<td>198</td>
<td>54</td>
</tr>
<tr>
<td>Retail</td>
<td>818</td>
<td>146</td>
</tr>
<tr>
<td>House</td>
<td>656</td>
<td>1,989</td>
</tr>
<tr>
<td>Other</td>
<td>60</td>
<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>1,887</td>
<td>2,257</td>
</tr>
</tbody>
</table>

Definition: The assets in the ING green building portfolio have energy label A, and belong to the top 10% of the Dutch real estate market. The portfolio is dynamic and may be expanded in the future with similar buildings in other countries.

Impact report: green buildings

Total portfolio size: €3.281 bln
Avoided/reduced emissions: 33,846 ton CO₂eq*
Avoided/reduced emissions per mil € invested by ING: 10.32 ton CO₂eq/ mil €

<table>
<thead>
<tr>
<th>Number</th>
<th>%</th>
<th>Portfolio CO₂-emission (ton CO₂)</th>
<th>CO₂-emission Original building (ton CO₂)</th>
<th>CO₂-emission Reduction (ton CO₂)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refurbished buildings</td>
<td>1,887</td>
<td>46%</td>
<td>94,421</td>
<td>121,260</td>
</tr>
<tr>
<td>New buildings</td>
<td>2,257</td>
<td>54%</td>
<td>47,213</td>
<td>54,220</td>
</tr>
<tr>
<td>Total</td>
<td>4,144</td>
<td>100%</td>
<td>141,634</td>
<td>175,480</td>
</tr>
</tbody>
</table>

34,000 (ton CO₂eq) ≈ 7,345 vehicles per year
or
44,402 acres of forests for one year**

* CO₂-emission reduction is 58,873 ton CO₂eq (29.36%) when using the average building in the Netherlands as the benchmark reference
**https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator
Eligible Green Loan Portfolio: renewable energy (Global)

Use of Proceeds: renewable energy
Number of Projects by Technology

Wind 4,568,000 (124)
Solar 1,582,000 (48)

Total portfolio (share ING) €4.943 bln
Avoided emissions solar + wind 6,150,384 ton CO₂eq
Avoided emissions per mil € invested by ING 1244 ton CO₂eq/ mil €

Avoided emissions (lhs) and avoided emissions per euro invested (rhs) by project country

* Navigant

4.5 million passenger flights London to New York
or
103 kton reduction in global beef consumption*
Second party opinion

Opinion on the Green Bond

• ISS’s overall evaluation of the Green Bond Portfolio by ING is positive
• ING Green Bond is in line with the Green Bond Principles
• ING has provided ISS with detailed information describing eligibility criteria for the assets to be included in its Green Bonds, the processes of selecting eligible assets, the management of proceeds and the future reporting to investors
• All assets are required, according to ING’s ESR Policies, to have minimum environmental mitigation measures in place during construction and operation
• All projects underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency
• The overall sustainability quality in terms of sustainability benefits and risk avoidance and minimisation is good

Opinion on issuer sustainability

• ING is 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 ISS.
• In ISS’s view, the securities issued by the company thus all meet the basic requirements for sustainable investments
• ING achieved a rating that was above the average for the sector. A very significant outperformance was achieved in “Sustainable investment criteria"
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