Content

1. ING’s Sustainability Strategy

ING’s sustainability performance 3-6
Integrated climate approach 7
Terra Approach 8-9
Advising and financing our clients 10
ING’s sustainability track record 11

2. ING Group Green Bond Framework

ING Green Bond Issuance 13
ING Green Bond Framework 14
Use of Proceeds 15
Project evaluation and management of proceeds 16
Allocation and impact report 17-18
Second Party Opinion 19
ING Green Eligible Assets 20
ING Sustainability Strategy
Sustainability has been on ING’s agenda for decades

Sustainability topics have been important for many years at ING

- First Sustainability report: 1996
- Creation of ING Groenbank: 1997
- First ESR policy: 1998
- Launch of Sustainability Equity Fund: 1999
- Partnership with UNICEF: 2000
- Sustainability Targets set: 2005
- Became Carbon Neutral: 2007
- Start of Sustainable Lending Team: 2010
- ING issues its first Green Bond: 2012
- Introduction of Sustainability Improvement Loan: 2014
- ING issues its second Green Bond: 2015
- Sustainability embedded in strategy and purpose: 2016
- Rated as the most sustainable bank: 2017
- Terra science-based methodology developed: 2018
- ING joins NZBA: 2019
- First Terra Progress Report: 2020
- First Human Rights Report: 2021
- First Climate Risk Report: 2021
- First Integrated Climate Report published: 2021

Climate change is a risk to be managed and an opportunity to create value.

ING has joined the Net-Zero Banking Alliance in support of achieving a world with net-zero greenhouse gas emissions by 2050.
Non-financial performance highlights 2021

2. For a description of ING’s Climate Finance and Social Impact Finance, see [www.ing.com/Sustainability/Sustainable-business/How-we-measure.htm](http://www.ing.com/Sustainability/Sustainable-business/How-we-measure.htm)
3. *Management board refers to ING Groep N.V. board (EB) .
Putting sustainability at the heart of what we do

We put our financing to work as we strive to build a sustainable future for our company, our customers, society and the environment.

Aligning economic growth with positive environmental and social impact
Our integrated climate approach

Empower our clients and business to reach net zero by 2050 or sooner

**Our ambition**

Our convictions
- Climate change is a major threat to the environment and biodiversity.
- It can impact human rights and wellbeing.
- It's also a business imperative and opportunity.
- A major energy transition is required to reach net zero.
- An inclusive and proactive approach is needed to change the real economy.

**Our objectives**

Our core initiatives
- Reach net zero in our own operations
- Steer our portfolios towards net zero by 2050 or sooner
- Finance and advise clients in line with a net-zero economy
- Manage climate and environmental risks
- Environmental programme
- Terra approach
- Sector alignment targets and steering
- Sector finance
- Sustainable finance and advisory
- Circular economy approach
- Sustainable insights by ING Research
- Environmental and Social Risk Framework
- Climate risk initiative
- Biodiversity approach

**Our enablers**

- Improved climate data analytics and operational integration
- Foster innovation on sustainable products and services
- Upskilling & empowering our organisation on ESGs
- Effective climate governance and performance culture
- Collaborating for joint climate impact
Terra’s key principles

- Steer our loan book towards net-zero by 2050 or sooner and contribute to keeping global warming within 1.5 degrees compared to preindustrial levels.

**Impact-Based**

- ~10% WB portfolio
- ~75% GHG

**Science-Based**

- Toolbox approach
- Apply the best-fit methodology per sector
- Specific targets per sector
- Application of science-based scenarios
- Use of Physical Asset-level-data

**Engagement-Driven**

- Engagement with current clients to help them transition to greener way of doing business
- Selecting prospect clients also based on their stance on sustainability

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<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power and heating</td>
<td>35%</td>
</tr>
<tr>
<td>Buildings</td>
<td>24%</td>
</tr>
<tr>
<td>Industry</td>
<td>21%</td>
</tr>
<tr>
<td>Transportation</td>
<td>6%</td>
</tr>
<tr>
<td>Agriculture and land use</td>
<td>14%</td>
</tr>
</tbody>
</table>
Terra: Climate Alignment Dashboard

* Progress measured for 2020 as published in our 2021 ING Climate Report. Terra focuses on the most climate-relevant sectors, measured by global carbon footprint (sectors globally responsible for approximately a combined 75% of total emissions). Within each sector, we look at the part of the value chain that generates most of the climate impact.

** Despite a significant reduction in absolute emissions, the aviation sector experienced a severe fluctuation in CO2 intensity due to COVID. Please refer to the sector deep-dive for further information.
Advising and financing our clients

- ING continues to fund companies and sectors that are helping the transition to a low-carbon economy. This includes funding projects that advance renewable energy, the circular economy and help combat climate change. We support these clients though our climate finance portfolio.

**By 2030, ING REF wants to have its entire financed commercial real estate portfolio with an A energy label**

<table>
<thead>
<tr>
<th>Step 1</th>
<th>ING REF advises</th>
</tr>
</thead>
</table>
| To help professional real estate investors with both office buildings and other commercial real estate with an energy label D to G, Business Banking Real Estate Finance Netherlands (ING REF) offers a discounted interest rate on the loan for sustainability if these real estate owners make the jump to energy label A in one go.

<table>
<thead>
<tr>
<th>Step 2</th>
<th>ING REF finances sustainability</th>
</tr>
</thead>
</table>
| With the discounted interest rate, ING REF wants to convince commercial real estate customers to immediately become more sustainable towards an A energy label.

<table>
<thead>
<tr>
<th>Step 3</th>
<th>ING REF connects</th>
</tr>
</thead>
</table>
| ING REF wants to have provided its entire financed commercial real estate portfolio with an A energy label by 2030. ING does this with a five-step plan shown on the left.

<table>
<thead>
<tr>
<th>Step 4</th>
<th>ING REF appreciates</th>
</tr>
</thead>
</table>
| For details of the five-step plan, please see the links in the footnote.

<table>
<thead>
<tr>
<th>Step 5</th>
<th>ING REF compensates</th>
</tr>
</thead>
</table>

**Renewables**

- The focus is on core technologies (solar, on/offshore wind and, selectively, geothermal), and a growing segment is battery storage, manufacturing, storage and ancillary services such as grid support.
- ING’s exposure in renewables has more than doubled and now makes up 60% of our power generation portfolio. We are aiming to grow new financing commitments of renewable energy by 50% by year-end 2025 compared to 2021.

**Residential Real Estate**

- In Netherlands, houses with an Energy label A+ or above receive a 0.15% discount and A receive a 0.1% discount. Find more information [here](#).
- In Germany, we offer interest rate discount of -10 bps on mortgages if the customer either new builds or purchases a new build from a developer.
- In Poland, we offer eco-mortgages for houses with a documented low energy consumption. Please visit [here](#) for more information.

For more information regarding other services and products we refer to our webpages [ING Wholesale Banking](#) and [Sustainable business](#).
ING has a strong Sustainability track record

Sustainability Ratings ING Groep N.V.
- Evaluation: Management of ESG material risk is ‘Strong’
- Position: 17th percentile of 398 banks
- Updated: September 2021

MSCI
- Rating: AA
- Affirmed: December 2021

S&P Global
- ESG evaluation: Strong
- Score: 83/100
- Updated: January 2021

Sustainability Index Products
ING is regularly included in ESG and sustainability-focused indices.

Examples include:

For more information: ING's sustainability ratings.
ING Green Bond issuance

Green Bond issuance objectives
- Support meeting our sustainability objectives
- Fund growth in our green asset portfolio
- Continued leadership in the Green Bond market
- Development of the Global Green Bond market
- Meet future MREL/TLAC requirements

External consultants & providers
- Second party opinion provider
- Green buildings consultant
- Renewable energy consultant
- Green buildings consultant

Recent Green Bond transactions

<table>
<thead>
<tr>
<th>Year of Issuance</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2021</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Issuer</td>
<td>ING Bank Hipoteczny</td>
<td>ING Group N.V.</td>
<td>ING Group N.V.</td>
<td>ING Group N.V.</td>
<td>ING-DiBa AG</td>
<td>ING Group N.V.</td>
</tr>
<tr>
<td>Size / Currency</td>
<td>PLN 400 million</td>
<td>$1 billion</td>
<td>£800 million</td>
<td>€500 million</td>
<td>€1.25 billion</td>
<td>€1.5 billion</td>
</tr>
<tr>
<td>Tenor</td>
<td>5yr</td>
<td>6NC5</td>
<td>8NC7</td>
<td>11NC6</td>
<td>7yr</td>
<td>4NC3</td>
</tr>
<tr>
<td>Funding Type</td>
<td>Covered Bond</td>
<td>HoldCo Senior</td>
<td>HoldCo Senior</td>
<td>Tier 2</td>
<td>Covered Bond</td>
<td>HoldCo Senior</td>
</tr>
</tbody>
</table>

ING Green Bond Framework

- We’ve updated our Green Bond Framework to meet higher standards on transparency and disclosure. This strengthens our sustainable debt strategy and contributes to a diversified investor base. The framework is now aligned with the ICMA Green Bond Principles 2021 and where possible with the EU Taxonomy (EUT) Regulation and the EUT Delegated Act.

1. **Use of proceeds**
   - Eligible Green Loan Portfolio includes:
     - Renewable energy
     - Wind and Solar - global
     - Green buildings
     - Residential – Netherlands and Germany
     - Commercial - Netherlands

2. **Project Evaluation and Selection**
   - Projects financed and/or refinanced through Green Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria
   - Governance of the green bond framework is stated
   - 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 ~€5.0 bln
     - Green buildings (residential) ~€17.0 bln**
     - Green buildings (commercial) ~€4.9 bln
     - **Total Eligible Green Loan Portfolio ~€26.9 bln**
   - Green funding outstanding: ~€8.5 bln***

4. **Reporting**
   - Aggregated (between multiple Green Bonds)
   - Allocation and impact are reported. Additional reported items can be found in the Green Bond Framework
   - GHG Emissions avoided / reduced for Eligible Green Loan portfolio: 3,560,478 ton CO₂

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*As per Allocation Report 31 December 2021
** Includes €3.2bn eligible green loans within ING DiBa, as well as €13.8 bn of eligible green loans within ING Bank N.V., where the latter are not included in the Allocation Report 2021, but will be included going forward
***As of 31 July 2022
# Use of Proceeds

<table>
<thead>
<tr>
<th>ICMA GBP categories</th>
<th>Eligibility criteria</th>
<th>Contribution to UN SDGs</th>
<th>Contribution to EU Environmental objectives and economic activity¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable Energy</strong></td>
<td>Financing or refinancing of production of renewable energy: ▪ Solar energy ▪ On- and offshore wind energy</td>
<td><img src="https://via.placeholder.com/150" alt="Image" /></td>
<td>Substantial contribution to Climate Change Mitigation (Article 10)</td>
</tr>
<tr>
<td><strong>Green Buildings</strong></td>
<td>Financing or refinancing new or existing buildings: ▪ Buildings built before 31 December 2020 with EPC label ≥ ‘A’ ▪ Buildings built before 31 December 2020 belonging to the top 15% of the national building stock based on primary energy demand (PED) ▪ Buildings built after 31 December 2020 with energy performance at least 10% better than the threshold for Nearly Zero-Energy Buildings (‘NZEB’) in the local market² ▪ Buildings that have been refurbished, resulting in a reduction of primary energy demand (PED) of at least 30% and validated through an Energy Performance Certificate ▪ Buildings that have been refurbished meeting the criteria for major renovations under applicable building regulations, new, existing or refurbished commercial buildings which received at least one of the following certifications: ▪ BREEAM ‘Excellent’ or above certification ▪ LEED ‘Gold’ or above certification ▪ DGNB certification ‘Gold’ and/or above ▪ HQE ‘Excellent’ and/or above ▪ Other equivalent internationally recognised Green Building certification</td>
<td><img src="https://via.placeholder.com/150" alt="Image" /></td>
<td>Substantial Contribution to Climate Change Mitigation (Article 10)</td>
</tr>
<tr>
<td></td>
<td>EU economic activities: ▪ (4.1.) Electricity generation using solar photovoltaic technology ▪ (4.3.) Electricity generation from wind power</td>
<td><img src="https://via.placeholder.com/150" alt="Image" /></td>
<td>EU economic activities: ▪ (7.2.) Renovation of existing buildings ▪ (7.7.) Acquisition and ownership of buildings</td>
</tr>
</tbody>
</table>


² ING may engage external consultants to define the top 15% and NZEB-10% in the context of the national building stock in the countries where any eligible green building assets are located. In countries where there is no definition of NZEB or there is no practical solution to implement NZEB, ING may choose to rely on the top 15% approach.
Project evaluation and management of proceeds

- Projects financed and/or refinanced through Green Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria

1. Compliance with the Eligibility Criteria
   - EU Taxonomy Regulation
   - EU Taxonomy Climate Delegated Act
   - Apply on a best efforts basis as long as there are feasible practical applications in the geographies where ING’s assets are located (in terms of local regulation)

2. Governance of Green Bond Framework
   - ING has established a Green Bond Steering Committee to:
     - Review and update the framework
     - Evaluate criteria such as eligibility and Do No Significant Harm
     - Oversee other governance processes

3. Environmental and Social Risk Management Policy (ESR)
   - ING ensures that all eligible loans comply with official national and international environmental and social standards and local laws and regulations on a best effort basis
   - ING’s Environmental & Social Risk policies and transaction approval process ensure that loans comply with environmental and social policies

- Management of proceeds
   - The proceeds from Green Finance Instruments will be managed by ING in a portfolio approach.
   - Allocate the proceeds from Green Finance Instruments to an Eligible Green Loan Portfolio, selected in accordance with the Eligibility Criteria and evaluation and selection process
   - Unallocated net proceeds from Green Finance Instruments will be held in ING’s treasury liquidity portfolio, in cash or other short term and liquid instruments, at ING’s own discretion
The assets in the ING green building portfolio have energy label A, and belong to the top 15% of the most energy efficient of Dutch real estate market.

**Use of Proceeds: green commercial buildings**

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

![Energy Label Comparison Diagram](image)

**Group composition ING green commercial buildings loan portfolio in the Netherlands**

<table>
<thead>
<tr>
<th></th>
<th>#</th>
<th>m²</th>
<th>Refurbished</th>
<th>New</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>207</td>
<td>602,180</td>
<td>155</td>
<td>52</td>
</tr>
<tr>
<td>Office</td>
<td>752</td>
<td>580,80</td>
<td>539</td>
<td>213</td>
</tr>
<tr>
<td>Retail</td>
<td>4,370</td>
<td>1,722,064</td>
<td>3,226</td>
<td>1,144</td>
</tr>
<tr>
<td>Residential building</td>
<td>9,056</td>
<td>799,513</td>
<td>4,029</td>
<td>5,027</td>
</tr>
<tr>
<td>Other</td>
<td>1,672</td>
<td>1,438,084</td>
<td>1,271</td>
<td>401</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,850</td>
<td>4,539,741</td>
<td>9,065</td>
<td>6,785</td>
</tr>
</tbody>
</table>

**Impact report: green commercial buildings**

- **Total portfolio size**: €4.851 bln
- **Avoided / reduced emissions per year**: 44,191 ton CO₂eq
- **Avoided / reduced emissions per mil € invested by ING**: 9.11 ton CO₂eq/ mil €

<table>
<thead>
<tr>
<th></th>
<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>9,066</td>
<td>57%</td>
<td>182,084</td>
<td>216,1608</td>
<td>34,024</td>
</tr>
<tr>
<td>New buildings</td>
<td>6,784</td>
<td>43%</td>
<td>85,800</td>
<td>95,967</td>
<td>10,167</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>15,850</td>
<td>100%</td>
<td>267,885</td>
<td>312,075</td>
<td>44,191</td>
</tr>
</tbody>
</table>

**Definition**: The assets in the ING green building portfolio have energy label A, and belong to the top 15% of the most energy efficient of Dutch real estate market. The portfolio is dynamic and may be expanded in the future with similar buildings in other countries.
Use of Proceeds: renewable energy*

Number of Projects by Technology
- Wind: 2,492,178 (108)
- Solar: 981,938 (50)

Number of Projects by Country
- Australia: 10
- Belgium: 1
- France: 20
- Germany: 26
- Ireland: 6
- Italy: 22
- Luxembourg: 2
- Mexico: 1
- Netherlands: 5
- Philippines: 1
- Poland: 6
- Portugal: 8
- Singapore: 2
- Spain: 16
- Taiwan: 1
- United Kingdom: 16
- United States: 13

Impact report: renewable energy (Global)*

Total portfolio (share ING) €4.968 bln
Avoided emissions solar + wind 3,474,656 ton CO₂eq
Avoided emissions per € invested by ING 1.0 kg CO₂eq/ euro

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

Individual Passenger journey from London to New York: 2.6 million**

* Navigant (Guidehouse)
** Assumption is 1.36 ton CO₂ per passenger journey
Principles Alignment

Alignment with Green Bond Principles

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

Opinion
Positive

Asset Categories

Alignment with ISS ESG Green KPIs

1. Wind Power
2. Solar Power
3. Green Buildings

Opinion
Positive

Issuer’s sustainability Performance

- ING is rated **11th out of 301 companies** within the Commercial Banks & Capital Markets industry as of April 3rd 2022. This equates to a high relative performance, with a decile rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

* Except for 7.2. Renovation of existing buildings – Water and Marine Resources; and for renewable power projects outside the EU, EEA and UK, ING meets some of the Do No Significant Harm Criteria
## ING Green Eligible Assets - EU Taxonomy Alignment Summary

### ING Green Bonds % Alignment with EU Taxonomy Based on Assessment by ISS ESG

<table>
<thead>
<tr>
<th>ING Group</th>
<th>Eligible portfolio % aligned</th>
<th>92.6% aligned (€23.8bn / 25.7bn total Green Eligible Assets) ³)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ING Diba</td>
<td>Eligible portfolio % aligned</td>
<td>100% aligned (€3.2bn / 3.2bn total Green Eligible Assets) ³)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Eligible Green Asset Category</th>
<th>Green Residential Buildings</th>
<th>Green Commercial Buildings</th>
<th>Renewable Energy (Solar &amp; Wind)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic Activity (Climate Change Mitigation)</td>
<td>7.7</td>
<td>7.7</td>
<td>4.1 &amp; 4.3</td>
</tr>
<tr>
<td>Geography</td>
<td>Germany + Netherlands</td>
<td>Netherlands</td>
<td>EEA + UK</td>
</tr>
<tr>
<td></td>
<td>65.2% of Renewables</td>
<td>34.8% of Renewables</td>
<td>65.2% of Renewables</td>
</tr>
<tr>
<td>Technical Screening Criteria</td>
<td>Partial Alignment ¹)  99.6% built &lt;2021 (Aligned) 0.4% built ≥2021 (Partially Aligned) of which:  ▪ 7.6% &lt; 5,000sqm (Aligned) ▪ 92.4% ≥ 5,000sqm (Not Aligned)</td>
<td>Partial Alignment ¹)  93.5% built &lt;2021 (Aligned) 6.5% built ≥2021 (Partially Aligned) of which:  ▪ 61.7% &lt; 5,000sqm (Aligned) ▪ 38.2% ≥ 5,000sqm (Not Aligned)</td>
<td>Aligned</td>
</tr>
<tr>
<td>Do No Significant Harm</td>
<td>Aligned</td>
<td>Aligned</td>
<td>Aligned</td>
</tr>
<tr>
<td>Minimum Social Safeguards</td>
<td>Aligned</td>
<td>Aligned</td>
<td>Aligned</td>
</tr>
</tbody>
</table>

¹ For buildings larger than 5000sqm and built ≥2021, ING currently lacks evidence to confirm compliance with the technical screening criteria. ING will, on a best efforts basis, indicate in its reporting what percentage of these buildings are able to meet the additional criteria of the EU Taxonomy Climate Delegated Act.

² For assets outside of the European Economic Area (EEA) + UK region, ING is not able to provide specific documentation to substantiate full alignment with all the respective applicable DNSH criteria, which often relate to specific EU Directives. This is largely due to the misalignment with national regulations and the Equator Principles requirements with specific EU Directives & EU Taxonomy requirements. ING requires all project finance to be in compliance with the Equator Principles, where an Environmental and Social Impact Assessment (ESIA) is an integral part. In addition, ESG factors are built into ING’s Environmental Social Risk assessment process. ISS ESG therefore concludes a ‘partial alignment’ assessment on DNSH for Renewables outside EEA and the UK.

³ Outstanding amounts as of 31 December 2021.
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