

## SECOND PARTY OPINION (SPO)

---

Sustainability Quality of the Issuer and Green Bond Framework

ING Groep NV  
26<sup>th</sup> April 2022

### VERIFICATION PARAMETERS

---

Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>• Green Bonds</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>• International Capital Market Association (ICMA) Green Bond Principles (GBP), updated as of June 2021</li><li>• The EU Taxonomy Climate Delegated Act, June 2021</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>• ING Green Bond Framework (as of 28.03.2022)</li><li>• ING Eligibility Criteria (as of 28.03.2022)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>• Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>• As long as there is no material change to the Framework</li></ul>

## CONTENTS

Scope of work .....	3
ING BUSINESS OVERVIEW .....	3
ISS ESG ASSESSMENT SUMMARY.....	4
ISS ESG SPO ASSESSMENT.....	5
PART I: GREEN BONDS LINK TO ING’S SUSTAINABILITY STRATEGY .....	5
A. ASSESSMENT OF ING’S ESG PERFORMANCE.....	5
B. CONSISTENCY OF GREEN BOND WITH ING’S SUSTAINABILITY STRATEGY.....	8
PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES .....	10
PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE .....	15
A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs.....	15
B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA.....	17
C. ALIGNMENT OF THE PROJECT SELECTION CRITERIA WITH THE EU TAXONOMY.....	19
ANNEX 1: Methodology .....	45
ANNEX 2: ISS ESG Corporate Rating Methodology.....	46
ANNEX 3: Quality management processes .....	48
About ISS ESG SPO .....	49

## Scope of work

ING Groep NV (“the Issuer”, or “ING”) commissioned ISS ESG to assist with its Green Bonds by assessing three core elements to determine the sustainability quality of the instrument:

1. Green Bonds link to ING’s sustainability strategy – drawing on ING’s overall sustainability profile and issuance-specific Use of Proceeds categories.
2. ING’s Green Bond Framework (28.03.2022 version) – benchmarked against the International Capital Market Association's (ICMA).
3. The Eligibility Criteria – whether the nominated project categories contribute positively to the UN SDGs and are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria), Minimum Social Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2021) and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).

## ING BUSINESS OVERVIEW

ING is a global bank with a strong presence in Europe. With more than 57,000 employees serve around 38.4 million customers, corporate clients and financial institutions in over 40 countries. ING products include savings, payments, investments, loans and mortgages in most of its’ retail markets. In regards to the Wholesale Banking clients, ING provide specialised lending, tailored corporate finance, debt and equity market solutions, sustainable finance solutions, payments & cash management and trade and treasury services.

## ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>1</sup>
<p><b>Part 1:</b></p> <p><b>Green Bonds link to issuer's sustainability strategy</b></p>	<p>According to the ISS ESG Corporate Rating published on 12.02.2022, the issuer shows a high sustainability performance against the industry peer group on key ESG issues faced by the Commercial Banks &amp; Capital Markets sector. The issuer is rated 11<sup>th</sup> out of 301 companies within its sector. The issuer is exposed to a severe controversy related to Anti-Corruption.</p> <p>The Use of Proceeds financed through this Green Bond are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing Green Bond is clearly described by the issuer.</p>	<p><b>Consistent with issuer's sustainability strategy</b></p>
<p><b>Part 2:</b></p> <p><b>Alignment with GBP</b></p>	<p>The issuer has defined a formal concept for its Green Bond regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the ICMA's Green Bond Principles (June 2021).</p>	<p><b>Aligned</b></p>
<p><b>Part 3:</b></p> <p><b>Sustainability quality of the Eligibility Criteria</b></p>	<p>The overall sustainability quality of the Selection criteria in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment. The Green Bonds will (re-)finance eligible asset categories, which include: renewable energy and green buildings.</p> <p>Those use of proceeds categories have a significant contribution to SDGs 7 'Affordable and clean energy', "Sustainable cities and communities" and SDGs 13 "Climate Action". The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	<p><b>Positive</b></p>
<p><b>Part 4:</b></p> <p><b>Alignment with EU Taxonomy</b></p>	<p>ISS ESG assessed the alignment of ING's project characteristics, due diligence processes and policies against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021), on a best-efforts basis<sup>2</sup>. Based on robust processes for selection, the nominated project categories are considered to be:</p> <ul style="list-style-type: none"> <li>• Aligned with the Climate Change Mitigation Criteria</li> <li>• Aligned with the Do No Significant Harm Criteria, except for 7.2. Renovation of existing buildings - WATER AND MARINE RESOURCES<sup>3</sup></li> <li>• Aligned with the Minimum Social Safeguards requirements</li> </ul>	

<sup>1</sup> ISS ESG's evaluation is based on the ING Green Bond Framework (as of 01.03.2022), on the analysed Eligibility Criteria as received on the 01.03.2022, and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 12.02.2022).

<sup>2</sup> Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2021, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage ISS ESG evaluates the alignment with the EU Taxonomy on a "best efforts basis".

<sup>3</sup> Given that ING is financing renewable power projects (Solar power and Wind power) globally, only the renewable power projects located in the EU, EEA and UK align with the EU Taxonomy - DO NO SIGNIFICANT HARM CRITERIA, for the rest of the global asset, ING meet some criteria.

## ISS ESG SPO ASSESSMENT

### PART I: GREEN BONDS LINK TO ING'S SUSTAINABILITY STRATEGY

#### A. ASSESSMENT OF ING'S ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	INDUSTRY	DECILE RANK	TRANSPARENCY LEVEL
<b>ING</b>	<b>Commercial Banks &amp; Capital Markets</b>	<b>1</b>	<b>VERY HIGH</b>

This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Commercial Banks & Capital Markets industry as it obtains a Decile Rank relative to its industry group of 1, given that a decile rank of 1 indicates the highest relative ESG performance out of 10.

#### *ESG performance*

As of 04.03.2022 this rating places ING 11<sup>th</sup> out of 301 companies rated by ISS ESG in the Commercial Banks & Capital Markets industry.

Key challenges faced by companies in this industry in terms of sustainability management are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

#### Key Issue Performance



#### *Sustainability Opportunities*

ING's subsidiary ING Groenbank offers retail clients green deposit products and provides lending services at favourable rates for a diverse range of sustainable projects, from wind turbines to organic farming to solar panels. Furthermore, ING Groenbank offers microfinance and a reasonable range of socially responsible investment products. In 2020, ING's sustainable assets under management rose to EUR 13.2 billion. Moreover, the climate finance portfolio amounted to EUR 16.5 billion and social impact finance to EUR 500 million. Although ING offers several financial services with a high social and environmental benefit, these do not represent a major business for the company.

### *Sustainability Risks*

ING has an environmental and social risk (ESR) framework in place, which sets standards for issues such as human rights, environmental protection, and animal welfare. An exclusion policy forms part of this ESR framework and covers a range of controversial topics. Furthermore, sector-specific policies are in place for sectors which ING considers likely to be associated with environmental and social risks: energy (oil & gas, power generation), chemicals, forestry and agrocommodities, manufacturing, and mining and metals, defence, and infrastructure. The company has stopped financing new coal-fired power plants and thermal coal mines worldwide and aims to reduce its coal exposure close to zero by 2025. ING will also not finance any new clients whose business is over 10 percent reliant on operating coal-fired power plants and, by 2025, no longer finance clients in the utilities sector that are over 5 percent reliant on coal fired power in their energy mix. Nonetheless, ING Groep NV's subsidiary ING Bank NV is financing the construction of the 1,000 MW Cirebon-2 coal fired power plant in West Java, Indonesia, which is being opposed by local stakeholders over its alleged prospective environmental impacts and contribution to climate change. ING is committed to providing its customers with products that meet their needs, clearly explaining the potential risks and returns of its products and services, being transparent about prices and conditions, and using clear language. The company adequately addresses employee-related aspects e.g. through the implementation of measures to prevent and alleviate mental health problems and through various workplace flexibility options. As of March 2021, ING is in the process of implementing large-scale redundancies. In this regard, all employees are entitled to training and development to adjust to the restructuring. ING addresses all salient issues in the field of business ethics, such as corruption, conflicts of interest, insider dealings, and gifts and entertainment. In addition, the company has established a detailed whistleblowing policy and respective procedures. However, the company is allegedly involved in several money laundering controversies, including an allegation of involvement in money laundering through the company's ING Bank subsidiary in Italy in February 2020.




### *Governance opinion*

The company's governance structure is designed to ensure the separation of managerial and supervisory functions; all members of the board of directors, including the chair (Mr. Gerardus Johannes Wijers) are considered independent (as at 5th February, 2021). In addition, fully independent board committees in charge of audit, nomination and remuneration are in place. The company discloses its remuneration policy for executives on an individual basis and sub-divided according to long-term incentive components, which is thought to foster sustainable value creation.

Regarding ING's sustainability governance, no independent board-level sustainability committee is in place. However, ING's variable remuneration of executive board members is linked to non-financial drivers, by means of a number of targets regarding economic, environmental, social and customer satisfaction criteria. ING addresses all relevant issues in the field of business ethics such as corruption, conflicts of interest, insider dealings, and gifts, favours and entertainment. In addition, the company has established a detailed whistleblowing policy and respective procedures. However, there is no evidence of further relevant compliance procedures such as third party anti-corruption due diligence. Additionally, the company is allegedly involved in several money laundering controversies, including an allegation of involvement in money laundering through the company's ING Bank subsidiary in Italy in February 2020.

### *Sustainability impact of products and services portfolio*

Using a proprietary methodology, ISS ESG assessed the contribution of ING’s current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along ING’s production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
<b>Financing of buildings certified to a relevant sustainable building standard</b>	1,4%	CONTRIBUTION	
<b>Financing of renewable energy</b>	1,2%	CONTRIBUTION	 
<b>Others</b>	N/A	NO NET IMPACT	N/A

### *Breaches of international norms and ESG controversies*

As of 09.03.2021, the company is facing one severe controversy.

- In July 2019 media reported that the Spanish National High Court (AN) had initiated an investigation into ING Groep NV’s wholly owned subsidiary ING Bank NV (ING) over allegations that Bandenia Banca Privada PLC (Bandenia) used ING to launder money in Spain from 2015 to June 2017, until it was officially dismantled. According to media, ING failed to inform authorities of “a strong presence of cash income of unknown origin” into Bandenia’s accounts. Bandenia reportedly used ING’s banking system to transfer at least €1.7 million through ING accounts, which allegedly stemmed from drug trafficking, sexual exploitation as well as political corruption. The bank was previously fined €775 million by the Netherlands Public Prosecution Service in September 2018 for its involvement in a money laundering controversy. In communication with ISS ESG in November 2021, ING Groep confirmed that the probe is ongoing and that the investigation period has been extended. ING Groep further updated ISS ESG on the roll-out of its anti-money laundering (AML) enhancement programme and remedial measures taken since 2017, which include a centralised monitoring unit, the establishment of global and local KYC committees, and the roll-out of its Global KYC policy and Risk Appetite statements. ISS ESG remains vigilant of developments in the investigations and confirmation of the efficacy of ING Groep’s remedial measures.

## B. CONSISTENCY OF GREEN BOND WITH ING'S SUSTAINABILITY STRATEGY

### *Key sustainability objectives and priorities defined by the issuer*

ING's Sustainable Finance program drives and promotes sustainable business opportunities throughout all the different sector and product teams at ING Wholesale Banking. Two different areas were defined as the ones where ING believes can have the biggest impact: Climate (Action) and Financial Health.

ING's sustainability direction as it stands focuses on three main areas:

- Climate Approach

ING has committed to align the lending portfolio with a net-zero future by 2050 or sooner, based on the Terra approach, co-created with the 2° Investing Initiative (2DII) which entails a methodology looking at the technology shift needed across different industries to slow global warming and then measures it against the actual technology. It has also joined the Net Zero Banking Alliance (NZBA) as part of the effort.

- Biodiversity

ING is a signatory of the Equator Principles, supporting the advance of minimum standards for due diligence and responsible risk decision-making. For project finance in scope of an Equator Principles (EP) assessment, ING applies the International Finance Corporation Performance Standards on biodiversity. The topic is integrated in the Environmental and Social Risk policy framework, that applies to all its businesses and products.

- Human Rights

In 2018, ING disclosed the human rights management approach in the Human Rights Report, which was updated in the following years, disclosing progress, governance, policies, due diligence cases, engagements and actual adverse impacts it's linked to.

### *Rationale for issuance*

In line with its commitments and focusing on the Climate Action section, ING, under this Framework, intends to finance the following sectors:

- Renewables
- Commercial Real Estate
- Residential Real Estate

By financing such sectors, it aims to support the decarbonization and electrification as part of the energy transition of industries and businesses. ING will increase new financing of renewable energy by 50% by year-end 2025, and no longer provide dedicated financing to new oil and gas fields<sup>4</sup>. The decarbonization and electrification projects may refer to core technologies (solar, wind, , as well as

<sup>4</sup> <https://www.ing.com/Newsroom/News/More-renewables-less-oil-gas.htm>



abiding with Energy Label regulations with residential and commercial buildings focusing on the Netherlands, Germany, Poland and Belgium.

*Contribution of Use of Proceeds categories to sustainability objectives and priorities*

ISS ESG mapped the Use of Proceeds categories financed under this Green Bond with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Commercial Banks & Capital Markets industry. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
<b>Renewable Energy</b>	✓	✓	Contribution to a material objective
<b>Green Buildings</b>	✓	✓	Contribution to a material objective

**Opinion:** *ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry.*

## PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES

### 1. Use of Proceeds

#### FROM ISSUER'S FRAMEWORK

An amount equal to the net proceeds of Green Bonds issued under this framework will be used to finance and/or refinance, in part or in whole, an Eligible Loan Portfolio in accordance with the Eligibility Criteria below<sup>5</sup>.

ICMA GBP CATEGORIES	ELIGIBILITY CRITERIA	CONTRIBUTION TO EU ENVIRONMENTAL OBJECTIVES AND ECONOMIC ACTIVITY <sup>6</sup>
<b>Renewable Energy</b>	Financing or refinancing of production, of renewable energy: <ul style="list-style-type: none"> <li>Solar energy</li> <li>On- and offshore wind energy</li> </ul>	Substantial Contribution to Climate Change Mitigation (Article 10)  EU Economic Activities: <ul style="list-style-type: none"> <li>(4.1.) Electricity generation using solar photovoltaic technology</li> <li>(4.3.) Electricity generation from wind power</li> </ul>
<b>Green Buildings</b>	Financing or refinancing new or existing buildings: <ul style="list-style-type: none"> <li>Buildings built before 31st December 2020 with EPC label <math>\geq</math> "A"</li> <li>Buildings built before 31st December 2020 belonging to the top 15% of the national building stock based on primary energy demand (PED)<sup>7</sup></li> <li>Buildings built after 31st December 2020 with energy performance at least 10% better than the threshold for Nearly Zero-Energy Buildings ("NZEB") in the local market<sup>5</sup></li> <li>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</li> <li>Buildings that have been refurbished meeting the criteria for major renovations under applicable building regulations</li> </ul>	Substantial Contribution to Climate Change Mitigation (Article 10)  EU Economic Activities: <ul style="list-style-type: none"> <li>(7.2.) Renovation of existing buildings</li> <li>(7.7.) Acquisition and ownership of buildings</li> </ul>

<sup>5</sup> ING focusses on the main technical screening criteria of the EU Climate Delegate Act and, where possible, ING may report on compliance with the remaining technical screening criteria as well Do No Significant Harm (DNSH) criteria.

<sup>6</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088. See [here](#):

<sup>7</sup> 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.

- 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 recognized Green Building certification

**Opinion:** ISS ESG considers the Use of Proceeds description provided by ING’s Green Finance Framework as aligned with the Green Bond Principles.. The issuer provides a qualitative analysis of the environmental contribution of the project category and defines exclusion criteria for harmful projects categories (referring to ING’s Environmental and Social Risk Management Policy (ESR)) , in line with best market practice.

## 2. Process for Project Evaluation and Selection

### FROM ISSUER’S FRAMEWORK

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

#### Alignment of Eligibility Criteria with the EU Taxonomy Climate Delegated Act

The definition of the Eligibility Criteria takes into account the EU Taxonomy Regulation<sup>8</sup> and the EU Taxonomy Climate Delegated Act<sup>9</sup> with the intention to apply them 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).

#### Governance of the Green Finance Framework

ING has established a Green Bond Framework Steering Committee which includes representatives from Group Treasury, Group Sustainability, Sustainable Markets, Sustainable Finance as well as subject matter experts from various sectors of allocated assets. The Green Bond Steering Committee will meet at least twice a year.

The Green Bond Steering Committee is responsible for:

- Reviewing from time to time the content of the Framework and updating it to reflect - to the extent possible - changes in corporate strategy, technology, market, or regulatory developments. This also includes monitoring the regulatory developments regarding the EU Regulation related to green bonds (including the implementation of the EU Taxonomy, the EU Taxonomy Climate Delegated Act and the EU Green Bond Standard).
- Defining and evaluating the Eligibility Criteria with regard to the Green Loan Portfolio, including EU Taxonomy Technical Screening Criteria and Do No Significant Harm (DNSH) criteria. When deemed necessary, the criteria of the Framework may be updated to further harmonise with the metrics and thresholds of the EU Regulation.

<sup>8</sup><https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>

<sup>9</sup>[https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en)

- Validating on a portfolio level the purpose of the financing and the EU Environmental Objectives<sup>10</sup> they significantly contribute to and/or Do No Significant Harm (DNSH).
- Procure when needed that third party documents are reviewed or updated such as Second Party Opinion (SPO) and related documents from external consultants and accountants.
- Overseeing the allocation of the proceeds from Green Bonds to the Eligible Green Loan Portfolio and monitoring its evolution over time, to ensure that the amount of green loans equals or exceeds the amount of Green bonds Instruments.
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements. ING may rely on external consultants and their data sources, in addition to its own assessment.
- Monitoring internal ESR processes to identify mitigants to known material risks (including climate change adaptation risks) of negative social and/or environmental impacts associated with the Eligible Green Loan Portfolio. In the case of material risks, measures may be contemplated. Such mitigants may include clear and relevant trade-off analysis undertaken and monitoring required where the issuer assesses the potential risks to be meaningful.
- Ensuring that the environmental and social risks potentially associated with the Eligible Green Loan Portfolio are properly mitigated via the due-diligence processes conducted by ING.

#### 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. It is part of ING's ESR transaction approval process to ensure, that all its loans comply with internal environmental and social standards, as well as external frameworks such as the Equator Principles, including those financed with the proceeds of the Green Bonds. These eligibility criteria and minimum requirements and ESG related matters are continuously developed and renewed in its external and internal policy frameworks<sup>11</sup>. The implementation of these minimum ESG requirements helps to mitigate the environmental and social risks associated with the Eligible Loan Portfolio.

**Opinion:** ISS ESG considers the Process for Project Evaluation and Selection description provided by ING's Green Finance Framework as aligned with the Green Bond Principles. The issuer clearly defines responsibilities in the process for project evaluation and selection and is transparent about it, also involves various stakeholders in this process, in line with best market practice.

### 3. Management of Proceeds

#### FROM ISSUER'S FRAMEWORK

The proceeds from Green Finance Instruments will be managed by ING in a portfolio approach.

ING intends to 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 presented above.

ING will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Finance Instruments. Eligible Loans will be added to or removed from ING's Eligible Green Loan Portfolio to the extent required. 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.

<sup>10</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088. See [here](#):

<sup>11</sup> ING's environmental and social policies can be found [here](#). Restricted activities are specified in this policy.

**Opinion:** ISS ESG finds that the Management of Proceeds proposed by ING’s Green Finance Framework is well aligned with the Green Bond Principles. Moreover, ING has committed to segregate the proceeds collected by having them in a separate account managed by the company towards specific projects as a temporary measure, in line with best market practice.

#### 4. Reporting

##### FROM ISSUER’S FRAMEWORK

ING **will** to publish allocation and impact reports annually, at least until full allocation.

ING **will** to show the allocation and impact of the Green Finance Instruments proceeds to the Eligible Green Loan Portfolio for each Eligible Project Category and on an aggregated basis for all of ING’s Green Finance Instruments outstanding.

ING **intends** to align the reporting with the portfolio approach described in " Handbook – Harmonized Framework for Impact Reporting (June 2021)"<sup>12</sup>.

##### Allocation Reporting

The allocation report will, on a best efforts basis, include:

- the size of the identified Eligible Loan Portfolio, per Eligible Project Category
- the total amount of proceeds allocated to the Eligible Loan Portfolio
- the number of eligible loans
- the balance of unallocated proceeds
- the amount or the percentage of new financing and refinancing
- the geographical distribution of the assets (at country level)
- the proportion of the portfolio that is EU Taxonomy eligible and/or aligned

##### Impact Reporting

Where feasible, the impact report may include:

ELIGIBLE PROJECT CATEGORY	IMPACT REPORT METRICS
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Total installed capacity in MW</li> <li>• Estimated annual avoided emissions in tons of CO2 equivalent</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Estimated ex-ante annual energy consumption in KWh/m2</li> <li>• Estimated annual reduced and/or avoided emissions in tons of CO2 equivalent</li> </ul>






The allocation- and impact reports will be made available via the ING website:  
<https://www.ing.com/Sustainability/Sustainable-business/Green-bond.htm>.

<sup>12</sup> See [here](#)

**Opinion:** *ISS ESG finds that the reporting proposed by ING's Green Bond Framework is aligned with the Green Bond Principles. The issuer discloses roles and responsibilities in the monitoring and reporting process, commits to annually report on allocation and impact in a clear, detailed and transparent manner. Furthermore, the issuer is transparent on the level of impact reporting and the information reported in the impact report.*

#### External review

##### FROM ISSUER'S FRAMEWORK

This Framework has been reviewed by ISS ESG who has issued a Second Party Opinion. The Second Party Opinion as well as the Green Bond Framework will be made available to the sustainable investors on <https://www.ing.com/Sustainability/Sustainable-business/Green-bond.htm>. In addition, ISS ESG assessed the alignment of ING's Green Finance Framework with the EU Taxonomy Climate Delegate Act.

## PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE







### A. CONTRIBUTION OF THE GREEN BONDS TO THE UN SDGs

Based on the assessment of the sustainability quality of the Green Bond Framework and using a proprietary methodology, ISS ESG assessed the contribution of the ING's Green Bonds to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment<sup>13</sup> is displayed on 5-point scale (see Annex 2 for methodology):

<b>Significant Obstruction</b>	<b>Limited Obstruction</b>	<b>No Net Impact</b>	<b>Limited Contribution</b>	<b>Significant Contribution</b>
------------------------------------	--------------------------------	--------------------------	---------------------------------	-------------------------------------

Each of the Green Bonds's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<b>Renewable Energy</b> Solar energy	<b>Significant contribution</b>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
<b>Renewable Energy</b> On/offshore wind energy	<b>Significant contribution</b>	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>7 AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div> </div>
<b>Green Buildings (For Newly Built and Acquisition)</b> <ul style="list-style-type: none"> <li>Buildings built before 31st December 2020 with EPC label ≥ "A"</li> <li>Buildings built before 31st December 2020 belonging to the top 15% of the national building stock based on primary energy demand (PED)</li> <li>Buildings built after 31st December 2020 with energy performance at least 10% better than the threshold for Nearly Zero-Energy Buildings ("NZEB") in the local market</li> </ul>	<b>Significant contribution<sup>14</sup></b>	<div style="text-align: center;">  <p>13 CLIMATE ACTION</p> </div>
	<b>Limited contribution</b>	<div style="text-align: center;">  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> </div>

<sup>13</sup> This SDG assessment slightly differs from ISS ESG SDG Assessment Methodology due to the fact that the issuer has aligned with the Technical Screening Criteria of the EU Taxonomy Climate Delegated Act (June 2021).

<sup>14</sup> This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under the Use of Proceeds category that are based on the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation (SDG 13) is attested. Alignment of the eligibility criteria with the EU Taxonomy is not evaluated in this SPO

**Green Buildings For refurbishment**

- resulting in a reduction of primary energy demand (PED) of at least 30% and validated through an Energy Performance Certificate

**Significant contribution<sup>15</sup>**

**Limited contribution**



**Commercial Green Buildings**

Buildings that have achieved or are in process of achieving an environmental certification such as:

- BREEAM certification “Very good” and/or above
- LEED certification “Gold” and/or above
- DGNB certification “Gold” and/or above
- HEQ certification “Excellent” and/or above
- Similar certifications as the above

**Significant contribution**



<sup>15</sup> This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under the Use of Proceeds category that are based on the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation (SDG 13) is attested. Alignment of the eligibility criteria with the EU Taxonomy is not evaluated in this SPO



## B. MANAGEMENT OF ENVIRONMENTAL AND SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

### Commercial Green Buildings with sustainability

As a Use of Proceeds category, green buildings has a significant contribution to the SDG 11 “Sustainable cities and communities” and SDGs 13 “Climate Action”, as well as a limited contribution to SDGs 7 “Affordable and Clean Energy. The table below presents the findings of an ISS ESG assessment of the Eligibility Criteria against ISS ESG KPIs.

#### ASSESSMENT AGAINST ISS ESG KPI

##### Sustainability label / Certificate

- ✓ Commercial buildings received green building certification - BREEAM “Excellent” or above certification)

##### Site selection

- ✓ All new and existing buildings that will be financed (lending for a mortgage) under this framework are in Germany, and the Netherlands are required to comply with relevant regulation and laws for responsible site selection (e.g., Bundesnaturschutzgesetz, BNatSchG for Germany since 2013, and EU Directive 2011/92/EU - Environmental Impact Assessment).
- ✓ All new and existing buildings that will be financed (lending for a mortgage) under this framework are in Germany and the Netherlands. Both countries are very well served by public transportation. The issuer will consider the building location during the lending approval process. It is expected the vast majority of the financed buildings will be within 1km of public transportation

##### Construction standards

- As a commercial bank, ING Group is not involved in the construction of buildings and neither influences the selection of construction materials by the suppliers, so there is no or limited information available in practising sustainable procurement regarding building materials.
- ✓ All new and existing buildings will be financed (lending for a mortgage) under this framework are in Germany and the Netherlands, where high labour and health and safety standards are in place for construction and maintenance work (e.g. ILO core conventions).

##### Water use minimization in buildings

- ✓ The issuer relies on the regulation, standard, inspection and certification process for water reduction measures. The standard and regulations include Dutch Building Decree 2012, the NEN 1006, Wasserhaushaltsgesetz Surface Waters Ordinance (OGewV), Groundwater Ordinance (GrwV), hazardous to water (AwSV), and Urban Wastewater Directive, Flood Risk Management Directive Groundwater Directive, Priority Substances Directive Marine Strategy Framework Directive. The inspection and certification process includes all commercial buildings to be financed (lending for a mortgage) shall receive BREEAM “Excellent” or above certification, EU Ecolabel and project parties involved in infrastructure investments.

### **Safety of building users**

- ✓ All new and existing buildings that will be financed (lending for a mortgage) under this framework are in Germany and the Netherlands, where high operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems) are in place.

### **Energy Efficiency**

- ✓ Commercial buildings received green building certification - e.g. BREEM “Excellent”, LEED certification “Gold”, DGNB certification “Gold”, HEQ certification “Excellent” or Other equivalent internationally recognized Green Building certification.

### C. ALIGNMENT OF THE PROJECT SELECTION CRITERIA WITH THE EU TAXONOMY

ISS ESG assessed the alignment of ING's project selection process and company policies for the nominated Use of Proceeds project categories, with the relevant Climate Change Mitigation, Do Not Significant Harm Criteria (DNSH) and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act<sup>16</sup> (June 2021), based on information provided by ING. Where ING's projects and policies fully meet the EU Taxonomy Criteria requirements, a tick is shown in the table below, for the ISS ESG assessment against the EU Taxonomy Criteria requirements.

ING's project selection criteria overlap with the following economic activities in the EU Taxonomy for Substantial Contribution to Climate Change Mitigation.

- 4.1. Electricity generation using solar photovoltaic technology
- 4.3. Electricity generation from wind power
- 7.2. Renovation of existing buildings
- 7.7. Acquisition and ownership of buildings

Note: In order to avoid repetition, the evaluation of the alignment of ING's assets to the Do No Significant Harm Criteria to Climate Change Adaptation is provided in Section C.5, that are applicable to all of the above activities.

<sup>16</sup>[https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en)

C.1 4.1 - Electricity generation using solar photovoltaic technology

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES <sup>17</sup>	ALIGNMENT
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
The activity generates electricity using solar PV technology.	ING confirms that all financed projects using solar photovoltaic technology are for generating electricity.	✓
<b>2. CLIMATE CHANGE ADAPATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
GENERIC CRITERIA FOR (2)	See C.5	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	<p>ING confirms that it has integrated relevant waste and recyclability regulations, directives, considerations and objectives into its business strategy as well as its business engagement to mitigate the social and environmental risks.</p> <p>Applicable regulations and directives, and actions taken by ING are shown as follows:</p> <p>EU</p> <ul style="list-style-type: none"> <li>- In European Union, EU regulations for Waste Electrical and Electronic equipment (EU Waste Electrical &amp; Electronic Equipment Directive 2012/19/EU) will be applicable. The WEEE Directive mandates European countries to adopt PV waste management programs in which Producers are responsible for the take back and recycling of the panels they sell.</li> <li>- Through this obligation, the industry has taken greater responsibility as provider of sustainable products and its responsibilities towards public health and the environment.</li> <li>- The goal of these policies is twofold. First, encourage the industry to develop products</li> </ul>	✓ <sup>18</sup>

<sup>17</sup> This column is based on input provided by the issuer.

<sup>18</sup> Given that ING is financing solar power projects globally, only the solar power projects located in the EU, EEA and UK align with the EU Taxonomy - CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA

	<p>that are easier to recycle and use fewer raw materials. Second, it leads Producers to factor in the cost of the collection and end-of-life treatment of their products into the cost paid by the consumers.</p> <ul style="list-style-type: none"> <li>- The Producers joining these programs will contribute to develop greener products and make recycling more affordable and economically sustainable.</li> </ul> <p>EEA</p> <ul style="list-style-type: none"> <li>- Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) has been incorporated into the EEA Agreement and is in force.</li> </ul> <p>UK</p> <ul style="list-style-type: none"> <li>- In UK, the Waste Electrical &amp; Electronic Equipment (WEEE) regulation is aimed at reducing the waste to landfill and incineration by encouraging recovery, reuse, and recycle. The regulation requires manufacturer and distributors of electronic equipment to finance or setup system for collection, treatment, recovery and environmentally sound disposal of WEEE. The regulation covers waste such wind turbines (Category 6 i.e., electrical and electronic tools) and solar panels (Category 14).</li> </ul> <p>Rest of world</p> <ul style="list-style-type: none"> <li>- ING follows internal processes and Equator Principles.</li> <li>- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in EP4. We served as chair of the Steering Committee from 2012–2014, where ING played an important role in finalising EP III.</li> </ul>	
--	--	--

	<p>We actively advocate and promote the EPs, as it recognise their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expect of clients and ourselves, including application of the EPs. As an Equator Principles Financial Institution (EPFI) ING don't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.</p> <ul style="list-style-type: none"> <li>- ING also implement the EPs in our internal environmental and social policies, procedures and standards. These are embedded in our ESR framework, and require involvement of the following three banking areas:</li> <li>- Front office: The departments that originate transactions and have direct contact with clients or sponsors.</li> <li>- Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li> <li>- Environmental and social risk: The dedicated department within risk management that assesses the environmental and social impacts associated with 'high-risk' transactions.</li> </ul>	
--	---	--

**5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA**

N/A		N/A
-----	--	-----

**6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA**

An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU.

Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.

For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.

ING confirms that it has integrated relevant waste and recyclability regulations, directives, considerations and objectives into its business strategy as well as its business engagement to mitigate the social and environmental risks.

Applicable regulations and directives, and actions taken by ING are shown as follows:

**EU**

- For all member states of the European Union, EU Directive on Environmental Impact Assessment in accordance with Directive 2011/92/EU can be assumed to be transposed into national regulation.

**EEA**

- Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification) has been incorporated into the EEA Agreement and is in force.



**UK**

- UK's Legislation covering Environmental Impact Assessment addresses mitigation and compensation measures for protecting the environment.

**Rest of world**

- ING follows internal processes and Equator Principles.
- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in EP4. We served as chair of the Steering

<sup>19</sup> Given that ING is financing solar power projects globally, only the solar power projects located in the EU, EEA and UK align with the EU Taxonomy - BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

	<p>Committee from 2012–2014, where ING played an important role in finalising EP III. ING actively advocates and promotes the EPs, as it recognises their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expects of clients and ourselves, including application of the EPs. As an Equator Principles Financial Institution (EPFI) ING doesn't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.</p> <ul style="list-style-type: none"><li>- We also implement the EPs in our internal environmental and social policies, procedures and standards. These are embedded in our ESR framework, and require involvement of the following three banking areas:</li><li>- Front office: The departments that originate transactions and have direct contact with clients or sponsors.</li><li>- Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li><li>- Environmental and social risk: The dedicated department within risk management that assesses the environmental and social impacts associated with 'high-risk' transactions.</li></ul>	
--	---	--



C.2 4.3. Electricity generation from wind power

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES <sup>20</sup>	ALIGNMENT
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
The activity generates electricity from wind power.	ING confirms that all financed projects with using wind power are for generating electricity.	✓
<b>2. CLIMATE CHANGE ADAPATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
GENERIC CRITERIA FOR (2)	See C.5	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive’s Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for that descriptor.</p>	<p>ING confirms that it has integrated relevant water and marine regulations, directives, considerations and objectives into its business strategy as well as its business engagement to mitigate the social and environmental risks.</p> <p>Applicable regulations and directives and actions taken by ING are shown as follows:</p> <p>EU</p> <ul style="list-style-type: none"> <li>- The EU Water Framework Directive (2000/60/EC) requires all Member States to protect and improve water quality in all waters so that ING achieve good ecological status by 2015 or, at the latest, by 2027.</li> <li>- Directive 2008/56/EC of the European Parliament and of the Council and Commission Decision (EU) 2017/848 are in force in the EU.</li> </ul> <p>EEA</p> <ul style="list-style-type: none"> <li>- Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy has been incorporated into the EEA Agreement and is in force.</li> </ul>	<p>✓<sup>21</sup></p>

<sup>20</sup> This column is based on input provided by the issuer.


<sup>21</sup> Given that ING is financing wind power projects globally, only the wind power projects located in the EU, EEA and UK align with the EU Taxonomy - WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA

	<ul style="list-style-type: none"> <li>- Directive 2008/56/EC was not incorporated into the EEA Agreement on the grounds that it applies largely to areas outside the geographical scope of the EEA Agreement. A decision was also taken to further strengthen the already close cooperation with the EU on management of the marine environment.</li> </ul> <p>UK</p> <ul style="list-style-type: none"> <li>- The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law. The WFD has been implemented by The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 in England and Wales, The Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017 in Northern Ireland and the Water Environment and Water Services (Scotland) Act 2003.</li> <li>- The Marine Strategy Framework Directive (the MSFD) requires the UK to put in place the necessary measures to achieve or maintain good environmental status in the marine environment by 2020. The Marine Strategy Regulations 2010 were made under section 2(2) of the European Communities Act 1972 and transpose the requirements of the MSFD into UK law. Commission Decision (EU) 2017/848 sets out the criteria and methodological standards to be used for the purposes of determining good environmental status, and specifications and standardised methods for monitoring and assessment.</li> </ul> <p>Rest of world</p> <ul style="list-style-type: none"> <li>- ING follows internal processes and Equator Principles.</li> <li>- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in EP4. We served as chair of the Steering Committee from 2012–2014, where ING played an important role in finalising EP III.</li> </ul>	
--	---	--

	<p>ING actively advocate and promote the EPs, as it recognise their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expect of clients and ourselves, including application of the EPs. As an Equator Principles Financial Institution (EPFI) ING don't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.</p> <ul style="list-style-type: none"> <li>- We also implement the EPs in our internal environmental and social policies, procedures and standards. These are embedded in our ESR framework, and require involvement of the following three banking areas:             <ul style="list-style-type: none"> <li>- 1. Front office: The departments that originate transactions and have direct contact with clients or sponsors.</li> <li>- 2. Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li> <li>- 3. Environmental and social risk: The dedicated department within risk management that assesses the environmental and social impacts associated with 'high-risk' transactions.</li> </ul> </li> </ul>	
--	--	--


**4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA**

<p>The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.</p>	<p>ING confirms that it has integrated relevant waste and recyclability regulations, directives, considerations and objectives into its business strategy as well as its business engagement to mitigate the social and environmental risks.</p>	
--	--	--

	<p>Applicable regulations and directives, and actions taken by ING are shown as follows:</p> <p><b>EU</b></p> <ul style="list-style-type: none"> <li>- In European Union, EU regulations for Waste Electrical and Electronic equipment (EU Waste Electrical &amp; Electronic Equipment Directive 2012/19/EU) will be applicable. The WEEE Directive mandates European countries to adopt PV waste management programs in which Producers are responsible for the take back and recycling of the panels they sell.</li> <li>- Through this obligation, the industry has taken greater responsibility as provider of sustainable products and its responsibilities towards public health and the environment.</li> <li>- The goal of these policies is twofold. First, encourage the industry to develop products that are easier to recycle and use fewer raw materials. Second, it leads Producers to factor in the cost of the collection and end-of-life treatment of their products into the cost paid by the consumers.</li> <li>- The Producers joining these programs will contribute to develop greener products and make recycling more affordable and economically sustainable.</li> </ul> <p><b>EEA</b></p> <ul style="list-style-type: none"> <li>- Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE) has been incorporated into the EEA Agreement and is in force.</li> </ul> <p><b>UK</b></p> <ul style="list-style-type: none"> <li>- In UK, the Waste Electrical &amp; Electronic Equipment (WEEE) regulation is aimed at</li> </ul>	<p style="text-align: right;"> <sup>23</sup></p>
--	---	---

<sup>23</sup> Given that ING is financing wind power projects globally, only the wind power projects located in the EU, EEA and UK align with the EU Taxonomy - CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA

	<p>reducing the waste to landfill and incineration by encouraging recovery, reuse, and recycle. The regulation requires manufacturer and distributors of electronic equipment to finance or setup system for collection, treatment, recovery and environmentally sound disposal of WEEE. The regulation covers waste such wind turbines (Category 6 i.e., electrical and electronic tools) and solar panels (Category 14).</p> <p>Rest of world</p> <ul style="list-style-type: none"><li>- ING follows internal processes and Equator Principles.</li><li>- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in EP4. We served as chair of the Steering Committee from 2012–2014, where ING played an important role in finalising EP III. ING actively advocate and promote the EPs, as it recognise their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expect of clients and ourselves, including application of the EPs. As an Equator Principles Financial Institution (EPFI) ING don't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.</li><li>- ING also implement the EPs in our internal environmental and social policies, procedures and standards. These are embedded in our ESR framework, and require involvement of the following three banking areas:</li><li>- Front office: The departments that originate transactions and have direct contact with clients or sponsors.</li></ul>	
--	---	--

	<ul style="list-style-type: none"> <li>- Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li> <li>- Environmental and social risk: The dedicated department within risk management that assesses the environmental and social impacts associated with 'high-risk' transactions.</li> </ul> <p>Around 85 to 90% of wind turbines' total mass can be recycled at decommissioning and the European landfill ban on decommissioned blades by 2025<sup>22</sup>. ING is committed to updating its relevant policy and process instruction on time.</p>	
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its</p>	<p>ING confirms that it has integrated relevant waste and recyclability regulations, directives, considerations and objectives into its business strategy as well as its business engagement to mitigate the social and environmental risks.</p> <p>Applicable regulations and directives and actions taken by ING are shown as follows:</p> <p>Applicable regulations and directives, and actions taken by ING are shown as follows:</p> <p>EU</p> <ul style="list-style-type: none"> <li>- For all member states of the European Union, EU Directive on Environmental Impact Assessment in accordance with Directive 2011/92/EU can be assumed to be transposed into national regulation.</li> </ul>	 <sup>24</sup>



<sup>22</sup><https://windeurope.org/wp-content/uploads/files/policy/position-papers/WindEurope-position-paper-how-to-build-a-circular-economy.pdf>

<sup>24</sup> Given that ING is financing wind power projects globally, only the wind power projects located in the EU, EEA and UK align with the EU Taxonomy - BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

<p>conclusions the necessary mitigation measures are implemented.</p> <p>In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.</p>	<p>EEA</p> <ul style="list-style-type: none"> <li>- Directive 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment (codification) has been incorporated into the EEA Agreement and is in force.</li> </ul> <p>UK</p> <ul style="list-style-type: none"> <li>- UK's Legislation covering Environmental Impact Assessment addresses mitigation and compensation measures for protecting the environment.</li> </ul> <p>Rest of world</p> <ul style="list-style-type: none"> <li>- ING follows internal processes and Equator Principles.</li> <li>- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in EP4. We served as chair of the Steering Committee from 2012–2014, where ING played an important role in finalising EP III. ING actively advocate and promote the EPs, as ING recognise their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expect of clients and ourselves, including application of the EPs. As an Equator Principles Financial Institution (EPFI) ING don't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.</li> <li>- We also implement the EPs in our internal environmental and social policies, procedures and standards. These are embedded in our ESR framework, and</li> </ul>	
--	---	--

	<p>require involvement of the following three banking areas:</p> <ul style="list-style-type: none"> <li>- Front office: The departments that originate transactions and have direct contact with clients or sponsors.</li> <li>- Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li> <li>- Environmental and social risk: The dedicated department within risk management that assesses the environmental and social impacts associated with 'high-risk' transactions.</li> </ul>	
--	---	--

### C.3 7.2. Renovation of existing buildings

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES <sup>25</sup>	ALIGNMENT
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
<p>The building renovation complies with the applicable requirements for major renovations. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive (2010/31/EU).</p> <p>Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %.</p>	<p>ING confirms that all financed buildings after renovation, shall achieve at least 30% reduction of primary energy demand (PED).</p>	
<b>2. CLIMATE CHANGE ADAPATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>GENERIC CRITERIA FOR (2)</p>	<p>See C.5</p>	

<sup>25</sup> This column is based on input provided by the issuer.



**3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA**

Where installed, except for installations in residential building units, the specified water use for the following water appliances are attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E to this Annex:

(a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min;

(b) showers have a maximum water flow of 8 litres/min;

(c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres;

(d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre.

ING relies on the regulation, standard, inspection and certification process to mitigate the harm to water and marine resources, on its best effort.

The inspection and certification process includes all commercial buildings to be financed (lending for the purpose of a mortgage) shall receive BREEAM “Excellent” or above certification, EU Ecolabel and project parties involved in infrastructure investments. The standard and regulations include Dutch Building Decree 2012, the NEN 1006, Wasserhaushaltsgesetz Surface Waters Ordinance (OGewV), Groundwater Ordinance (GrwV), hazardous to water (AwSV), and Urban Wastewater Directive, Flood Risk Management Directive Groundwater Directive, Priority Substances Directive Marine Strategy Framework Directive.

ING does not currently have data on requirements (a) – (d)



**4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA**

At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is prepared for reuse, recycling

ING confirms that all buildings to be financed will be located in Germany and the Netherlands with a very high construction and demolition waste recovery rate (93% for Germany and 100% for the Netherlands).<sup>26</sup>

ING confirms that all projects respect and comply with the following regulations and directives:


The Waste Framework Directive (2008/98/EC of 19th November 2008) at least 70% by weight of the non-hazardous construction and demolition waste is



<sup>26</sup> [https://ec.europa.eu/eurostat/databrowser/view/cei\\_wm040/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/cei_wm040/default/table?lang=en)

<p>and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.</p> <p>Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887 or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.</p>	<p>prepared for reuse, recycling or other material recovery. Under the Waste Framework Directive (2008/98/EC) Member States must achieve 70% of material recovery of non-hazardous, non-soil and stone construction and demolition (C&amp;D) waste, by 2020.</p> <p>The EU's Waste Framework Directive (2008/98/EC) was adopted at national level in the Germany - the form of the KrWG Kreislaufwirtschaftsgesetz (Closed Substance Cycle Waste Management Act). In accordance with the KrWG, the limits for the construction sites are complied with.</p> <p>The EU's Waste Framework Directive (2008/98/EC) was adopted at national level in the Netherlands - the form of the Afvalpreventieprogramma Nederland (Waste Prevention Program Netherlands). implemented and continuously amended.</p> <p>In the Dutch Building Decree it is required to have proper separation of construction waste (see here: Decree of 29 August 2011 laying down regulations with regard to the construction, use and demolition of structures (Building Decree 2012), at: <a href="https://wetten.overheid.nl/BWBR0030461/2021-01-01#Hoofdstuk8_Afdeling8.2">https://wetten.overheid.nl/BWBR0030461/2021-01-01#Hoofdstuk8_Afdeling8.2</a>).</p>	
---	--	--

**5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA**

<p>Building components and materials used in the construction complies with the criteria set out in Appendix C of the delegated acts.</p> <p>Building components and materials used in the building renovation that may come into</p>	<p>ING confirms that all buildings to be financed will be located in Germany and the Netherlands with strict regulations on preventing the use of substances in concern for buildings.</p> <p>In the Dutch Building Decree, there is a limit to the concentration of formaldehyde, expressed in a maximum concentration for areas instead of per M<sup>3</sup> of material (as per EU Taxonomy).</p>	<p style="text-align: right;"></p>
---	--	---

contact with occupiers emit less than 0,06 mg of formaldehyde per m<sup>3</sup> of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m<sup>3</sup> of material or component, upon testing in accordance with CEN/EN 16516 or ISO 16000-3:2011304 or other equivalent standardised test conditions and determination methods.

Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.

Appendix C of the Delegated Acts

The activity does not lead to the manufacture, placing on the market or use of:

(a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council, except in the case of substances present as an unintentional trace contaminant;

In the Netherlands, under the Spatial Planning Act (Wet ruimtelijke ordening, Wro), also it is prohibited to manufacture, import or trade products containing mercury in the Netherlands, such as thermometers and manometers, light sources, or electronic products (e.g. switches)<sup>27</sup>.

Buildings have to meet standard legislative requirements at European and national levels:

- EU Regulation 2019/1021 on persistent organic pollutants (June 2019)
- EU Directive on Environmental Impact Assessment in accordance with Directive 2011/92/EU can be assumed to be transposed into national regulation.
- EU Regulation 2017/852 on mercury, and repealing Regulation (EC) No 1102/2008
- EU Regulation 1005/2009 (Sept 2009) on substances that deplete the ozone layer
- EU Directive 2017/2102 (Nov 2017) amending Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment
- EU Regulation 1907/2006 (Dec 2006) concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation 793/93 and Commission Regulation 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC
- CEN/TS 16516:2013 Construction products - Assessment of release of dangerous substances - Determination of emissions into indoor air
- Council Directive 98/24/EC of 7th April 1998 on the protection of the health and safety of workers from the risks related to chemical agents at work (fourteenth individual

<sup>27</sup> <https://business.gov.nl/regulation/products-containing-mercury/>

<p>(b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council;</p> <p>(c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council</p> <p>(d) substances, whether on their own, in mixtures or in articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council, except where there is full compliance with Article 4(1) of that Directive</p> <p>(e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council<sup>333</sup>, except where there is full compliance with the conditions specified in that Annex;</p> <p>(f) substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their use has been proven to be essential for the society;</p> <p>(g) other substances, whether on their own, in mixtures or in an article, that meet the</p>	<p>Directive within the meaning of Article 16(1) of Directive 89/391/EEC)</p> <p>Testing for contaminants and procedures for handling any contaminants are also required in both Germany and the Netherlands.</p>	
--	---	--

criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society.		
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A

#### C.4 7.7. Acquisition and ownership of buildings

<b>EU TAXONOMY REQUIREMENT</b>	<b>GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES<sup>28</sup></b>	<b>ALIGNMENT</b>
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
<p>1. For buildings built before 31st December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31st December 2020 and at least distinguishes between residential and non-residential buildings.</p> <p>2. For buildings built after 31st December 2020, the building meets the criteria specified in Section 7.1 of this Annex that are relevant at the time of the acquisition</p> <p>3. Where the building is a large non-residential building</p>	<p>ING confirms vast majority of buildings to be financed shall meet the criteria of 1 and 2.</p> <p>1. For buildings built before 31st December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31st December 2020 and at least distinguishes between residential and non-residential buildings.</p> <p>2. For buildings built after 31st December 2020, the primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy performance is certified using an as built Energy Performance Certificate (EPC).</p> <p>3. For the building is a large non-residential building – 5000m<sup>2</sup>, ING will , on a best efforts basis, report on compliance with the remaining technical screening</p>	<p>✓</p>

<sup>28</sup> This column is based on input provided by the issuer.

(with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.	criteria as well <sup>29</sup> - e.g. for buildings larger than 5000m <sup>2</sup> , ING will, on a best efforts basis, indicate in its reporting what percentage of buildings are able to meet the additional criteria of the EU Taxonomy Climate Delegate Act.	
<b>2. CLIMATE CHANGE ADAPATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
GENERIC CRITERIA FOR (2)	See C.5	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A

### C.5 Generic Criteria for DNSH to Climate Change Adaptation

EU TAXONOMY REQUIREMENT	PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>30</sup>	ALIGNMENT
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
The physical climate risks that are material to the activity have been identified from those listed in the table in Section II of the Delegated Act by performing a robust climate risk and vulnerability assessment with the following steps:	<p>ING has developed a systematic approach for climate risk management consisting of the following key steps: Identifying climate risks, Understanding the severity, and determining how to manage the risks.</p> <p>ING put possible future climate pathways with the economic impacts, sectors, geographies and nature of financial products, its longer-term strategic choices and the potential financial impacts, various</p>	✓

<sup>29</sup> Buildings larger than 5000m<sup>2</sup> are a very small portion of the overall commercial building portfolio. 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 buildings are able to meet the additional criteria of the EU Taxonomy Climate Delegate Act.

<sup>30</sup> This column is based on input provided by the issuer.

(a) screening of the activity to identify which physical climate risks from the list in Section II of the Delegated Act may affect the performance of the economic activity during its expected lifetime;

(b) where the activity is assessed to be at risk from one or more of the physical climate risks listed in Section II of the Delegated Act, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;

(c) an assessment of adaptation solutions that can reduce the identified physical climate risk.

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

(a) for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;

(b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.

regulatory expectations and recommendations (e.g. ECB's Guide) into consideration during the approach development.

The approach contains five pillars:

1. Identifying Risks & Impacts: Periodically identifying risks for each relevant category and assessing the materiality of impacts these may have on its business environment. ING prioritise the portfolios presenting the highest exposure to climate risk.

2. Scenario Analysis: Using scenario analysis and scenario-based stress testing to better understand the impact of climate change on its books, which then informs business strategy, risk appetite and risk management.

3. Governance: Establishing a governance approach that ensures the proper management of climate risk within the business and all three lines of defence. It includes the extension of governance related to ESR.

4. Risk & Business Strategy: Reflection on climate risks in defining business strategy and risk appetites. Achieving this requires the integration of climate risks into modelling, pricing, and other risk types. It includes developing its climate policy framework and integration into risk modelling. Next to address the integration of climate risk in the full credit cycle process, this also includes the integration in market, liquidity and operational risks.

5. Reporting: This involves transparently reporting on its progress to a range of internal and external stakeholders based on a sound risk, finance and business data and reporting infrastructure.

All ING renewable energy portfolio assets globally benefit from an Environmental Impact Assessment. As per the Equator Principles, which ING applies, any loan above USD 10mn equivalent should have an Environmental Impact Assessment (EIA).

The EIA takes into account specific physical risks related specifically to the project and any recommended actions necessary to mitigate that

The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent

Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications, and open source or paying models.

For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical solutions ('adaptation solutions'), over a period of time of up to five years, that reduce the most important identified physical climate risks that are material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly.

For new activities and existing activities using newly-built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that activity at the time of design and construction and has implemented them before the start of operations.

The adaptation solutions implemented do not adversely affect the adaptation efforts or the level

specific risk. For example, on an offshore wind project, the assessment will take into consideration variability of water depth, ice build up, sea ice. It takes into account environmental and permitting risks, environmental monitoring obligations and also any additional requirements for compliance with Environmental Law.

ING do concerning all climate & environmental risk in renewables transactions is conduct a physical and transition risk analysis as part of our standard credit risk appraisal for every new transaction. Sources of information to do this are the EIA's and other ESR reporting requirements. Each sub-sector within the Energy Sector has its own sub-sector appropriate climate and environmental strategy, developed in consultation with Risk. For more detail, Please refer to guidance note on Climate Change Risk Assessment here for physical and transition risks<sup>31</sup>.

In 2019 and 2020, ING conducted a physical risk assessment pilot including post codes from its largest mortgage portfolios in the Netherlands, Germany and Belgium. This covered approximately 65% of its mortgage portfolio. For data sourcing, ING partnered with an external reinsurance company, Munich Re to assess the potential for climate hazards. Flooding was identified as the highest risk where the extent of the impact would vary quite extensively.

In the later part of 2020 and early 2021, ING completed the first phase in its climate risk identification process. This included finalising and implementing the methodology for its heatmap process, which was extended to cover physical risks and apply these to the majority of wholesale and Retail business lending. The heatmaps demonstrate climate-related and environmental risks using ECB categorisation, which is then split into more granular risk factors derived from external guidance provided by ECB, TCFD and BaFin.

ING is also working with peers and industry stakeholders to help develop common scenario

<sup>31</sup> [https://equator-principles.com/app/uploads/CCRA\\_Guidance\\_Note\\_Sept2020.pdf](https://equator-principles.com/app/uploads/CCRA_Guidance_Note_Sept2020.pdf)



of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional or national adaptation strategies and plans; and consider the use of nature-based solutions or rely on blue or green infrastructure to the extent possible.

frameworks. In 2021 ING was one of the 20 large Institute of International Finance (IIF) member banks that worked to publish a new report: 'Navigating Climate Headwinds: Reference Approaches for Scenario-based Climate Risk Measurement by Banks and Supervisors'. With a growing number of supervisors launching Scenario-based Climate Risk Measurement exercises, this report provides useful approaches and recommendations on the use of scenario analysis and stress tests.

Specific to the real estate sector (commercial), ING conducted a pilot to better understand the physical effects of climate change on its commercial real estate portfolio in the Netherlands. Working with BlueLabel in 2020, which provided its clients with the opportunity to scan the physical risks of their buildings. Using the process, ING mapped more than 7,600 postcodes to score heavy rainfall, heat stress, drought, and flooding risks. ING are now aware of its exposure to flood (both pluvial and fluvial), drought and heat stress. ING is exploring ways to make this data actionable for its clients and ourselves. Its commercial real estate and residential mortgages teams are also collaborating further on the approach to collecting and using data on climate risks across its lending to housing.

The Carbon Risk Real Estate Monitor (CCREM) is an EU initiative to accelerate the commercial real estate sector's decarbonisation and climate change resilience. The CRREM aims to communicate the downside financial risks associated with poor energy performance and quantify the financial implications of climate change on the building stock and deliver tooling that provides insights at the asset and portfolio level.

Specific to the real estate sector (residential), ING conducted a pilot analysis of the implications of physical hazards in its mortgage portfolio. The pilot assessed the potential impact of climate hazards on 30,000 European postcodes, representing 60% in outstanding from its mortgage portfolio in 2020. The greatest risk was associated with flooding, which was more prominent in Western European countries (such as the Netherlands, Belgium, and Germany – ING's largest mortgage markets), where

	<p>there is a noticeable difference in the severity of flooding compared to the present day to 2050. The analysis showed that most properties would be impacted by climate change, but the impact's extent will vary. In the same year, ING also conducted a high-level internal heat-mapping exercise, which indicated a relatively low transition risk associated with ING's residential real estate portfolio. These included risks such as policy interventions to mandate certain energy labels or technology adaptations that may not be used in all buildings. ING will continue to analyse these risks towards specifying the impact of transition risk further.</p>	
--	--	--

### Minimum Social Safeguards

ISS ESG assessed the alignment of the due diligence and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation<sup>32</sup>. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ANALYSIS AGAINST REQUIREMENT
<p>Alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.</p>	<p>ING is a signatory of OECD Guidelines for Multinational Enterprises<sup>33</sup>, United Nations Guiding Principles on Business and Human Rights (UNGP)<sup>34</sup> and The Core Conventions of the International Labour Organisation (ILO)<sup>3536</sup>.</p> <p>ING considers the Environmental and Social Risks an essential factor when deciding whether to engage with clients and potential clients and when deciding what to finance.</p> <p>Human rights are a key aspect of ING's overall ING's Environmental and Social Risk (ESR). Its stance is outlined in a specific human rights policy and its policies for sectors known to be sensitive to human-rights related issues,</p>	<p style="text-align: center;">✓</p>

<sup>32</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

<sup>33</sup> <https://www.ing.com/Sustainability/The-world-around-us-1/Memberships.htm>

<sup>34</sup> <https://www.ing.com/Sustainability/The-world-around-us-1/Memberships.htm>

<sup>35</sup> <https://www.ing.com/MediaEditPage/Human-Rights-and-the-workplace.htm>

<sup>36</sup> <https://www.ing.com/Sustainability/The-world-around-us-1/Memberships.htm>

	including agriculture, mining, and manufacturing.	
--	---	--

## DISCLAIMER

1. Validity of the SPO: As long as there is no material change to the Framework
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, in particular the images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are protected under copyright and trademark law. Any use thereof shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

The issuer that is the subject of this report may have purchased self-assessment tools and publications from ISS Corporate Solutions, Inc. ("ICS"), a wholly-owned subsidiary of ISS, or ICS may have provided advisory or analytical services to the issuer. No employee of ICS played a role in the preparation of this report. If you are an ISS institutional client, you may inquire about any issuer's use of products and services from ICS by emailing [disclosure@issgovernance.com](mailto:disclosure@issgovernance.com).

This report has not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. While ISS exercised due care in compiling this report, it makes no warranty, express or implied, regarding the accuracy, completeness or usefulness of this information and assumes no liability with respect to the consequences of relying on this information for investment or other purposes. In particular, the research and scores provided are not intended to constitute an offer, solicitation or advice to buy or sell securities nor are they intended to solicit votes or proxies.

Deutsche Börse AG ("DB") owns an approximate 80% stake in ISS HoldCo Inc., the holding company which wholly owns ISS. The remainder of ISS HoldCo Inc. is held by a combination of Genstar Capital ("Genstar") and ISS management. ISS has formally adopted policies on non-interference and potential conflicts of interest related to DB, Genstar, and the board of directors of ISS HoldCo Inc. These policies are intended to establish appropriate standards and procedures to protect the integrity and independence of the research, recommendations, ratings and other analytical offerings produced by ISS and to safeguard the reputations of ISS and its owners. Further information regarding these policies are available at <https://www.issgovernance.com/compliance/due-diligence-materials>. © 2022 | Institutional Shareholder Services and/or its affiliates

## ANNEX 1: Methodology

### EU Taxonomy

ISS ESG evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Framework\_name meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2021)

The evaluation shows to understand if ING's project categories are indicatively in line with the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by ING (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the project category location, were drawn on to complement the information provided by the issuer.

### Environmental and social risks assessment methodology

ISS ESG evaluates whether the assets included in the asset pool match the eligible project category and criteria listed in the Green Bond KPIs.

All percentages refer to the amount of assets within one category (e.g. wind power). Additionally, the assessment "no or limited information is available" either indicates that no information was made available to ISS ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG on a confidential basis by ING (e.g. Due Diligence Reports). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by the issuer.

### Assessment of the contribution and association to the SDG

The 17 Sustainable Development Goals (SDGs) were endorsed in September 2015 by the United Nations and provide a benchmark for key opportunities and challenges toward a more sustainable future. Using a proprietary method, ISS ESG identifies the extent to which ING's Green Bonds contributes to related SDGs.

## ANNEX 2: ISS ESG Corporate Rating Methodology

### Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

**ESG Corporate Rating** - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

**Analyst Opinion** - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

**Norm-Based Research - Severity Indicator** - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

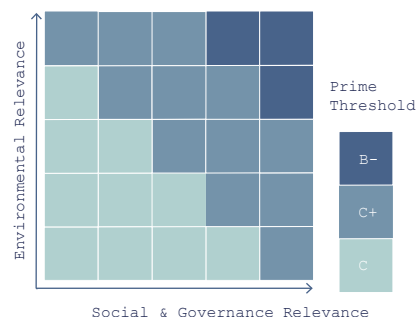
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

**Decile Rank** - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

**Distribution of Ratings** - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

**Industry Classification** - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



**Industry Leaders** - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

**Key Issue Performance** - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

**Performance Score** - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

**Rating History** - Development of the company's rating over time and comparison to the average rating in the industry.

**Rating Scale** - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

**Sources of Information** - A selection of sources used for this report is illustrated in the annex.

**Status & Prime Threshold** - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

**Transparency Level** - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

## ANNEX 3: Quality management processes

### SCOPE

ING commissioned ISS ESG to compile a Green Bonds SPO. The Second Party Opinion process includes verifying whether the Green Bond Framework aligns with the ICMA GBP and to assess the sustainability credentials of its Green Bonds, as well as the issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles (June 2021)
- EU Taxonomy Climate Delegated Act (June 2021)

### ISSUER'S RESPONSIBILITY

ING's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework level

### ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Green Bonds to be issued by ING based on ISS ESG methodology and in line with the ICMA GBP.

The engagement with ING took place in February to April 2022.

### ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.



## About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

For information about SPO services, please contact: [SPOsales@isscorporatesolutions.com](mailto:SPOsales@isscorporatesolutions.com)

For Information about this Green Bonds SPO, contact: [SPOOperations@iss-esg.com](mailto:SPOOperations@iss-esg.com)

### Project team

#### Project lead

Adams Wong  
AVP  
SPO Operations

#### Project support

Fabio Silva  
Consultant  
ESG Consultant

#### Project supervision

Viola Lutz  
Associate Director  
Head of ISS ESG Climate Solutions