

ING Green Bond Framework

November 2018

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1. ING's sustainability strategy

The world is changing so quickly, sometimes it's hard to keep up. We at ING are here to help people stay ahead of these changes. To help them thrive in tomorrow's world by turning the threats of climate change and fast-changing technology into opportunities.

With more than 34 million customers in over 40 countries, our business activities have a significant influence on communities and the environment. For us, this means making the right choices in how, where and with whom we do business – and crucially, being transparent about the underlying principles that guide our daily business decisions.

A low-carbon and self-reliant society

Being sustainable is not just about reducing our environmental footprint. As a bank, we believe our role is to facilitate and finance society's shift to sustainability. In other words: contribute to progress – environmental, economic, and social.

In 2017, we sharpened our long-term commitment to sustainability so that all our initiatives focus on contributing to a low-carbon and self-reliant society. Our new direction has been broken down into building blocks, each with its own objectives and targets. For example:

- becoming the industry leader in sustainable finance
- creating products to specifically help our SME/Mid-Corp clients future-proof their businesses
- aligning our portfolio with the well-below two-degree scenario

We are committed to better understanding the impact of our lending activities and working with our clients to drive progress towards a low-carbon and self-reliant society. We talk with clients about the challenges they face and help them identify opportunities.

We finance many projects that advance renewable energy and the circular economy and aim to increase our Climate Finance portfolio two-fold by 2022 compared to 2017. We also aim to double our Social Impact Finance portfolio by lending to projects that lead to, for example, affordable housing or basic infrastructure improvements. And we will double lending to environmental, social and governance (ESG) industry leaders by 2022 compared to 2017.

Much of these efforts focus on climate change. In the Paris Climate Agreement, governments committed to take action to remain well below a two-degree rise in global temperatures. As a bank, we make our biggest contribution through our financing.

Our loan book is over €600 billion euros across many sectors, and we will begin steering it towards meeting the Paris Agreement's two-degree goal. We've co-created an innovative, accurate way to measure this, called the Terra approach. We're the first bank to commit to using science-based scenarios to steer our business strategy.

To support all of these objectives and fund these portfolios, we designed a Green Bond Framework meeting the highest standards on transparency and disclosure.

2. ING Green Bond Framework

The ICMA Green Bond Principles (GBP) are a set of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of the green bond market by clarifying the approach for issuing a green bond. ING's Green Bond Framework follows the GBP 2018¹, which provides guidelines in the following four key areas:

- Use of Proceeds
- Process for Project Evaluation and Selection
- Management of Proceeds
- Reporting

This framework may, from time to time, be updated and, will be applied to any green bond issued by ING. This Green Bond Framework may also be used to govern other green financing for which the use of proceeds is intended for a portfolio of green loans ("Eligible Green Loan Portfolio"), defined, selected, tracked and reported on, in accordance with this Green Bond Framework.

3. Use of proceeds

ING intends to allocate the net proceeds of the green bonds issued under this framework to an Eligible Green Loan Portfolio of new and existing loans to the following categories. The eligible green loans are to be funded in whole or in part by an allocation of the bond proceeds. The use of proceeds categories can be summarised as follows:

1. **Renewable energy:** defined as the financing or refinancing for the production, transmission, appliances, acquisition and products of renewable energy; as well as the connection of renewable energy production units to the electricity grid and the transportation through the network. Renewable energy sources can include:
 - a) On- and offshore wind energy
 - b) Solar energy
 - c) Small scale hydropower (20MW or under), or run-of-river projects
2. **Green buildings:** defined as the financing or refinancing buildings which meet regional, national or internationally recognised regulations, standards or certifications:
 - a) Commercial real estate:
 - i. New or existing commercial buildings with an Energy Performance Certificate (EPC) label "A" in The Netherlands
 - ii. New or existing commercial buildings belonging to top 15% low carbon buildings in the region (f.e. Germany or Belgium)
 - iii. Refurbished Commercial buildings with an improved energy efficiency of at least 30%
 - iv. New, existing or refurbished commercial buildings which received at least one or more of the following classifications: LEED "Gold" and above, BREEAM "Excellent", HQE "Excellent", DGNB "Gold" and above, or equivalent or higher level of certification

¹ <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

- b) Residential real estate:
 - i. New or existing residential buildings with an Energy Performance Certificate (EPC) label “A” in The Netherlands
 - ii. New or existing residential buildings belonging to top 15% low carbon buildings in the region (f.e. Germany or Belgium)
 - iii. Refurbished Residential buildings with an improved energy efficiency of at least 30%
- 3. **Clean transportation:** defined as the financing or refinancing electric, hybrid, public, rail, non-motorised, multi-modal transportation and the infrastructure for clean transportation
- 4. **Pollution prevention and control:** defined as the financing or refinancing reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy
- 5. **Sustainable water management:** defined as the financing or refinancing sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation

4. Process for project evaluation and selection

Projects financed and/or refinanced through the Green Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria. When identifying eligible projects and their non-financial impacts ING may rely on external consultants and their data sources.

A Green Bond Committee will manage any future updates to the Framework, including expansions to the list of Eligible Categories, and oversee its implementation. The Green Bond Committee will be composed of representatives from Group Treasury, Group Sustainability, Sustainable Finance, Sustainable Markets as well as subject matter experts from the various sectors of allocated assets.

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 directives, 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. ING’s environmental and social policies can be found on: <https://www.ingwb.com/rules-regulations/environmental-and-social-risk-policies>.

5. Management of proceeds

The Green Bond proceeds will be managed by ING in a portfolio approach.

ING intends to allocate the proceeds from the Green Bonds to an Eligible Green Loan Portfolio, selected in accordance with the use of proceeds 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 Bonds. Eligible Green Loans will be added to or removed from ING's Eligible Green Loan Portfolio to the extent required.

While any Green Bond net proceeds remain unallocated, ING will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio.

6. Reporting

ING intends to make and keep readily available green bond reporting after a year from the issuance, to be renewed annually until full allocation.

ING intends to show the allocation and impact of the green bond proceeds to the Eligible Green Loan Portfolio at least at the category level and on an aggregated basis for all of ING's green bonds and other potential green funding outstanding.

ING intends to align the reporting with the portfolio approach described in "Green Bonds- working towards a Harmonised Framework for Impact Reporting (December 2015)"².

Allocation reporting

The allocation report will provide:

- the total amount of proceeds allocated to eligible loans
- the number of eligible loans
- the balance of unallocated proceeds
- the amount or the percentage of new financing and refinancing

Impact reporting

Where feasible, the impact report may provide:

- For Renewable Energy eligible loans on:
 - Total installed capacity in MWh
 - Estimated annual avoided emissions in ktons of CO₂ equivalent
- For Green Buildings eligible loans on:
 - Estimated ex-ante annual energy consumption in kWh/m²
 - Estimated annual reduced and/or avoided emissions in tons of CO₂ equivalent

²<https://www.ifc.org/wps/wcm/connect/f932dc004ad996538a1fea4fb4720a61/Updated+Logo+FINALPROPOSALIRH+CLEAN.pdf?MOD=AJPERES>






- For other categories ING may provide impact indicators whenever practicable

The green bond report will be made available via the ING website:

<https://www.ing.com/Sustainability/Sustainable-business/Green-bond.htm>.

Alignment with United Nations' Sustainable Development Goals (UN SDGs)

In 2015, countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). The ING Green Bond Framework advances the following SDG goals and targets (not exhaustive):

| Green Bond Principles | SDG | SDG Goal | SDG Target description |
|----------------------------------|---|------------------------------------|---|
| Renewable energy |  | Affordable and clean energy | 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix |
| Green buildings |  | Affordable and clean energy | 7.3 By 2030, double the global rate of improvement in energy efficiency |
| Clean transportation |  | Sustainable cities and communities | 11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women, children, persons with disabilities and older persons |
| Pollution prevention and control |  | Sustainable cities and communities | 11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management |
| Sustainable water management |  | Clean water and sanitation | 6.1 By 2030, achieve universal and equitable access to safe and affordable drinking water for all 6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimising release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally |

7. External review

Second party opinion

This ING Green Bond Framework has been reviewed by ISS-oekom who has issued a Second Party Opinion. The Second Party Opinion as well as the Green Bond Framework will be made available to the Green Bond investors on <https://www.ing.com/Sustainability/Sustainable-business/Green-bond.htm>.

Verification

ING may request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor (KPMG or any subsequent external auditor).

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