

## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and the Secured Green Collateralized Notes

Green Lion 2023-1 B.V.

26 November 2024<sup>1</sup>

### VERIFICATION PARAMETERS

Type(s) of instruments contemplated

- Secured Green Collateralized Notes

Relevant standards

- Green Bond Principles (GBP), as administered by the International Capital Market Association (ICMA) (as of June 2021 with June 2022 Appendix 1)
- EU Taxonomy Delegated Act (June 2023)

Scope of verification

- Green Lion's Prospectus (as of Sept. 28, 2023)<sup>2</sup>
- Green Lion Eligibility Criteria (as of Sept. 28, 2023)

Lifecycle

- Pre-issuance verification

<sup>1</sup> Green Lion published its Prospectus in September 2023. No modification occurred since with regard to the Prospectus (including use of proceeds, processes for project evaluation and selection, management of proceeds, reporting, eligibility criteria, EU Taxonomy assessment) based on which ISS-Corporate performed its analysis in October and November 2024. It is noted that ING has provided additional information related to its sustainability strategy (Part IV) and published the monthly investor reporting, allocation report and updated impact report following the closing in 2023.

<sup>2</sup> Ibid. Green Lion's Prospectus, 2023: <https://www.ing.com/MediaEditPage/Green-Lion-2023-1-Prospectus.htm>

## SECOND PARTY OPINION

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and Secured Green Collateralized Notes

ISS-CORPORATE 

Validity

- 1<sup>st</sup> update of the SPO delivered on Aug. 30, 2023
- Valid as long as the main features of the Prospectus remain unchanged

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## SCOPE OF WORK

Green Lion 2023-1 B.V. (“the Issuer” or “Green Lion”) commissioned ISS Corporate Solutions (ICS) to assist with its Secured Green Collateralized Notes by assessing four core elements to determine the sustainability quality of the instruments:

1. Green Lion 2023-1 B.V.’s Prospectus (as of Sept. 28, 2023), benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
2. The Eligibility Criteria – whether the project category contributes positively to the United Nations Sustainable Development Goals (U.N. SDGs) and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. The alignment of the project category with the EU Taxonomy on a best-efforts basis<sup>3</sup> – whether the nominated project category is aligned with the EU Taxonomy Technical Screening Criteria (including Substantial Contribution to Climate Change Mitigation Criteria and Do No Significant Harm Criteria)<sup>4</sup> as included in the EU Taxonomy Climate Delegated Act (June 2023).<sup>5</sup>
4. Consistency of Secured Green Collateralized Notes with ING Groep N.V.’s sustainability strategy, drawing on the key sustainability objectives and priorities defined by the Issuer.

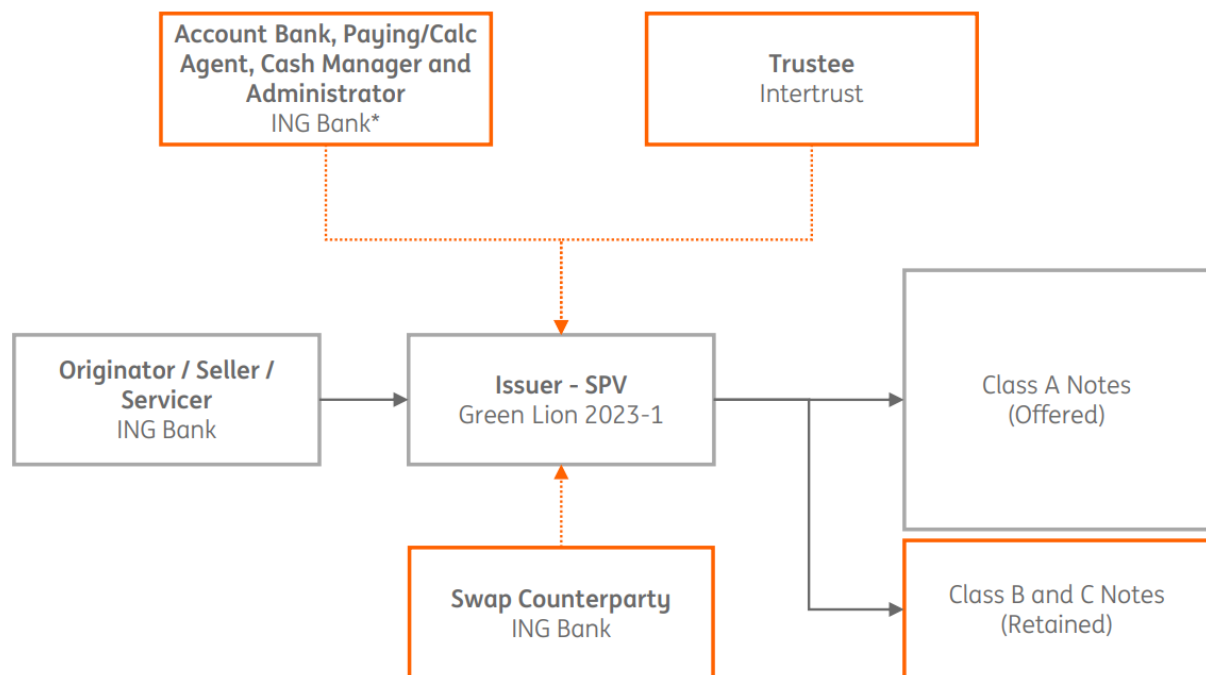
<sup>3</sup> Whilst the Final Delegated Act for Mitigation and Adaptation were published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a “best efforts basis”.

<sup>4</sup> Enquires on minimum safeguards when providing mortgages are not required according to Art 3 and 18 of the EU Taxonomy Regulation, as well as the Final Report on Minimum Safeguards, October 2022: [https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards\\_en.pdf](https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf)

<sup>5</sup> Commission Delegated Regulation (EU) 2021/2486 of June 2023: [URL https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R2486](https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R2486)

## STRUCTURE OF THE TRANSACTION

Green Lion, sponsored by ING Bank N.V. (“ING Bank”, “the Originator”, “the Seller” and “the Servicer” to the transaction), will issue Secured Green Collateralized Notes. The Notes will be backed by mortgages on green residential real estate assets originated by ING Bank. The transaction will also be consolidated into ING Bank’s balance sheet.



**Figure 1** - Simplified structure of the transaction

## ING GROEP N.V. BUSINESS OVERVIEW

ING Groep N.V. (“ING Groep”) is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG’s sector classification.

ING Groep provides banking, investments, life and non-life insurance, and retirement and asset management services. It operates through the following segments: Retail Netherlands, Retail Belgium, Retail Germany, Retail Other, Wholesale Banking, and Corporate Line. The Retail Netherlands segment offers current and savings accounts, business lending, mortgages, and consumer lending. The Retail Belgium segment provides banking, life and non-life insurance, and asset management products and services. The Retail Germany segment deals with Retail and Private Banking, which offers current and savings accounts, mortgages and customer lending. The Retail Other segment covers income from Retail Banking activities. The Wholesale Banking segment includes cash management to corporate finance, real estate and lease. The Corporate Line segment represents capital management activities and certain income and expense items. The company was founded on March 4, 1991, and is headquartered in Amsterdam, the Netherlands.

*ESG risks associated with the ING Groep Industry*



ING Groep is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification. Key sustainability issues faced by companies<sup>6</sup> in this industry are business ethics, labor standards and working conditions, sustainable investment criteria, customer and product responsibility, and sustainability impacts of lending and other financial services/products.

This report focuses on the sustainability credentials of the issuance. Part IV. of this report assesses the consistency between the issuance and the ING Groep's overall sustainability strategy.

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<sup>6</sup> Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>7</sup>
<b>Part I:</b> <b>Alignment with GBP</b>	The Issuer has defined a formal concept for its Secured Green Collateralized Notes, labeled as Secured Green Collateral Bonds, regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. <sup>8</sup> This concept is in line with the GBP.	<b>Aligned</b>
<b>Part II:</b> <b>Sustainability quality of the Eligibility Criteria</b>	<p>The Secured Green Collateralized Notes will (re)finance the eligible asset category: Acquisition and ownership of buildings.<sup>9</sup></p> <p>The product and/or service-related use of proceeds category individually contributes to the following SDGs:</p> <div style="text-align: center;">   </div> <p>The social risks associated with those use of proceeds category are managed.</p>	<b>Positive</b>
<b>Part III:</b> <b>Alignment with EU Taxonomy</b>	<p>Green Lion's project characteristics, due diligence processes and policies have been assessed against the requirements of the EU Taxonomy (Climate Delegated Act of June 2023), on a best-efforts basis.<sup>10</sup> The nominated project category is considered to be:<sup>11</sup></p> <ul style="list-style-type: none"> <li>▪ <b>Aligned</b> with the Climate Change Mitigation Criteria</li> </ul>	

<sup>7</sup> The evaluation is based on Green Lion's Secured Green Collateralized Notes (Oct. 29, 2024 version), and on the analysed Selection Criteria as received on Oct. 29, 2024.

<sup>8</sup> All Mortgage Receivables (assets) bought by the Issuer for the purpose of this transaction will comply with the selection criteria defined in the Green Lion's Prospectus and have been initially selected by ING Bank. ING Bank relies for its data on definitive Energy Performance Certificates on EP-Online (<https://www.eponline.nl/>), which is the official Dutch government database on the energy performance of buildings, and which is maintained by the RVO.

<sup>9</sup> Green Lion's project eligibility criteria overlap with the technical screening criteria (TSC) of the economic activity 7.7. "Acquisition and ownership of buildings" (which also includes the technical screening criteria of the economic activity 7.1. "Construction of new buildings", though the issuer is not financing buildings larger than >5000m<sup>2</sup>) as set out in the Annex 1 to the EU Taxonomy Climate Delegated Act.

<sup>10</sup> Whilst the Final Delegated Act for Mitigation and Adaptation was published in June 2023, the Technical Screening Criteria allow for discretion on the methodologies in determining alignment in certain cases. Therefore, at this stage, the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

<sup>11</sup> Enquires on minimum safeguards when providing mortgages are not required according to Art 3 and 18 of the EU Taxonomy Regulation, as well as the Final Report on Minimum Safeguards, October 2022: [https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards\\_en.pdf](https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf)

	<b>▪ Not Aligned</b> with the Do No Significant Harm Criteria	
<b>Part IV:</b>  <b>Consistency of Secured Green Collateralized Notes with ING Groep’s Sustainability Strategy</b>	The key sustainability objectives and the rationale for issuing Secured Green Collateralized Notes are clearly described by ING Groep. The project category considered is in line with the sustainability objectives of the ING Groep.	<b>Consistent with ING Groep’s sustainability strategy</b>



## SPO ASSESSMENT

### PART I: ALIGNMENT WITH ICMA'S GREEN BOND PRINCIPLES<sup>12</sup>

This section evaluates the alignment of the Green Lion's Prospectus (as of Sept. 28, 2023) with the Green Bond Principles.

GBP	ALIGNMENT	OPINION
<p><b>1. Use of Proceeds</b></p>	<p>✓</p>	<p>The Use of Proceeds (UoP) description provided by Green Lion's Prospectus is <b>aligned</b> with the GBP.</p> <p>The Issuer's green category aligns with the project categories as proposed by the GBP. Criteria are defined clearly and transparently. Disclosure of distribution of proceeds by project category is provided and environmental benefits are described and, where feasible, quantified by the Issuer and/or ING Bank.</p> <p>The Issuer and/or ING Bank defines which projects are refinanced, in line with best market practice.</p>
<p><b>2. Process for Project Evaluation and Selection</b></p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Green Lion's Prospectus is <b>aligned</b> with the GBP.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project category are identified and managed through an appropriate process. Moreover, the projects selected show alignment with ING Groep's sustainability strategy.</p> <p>The Issuer identifies alignment of their Prospectus and their green projects with official or market-wide taxonomies and references any green standards or certifications used, in line with best market practice.</p>

<sup>12</sup> The assessment remains unchanged and is based on the analysis that was delivered on August 30, 2023.

<p><b>3. Management of Proceeds</b></p>	<p>✓</p>	<p>The Management of Proceeds proposed by Green Lion’s Prospectus is <b>aligned</b> with the GBP.</p> <p>The net proceeds collected are equal to the amount allocated to eligible projects, with no exceptions. The net proceeds are credited to a sub account and attested in a formal internal process. The net proceeds are managed per bond (bond-by-bond approach).</p> <p>Moreover, the Issuer discloses that proceeds are fully allocated at closing so there are no temporary placements as there are no unallocated proceeds, in line with best market practice.<sup>13</sup> The green loans aren’t double pledged and encumbered. Also, the bond proceeds aren’t double counted, which is assured in the ING Bank’s allocation report.</p>
<p><b>4. Reporting</b></p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Green Lion’s Prospectus is <b>aligned</b> with the GBP.</p> <p>The Issuer and ING Bank commit to disclose the allocation of proceeds transparently and to report with appropriate frequency.</p> <p>ING Bank also publishes a green bond allocation report annually, including information on the fully allocated proceeds of the Secured Green Collateralized Notes. Moreover, after the closing date the Issuer commits to report on the underlying assets monthly at bond-by-bond level and quarterly to holders of the Secured Green Collateralized Notes.</p> <p>The Issuer discloses the location and link to the Green Bond allocation reports, in line with best market practice.<sup>14</sup></p> <p>Dedicated stratification tables<sup>15</sup> are added to the Monthly ING Bank Report and distributed</p>

<sup>13</sup> To account for the revolving nature of the transaction, the Issuer will update the SPO annually.

<sup>14</sup> The Issuer has fulfilled the reporting commitment in 2023 as described and published the allocation reporting on its website: <https://www.ing.com/Sustainability/Sustainable-business/ING-Green-Bond.htm>

<sup>15</sup> The tables will include information on Energy Performing Certificate (EPC), construction year, EPC label issuance year and Primary Energy Demand (PED).

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		<p>quarterly through the Investor Report by the Issuer's Administrator to investors of the Secured Green Collateralized Notes until the Secured Green Collateralized Notes are redeemed or canceled.<sup>16</sup></p> <p>The Issuer is transparent on the level of impact reporting and the information reported, and further defines the duration, scope and frequency of the impact reporting, in line with best market practice.<sup>17</sup></p>
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<sup>16</sup> ING reports: <https://www.ing.com/Investors/Fixed-income-information/Debt-securities-ING-Bank-N.V./Securitisations.htm>

<sup>17</sup> ING Bond issuances: <https://www.ing.com/Sustainability/Sustainable-business/ING-Green-Bond.htm>

## PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

### A. CONTRIBUTION OF THE SECURED GREEN COLLATERALIZED NOTES TO THE U.N. SDGs<sup>1819</sup>


Companies can contribute to the achievement of the SDGs by providing specific services/products which help address global sustainability challenges, and by being responsible corporate actors, working to minimize negative externalities in their operations along the entire value chain.

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an Issuer's products or services on the U.N. SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green and/or Social Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP category for (re)financing specific products and services is displayed on a three-point scale:



The Secured Green Collateralized Notes' Use of Proceeds category has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p><b>Green Buildings</b></p> <p><i>The Mortgaged Asset, on which the relevant Mortgage Loan (from which such Mortgage Receivable arises) is secured, is assigned:</i></p> <ul style="list-style-type: none"> <li>▪ <i>Buildings built before 31 December 2020, with an Energy Performance Certificate of at least, "A".<sup>20</sup></i></li> </ul>	<b>Contribution</b>	

<sup>18</sup> The impact of the UoP categories on UN Sustainable Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Prospectus.

<sup>19</sup> The assessment remains unchanged and is based on the analysis that was delivered on 30 August 2023.

<sup>20</sup> Based on an energy performance demand determination method prescribed or permitted under applicable legislation at the relevant time that the Energy Performance Certificate was issued or otherwise referred to in the Energy Performance Certificate, whereby (information in respect of) the most recent Energy Performance Certificate available to the Seller on the relevant Cut-Off Date shall be used to monitor compliance with the Green Eligibility Criteria.

- *If it is built after 31 December 2020, with a Energy Performance Certificate confirming a maximum Primary Energy Demand (PED) of: (i) 27kWh/m<sup>2</sup> per year if the Mortgaged Asset is a residential house or (ii) 45kWh/m<sup>2</sup> per year if the Mortgaged Asset is a residential apartment.<sup>21</sup>*

*The assigned Energy Performance Certificate must not have expired on the relevant Cut-Off Date immediately prior to the Transfer Date of such Mortgage Receivable.*

<sup>21</sup> Corresponding to buildings with energy performance at least 10% below the threshold set for nearly zero-building (NZEB) requirements in the Netherlands.

## B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE FINANCIAL INSTITUTION AND THE ELIGIBILITY CRITERIA<sup>22</sup>

The table below evaluates the Eligibility Criteria against issuance-specific KPIs. The entirety of the assets are and will be located in the Netherlands.

### ASSESSMENT AGAINST KPIs

#### Data protection and information security



ING Bank conducts IT audits and cybersecurity risk assessments, it has clear responsibilities on data protection and information security incident management, does security risk assessments and provides training to raise awareness regarding data protection. Moreover, it has a Global Personal Data Protection Internal Policy (GPDP) to cover rights to privacy and the protection of personal data, reflecting requirements which are based on external laws and regulations, industry standards and ING Bank.'s internal risk appetite. The main source is the General Data Protection Regulation (EU) 2016/679 (GDPR), which was adopted by the European Union. For outsourcing, the Global Data Protection Policy for Client, Supplier and Business Partner Data<sup>23</sup> clearly states the contract requirements for transferring personal data to third parties. The policy also requires third-party data processors to extend the contract requirements to other third-party data processors. The company implements some elements of third-party due diligence, such as risk assessments, integrity checks and examination of track record. Third-party data processors are monitored and required to implement adequate measures to ensure information security. Being a Global Systemically Important Bank, ING Bank is also externally audited (including system audits).

#### Responsible treatment of customers with debt repayment problems



The ING Bank has implemented measures to deal with clients having debt repayment problems. It provides measures to limit the risk of client debt repayment problems arrears through prevention and management. To ensure responsible mortgage lending ING Bank complies with the Dutch legislation,<sup>24</sup> implements conservative loan-to-value ratio and monitors client's ability to take up additional debt by applying strict criteria on affordability through the maximum housing ratio (debt service ratio). Using analytics ING Bank is also able to predictively score customers' probability of default. This score is used by operations to better help customers facing financial hardship.

<sup>22</sup> The assessment remains unchanged and is based on the analysis that was delivered on August 30, 2023.

<sup>23</sup> The Global Data Protection Policy for Client, Supplier and Business Partner Data, 2013: <https://www.ing.com/Privacy-Statement/Global-Data-Protection-Policy-for-Client-Supplier-and-Business-Partner-Data.htm>

<sup>24</sup> The BGFO (Besluit Gedragstoezicht Financiële Ondernemingen), the TRHK (Tijdelijke Regeling Hypothecair Krediet) and the GHF (Code of Conduct for Mortgage Loans)

The treatment of all mortgage arrears/payment delays typically starts early on through digital service channels which ING Bank initiates proactively. ING Bank also offers budget and job coaching, internal debt counselling and support for external debt counseling. Moreover, in December 2022, ING Bank launched a pilot program on prevention of arrears. The strategy is based on a predictive model that scans the financial fit of the customer and offers preventive options of support (budget or job coaching).

There are options offered to borrowers facing debt repayment problems, including multi-installment arrangements, alignment to dates of direct debit reattempts, temporary delay of interest payment and forbearance registration. The provisional pool selected by ING Bank also includes loans (15%) guaranteed by The Dutch Nationale Hypotheek Garantie scheme.<sup>25</sup> When recovery is no longer possible, sale of the property is an option, preferably with the consent and cooperation of the customer. An auction takes place only when no other option is reasonably available. The conditions offered to clients for debt management and mortgage sale and foreclosure are disclosed through the general credit terms signed by clients.

### Sales practices



ING Bank has an internal policy in place ensuring that training on responsible sales practices, covering implementation of responsible marketing and adequate product offering, is provided. Mortgage advice is offered upon a client's request and tailored to its profile, including for non-Dutch speakers. Regular checks are performed on financial and control risks and for mortgage products (Product Approval and Review Process). Moreover, ING Bank complies with the Decree on Conduct of Business Supervision of Financial Undertakings,<sup>26</sup> which requires that a financial service provider does not provide or receive, directly or indirectly, any commission for mediating or advising on a mortgage credit (Art.4.2.3). Cost and prices are predetermined by law. The same decree also covers requirements on the competence of employees and requirements for assessment of complaints received. Staff training is provided by ING Bank's Training and Awareness Policy on Know Your Customer, Data Management, Conflict of Interest, Fraud Management, and Personal & Physical Security. For complaints, customers can also rely on the Dutch public complaint forum, "Kifid", and the regular ING Bank Net Promotor Score investigations post-sales. Sales practices and mortgage product offers are set by the Dutch Law (TRHK - Tijdelijke Regeling Hypothecair Krediet),<sup>27</sup> from which originators can only deviate in underwriting process and price.

<sup>25</sup> The Nationale Hypotheek Garantie: <https://www.nhg.nl/english-summary/>

<sup>26</sup> Decree on Conduct of Business Supervision of Financial Undertakings Wft, 2023: <https://wetten.overheid.nl/BWBR0020421/2023-07-01>

<sup>27</sup> Temporary mortgage loan scheme, 2023: <https://wetten.overheid.nl/BWBR0032503/2023-01-01>

**Responsible marketing**

A commitment to transparency on product risk, clear and correct pricing and conditions, which are publicly available, and the provision of marketing and product information that is easily understandable, not misleading and balanced is available. In addition, ING Bank complies with the GHF (Code of Conduct for Mortgage Loans) and ensures adequate application of legal regulations issued by the CHF (Contactorgaan Hypothecaire Financiers)<sup>28</sup> and NIBUD (National Institute for Budgeting)<sup>29</sup> through its application of the Product Approval and Review Process. However, there is no information available on a comprehensive commitment to refrain from using small print.

<sup>28</sup> Code of Conduct for Mortgage Financing: <https://www.nvb.nl/publicaties/gedragscodes/gedragscode-hypothecaire-financieringen-code-of-conduct-for-mortgage-loans/>

<sup>29</sup> National Institute for Budgeting: <https://www.nibud.nl/about-nibud/>



## **PART III: ALIGNMENT OF THE ELIGIBILITY CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT<sup>30</sup>**

The alignment of Green Lion's project characteristics, due diligence processes and policies for the nominated Use of Proceeds project category have been assessed against the relevant Climate Change Mitigation and Do Not Significant Harm Criteria Technical Screening Criteria<sup>31</sup> of the EU Taxonomy Climate Delegated Act<sup>32</sup> (June 2023), based on information provided by Green Lion. Where Green Lion's project characteristics, due diligence processes and policies meet the EU Taxonomy Criteria requirements, a tick is shown in the table below.

Green Lion's project eligibility criteria overlap with the following economic activity in the EU Taxonomy:

### 7.7. Acquisition and ownership of buildings<sup>33</sup>

All projects financed under the Secured Green Collateralized Notes are and will be located in the Netherlands.

Furthermore, this analysis only displays how the EU Taxonomy criteria are fulfilled/not fulfilled. For ease of reading, the original text of the EU Taxonomy criteria is not shown. Readers can access the original criteria at the following [link](#).



<sup>30</sup> The assessment remains unchanged and is based on the analysis that was delivered on 30 August 2023.

<sup>31</sup> Enquires on minimum safeguards when providing mortgages are not required according to the Final Report on Minimum Safeguards, October 2022: [https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards\\_en.pdf](https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf).

<sup>32</sup> European Commission, 2021, Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021: <https://eur-lex.europa.eu/legalcontent/EN/TXT/?uri=CELEX:32021R2139>

<sup>33</sup> The technical screening criteria (TSC) of the economic activity 7.7. "Acquisition and ownership of buildings" (which also includes the technical screening criteria of the economic activity 7.1. "Construction of new buildings", though the issuer is not financing buildings larger than >5000m<sup>2</sup>) as set out in the Annex 1 to the EU Taxonomy Climate Delegated Act.

a) 7.7. Acquisition and ownership of buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>34</sup>	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>ING Bank, as seller of the relevant green mortgage loans towards the Issuer, confirms that under Green Lion's Prospectus, the mortgaged assets on which the relevant mortgage loan is secured is assigned to:</p> <ul style="list-style-type: none"> <li>▪ Buildings built before 31 December 2020, the building has an Energy Performance Certificate (EPC) of at least class "A".</li> <li>▪ Buildings built after 31 December 2020, the building has a Primary Energy Demand of (i) 27kWh/m<sup>2</sup> per year if the Mortgaged Asset is a residential house or (ii) 45kWh/m<sup>2</sup> per year if the Mortgaged Asset is a residential apartment.<sup>35</sup></li> </ul> <p>These conditions are based on an energy performance determination method prescribed or permitted under applicable legislation at the relevant time, and provided that such assigned Energy Performance Certificate has not expired on the relevant Transfer Date of such Mortgage Receivable.</p> <p>The Issuer confirms that they will not finance buildings larger than &gt;5000m<sup>2</sup>.</p>	
2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA	
<p>The Issuer or ING Bank performed no assessment of the Do No Significant Harm criteria and no policies are in place ensuring the full criteria from the DNSH will be consistently met. While ING Bank (the originator) has been developing physical climate risks assessment (please see below), no information is available on to what extent (i) those assessments will be systematically run for all assets that are or will be financed by the Secured Green Collateralized Notes and (ii) if material risks are identified, what would be the adaptation measures designed and implemented by the Issuer.</p> <p>ING Bank, originator and seller to the transaction, has developed a 3-step approach for climate risk management: Identifying climate risks,</p>	

<sup>34</sup> This column is based on input provided by the Issuer.

<sup>35</sup> Corresponding to buildings with energy performance at least 10% below the threshold set for nearly zero-building (NZEB) requirements in the Netherlands.

understanding the severity, and determining how to manage the risks. Since 2017, ING communicates its progress on climate risks and opportunities according to TCFD reporting and bases its climate risk management on the ECB’s recent ‘Guide on climate-related and environmental risks’.<sup>36</sup>

In 2020 ING conducted a pilot to assess physical climate risk of their mortgage portfolio. In 2021/2022 ING increased the geographical scope and data granularity to have a more detail analysis of the physical risk impact of climate events on their portfolio and underlying assets, data matching with an external source (Ambiental Risk Analytics of Royal HaskoningDHV). As of September 2021, ING’s Global Mortgage portfolio (€311 billion) results to be exposed to very low physical climate risk, reflected by a Summary Climate Risk Score of 12, on a range from 0 to 100. Comparing the four Aggregated Hazard risks (i.e., meteorological, geophysical, hydrological and fire), the meteorological hazards (storm, hail, tropical cyclone, tornado, drought, heat stress, lightning) account for the highest risk in all countries. At this point adaptation measures are still to be defined by the Issuer and/or ING Bank.

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

N/A: there is no EU Taxonomy criteria for the category

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

N/A: there is no EU Taxonomy criteria for the category

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

N/A: there is no EU Taxonomy criteria for the category

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

N/A: there is no EU Taxonomy criteria for the category

<sup>36</sup> Guide on climate-related and environmental risks, 2020: <https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks~58213f6564.en.pdf>.

## PART IV: CONSISTENCY OF SECURED GREEN COLLATERALIZED NOTES WITH ING GROEP N.V.'S SUSTAINABILITY STRATEGY

*Key sustainability objectives and priorities defined by ING Groep*

TOPIC	ISSUER APPROACH
<p><b>Strategic ESG topics</b></p>	<p>ING Groep focuses on climate action, collaboration with clients and advocacy on government guidance needed for the transition to achieve its sustainability goals. At the same time, through these priority areas, ING Groep contributes to advancing financial health and inclusion for customers and their communities, empowers its employees to contribute to all the previous points and supports the development of climate standards for the financial industry.</p> <p>ING seeks to make an impact through integrating climate change, nature, protecting human rights and financial health into its dialogue with clients, financing decisions and into their partnerships and coalition-building.</p>
<p><b>ESG goals/targets</b></p>	<p>To achieve its strategic ESG topics, ING Groep have set the following targets:</p> <p>Environmental Programme Targets<sup>37</sup></p> <ul style="list-style-type: none"> <li>▪ Reach net zero in its own operations well before 2050; to this end, it has set intermediary targets, including a target for owned and rented buildings (ambition to achieve net zero by 2035).</li> <li>▪ Scope 1 and scope 2 target of a 90% reduction by 2030 (compared to 2014) for owned buildings.</li> <li>▪ Reduce CO<sub>2</sub>e emissions by 75% by 2025 (compared to 2014) for scope 1, scope 2 and scope 3 business travel.</li> <li>▪ Reach at least 90% electric vehicles in its own fleet globally by 2030.</li> </ul>

<sup>37</sup> As outlined on Page 90 of ING's [Climate Progress Update 2024](#).

	<p>Terra: steering portfolios along path to net zero<sup>38</sup></p> <ul style="list-style-type: none"> <li>▪ Alignment of all (sub)sectors in Terra scope with net zero by 2050 (long-term target for power generation and upstream oil &amp; gas is 2040).</li> <li>▪ Oil and gas up-, mid-, and downstream sector operational emissions intensity reduction target in line with the IEA’s NZE scenario.</li> </ul> <p>Sustainable finance</p> <ul style="list-style-type: none"> <li>▪ Wholesale Banking: EUR 150 billion volume mobilised that contributes to clients' transitions to more sustainable business models by 2027.<sup>39</sup></li> <li>▪ Triple annual renewable energy financing to EUR 7.5 billion by 2025.</li> </ul> <p>Retail Banking<sup>40</sup></p> <ul style="list-style-type: none"> <li>▪ Sustainable alternatives for main retail products in all markets by 2025, e.g. mortgages.</li> </ul> <p>Energy Policy<sup>41</sup></p> <ul style="list-style-type: none"> <li>▪ Restrict financing of coal-fired power generation to close to zero by 2025.</li> <li>▪ Stopping all new general financing to pure-play upstream oil &amp; gas companies that continue to open new fields.</li> <li>▪ Stop providing new financing for new LNG export terminals after 2025.</li> </ul> <p>ING Groep aims to empower its customers and thereby:</p> <ul style="list-style-type: none"> <li>▪ Steer its lending portfolio in line with its net zero 2050 targets and future nature targets.</li> <li>▪ Finance the transition and the halt and reversal of nature loss.</li> <li>▪ Monitor human rights in its activities and encourage a just transition.</li> </ul>
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<sup>38</sup> As outlined on Pages 31-35 of ING’s [Climate Progress Update 2024](#).

<sup>39</sup> As outlined on Page 11 of ING’s Capital Markets Day 2024 [slide deck](#).

<sup>40</sup> As outlined on Pages 80-81 of ING’s [Climate Progress Update 2024](#).

<sup>41</sup> As outlined on Pages 38-40 of ING’s [Climate Progress Update 2024](#).

	<ul style="list-style-type: none"> <li>▪ Support the advance of financial health and inclusion.</li> </ul> <p>ING Groep’s other intermediate ESG targets include:<sup>42</sup></p> <ul style="list-style-type: none"> <li>▪ 25% increase in customers with long term savings and investment plan products by end 2030.<sup>43</sup></li> <li>▪ 35% female employees in the top 5,000 people by 2028.</li> </ul>
<p><b>Action plan</b></p>	<p>ING Groep’s action plan toward reaching its climate targets in its own operations is driven by its environmental program. This includes improving the energy efficiency of the buildings it owns and rents, using space more efficiently, and moving towards lower-carbon heating systems where available.<sup>44</sup></p> <p>Furthermore, to decrease its Scope 3 emissions related to business travel, ING Groep has started electrifying its leased car fleet and is conducting an awareness campaign among its employees, encouraging them to use greener travel alternatives. Additionally, it restricted air travel on short haul distances where high-speed rail options are available. For air travel that cannot be avoided, ING Groep purchases sustainable aviation fuel and sustainable aviation fuel certificates.<sup>45</sup></p> <p>ING Groep launched its Terra approach by setting out pathways for key sectors to reach net-zero emissions by 2050, using the latest scientific guidance.<sup>46</sup> It is focused on the sectors with high intensity greenhouse gas emissions: energy (including oil, gas, renewables and conventional power), automotive, shipping and aviation, steel, cement, dairy, aluminum, residential mortgages and commercial real estate.<sup>47</sup></p>

<sup>42</sup> As outlined on Page 11 of ING’s Capital Markets Day 2024 [slide deck](#).

<sup>43</sup> The target group for this includes all digital primary customers that have been with ING NL for at least a year.

<sup>44</sup> As outlined on Page 90 in ING’s [Climate Progress Update 2024](#).

<sup>45</sup> As outlined on Page 90 in ING’s [Climate Progress Update 2024](#).

<sup>46</sup> The Terra approach was developed in partnership with the 2° Investing Initiative (2DII), using their Paris Agreement Capital Transition Assessment (PACTA) for Banks tool.

<sup>47</sup> As outlined on Pages 31-35 of ING’s [Climate Progress Update 2024](#).

	<p>Complementing its Terra approach toward decreasing the carbon footprint of its portfolio, ING Groep engages with, advises and provides sustainable finance to its clients for low-emitting transition and directing funds towards sustainable projects. This includes advocacy to influence governmental policymaking and stimulate enterprises and institutions to publicly disclose their carbon emissions and transition strategy. This will enable banks to better monitor and manage their environmental impact when making financing and investment decisions.<sup>48</sup></p> <p>ING Groep integrates sustainability in its procurement processes and has been compensating for its remaining carbon emissions since 2007 through energy projects, financing constructions and circular economy solutions, as well as green loans, green bonds and sustainability-linked products, such as offering lower interest rates for improved sustainability performance.<sup>49</sup></p> <p>For all sustainability priorities, ING Groep defined and quantified specific sustainability objectives and activities, as well as a period of relevance for the objectives.</p>
<p><b>Climate Transition Strategy</b></p>	<p>Intermediary targets set to enable reaching net zero in ING Groep’s own operations include a target for owned and rented buildings (ambition to achieve net zero by 2035), a target for Scope 1 and 2 reductions of 90% by 2030 (compared to a 2014 baseline) and a target for Scope 3 (business travel) reduction of 75% by 2025 (compared to a 2014 baseline). ING Groep’s climate action plan foresees to mobilize EUR 150 billion in sustainable finance for Wholesale Banking by 2027.<sup>50</sup></p> <p>In 2015, ING Groep committed to the Science Based Targets initiative (SBTi),<sup>51</sup> to guide target setting and</p>

<sup>48</sup> As outlined on Page 27 of ING’s [Climate Progress Update 2024](#).

<sup>49</sup> As outlined in ING’s [climate approach](#).

<sup>50</sup> As outlined in ING’s Capital Markets Day 2024 [slide deck](#).

<sup>51</sup> The validation process is ongoing. The SBTi is updating its standards and therefore the validation process has been extended. ING Groep is actively engaged in common consultation and discussion to finalize the process.

	<p>report progress towards reaching net zero in its most carbon-intensive parts of the overall portfolio by 2050.</p>
<p><b>Sustainability Reporting</b></p>	<p>The Issuer reports on its ESG performance and initiatives in its <a href="#">annual reports</a>. The report includes information on the EU Taxonomy Green Asset Ratio and on ING’s performance on non-financial indicators, such as gender pay gap, headcount breakdown by region, gender and age group, percentage of women in senior management, and employee turnover rate.</p> <p>As a financial institution, ING also publishes <a href="#">Pillar 3 reporting</a>, in line with European Banking Authority standards.</p> <p>Additionally, ING publishes <a href="#">annual climate updates</a>, aligning its climate reporting structure with the TCFD format.</p>
<p><b>Industry associations, Collective commitments</b></p>	<p>The Issuer is a signatory of/ endorses:</p> <ul style="list-style-type: none"> <li>▪ Children’s Rights and Business Principles</li> <li>▪ The Core Conventions of the International Labour Organization</li> <li>▪ EU Transparency Register</li> <li>▪ The Financial Stability Board’s TCFD recommendations</li> <li>▪ OECD Guidelines for Multinational Enterprises</li> <li>▪ United Nations Environment Programme Finance Initiative Principles for Responsible Banking</li> <li>▪ United Nations Global Compact</li> <li>▪ United Nations Guiding Principles on Business and Human Rights</li> <li>▪ United Nations-backed Principles for Responsible Investment</li> <li>▪ The Universal Declaration of Human Rights</li> </ul> <p>Additionally, ING is member of the following initiatives/associations:</p> <ul style="list-style-type: none"> <li>▪ The Academy of Business in Society</li> <li>▪ Association for Financial Markets in Europe</li> <li>▪ Climate Markets and Investment Association</li> <li>▪ Equator Principles Association</li> <li>▪ European Banking Federation</li> <li>▪ European Financial Services Round Table</li> <li>▪ EUROSIF</li> </ul>



	<ul style="list-style-type: none"> <li>▪ Institute of International Finance</li> <li>▪ International Capital Market Association</li> <li>▪ International Integrated Reporting Council</li> <li>▪ Loan Market Association</li> <li>▪ Roundtable on Sustainable Palm Oil</li> <li>▪ Thun Group of Banks</li> <li>▪ United Nations Environment Programme Finance Initiative</li> <li>▪ United Nations-convened Net-Zero Banking Alliance</li> </ul>
<p><b>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</b></p>	<p>ING issued its first green bond in 2015. Since then, it continued green unsecured issuances on the Group level and green covered bonds and green securitizations in other ING entities. Recent transactions include totals of EUR 1.25 billion and EUR 1.0 billion issued by ING Groep N.V in 2024 and 2022 respectively, and EUR 1 billion covered bond issuance by ING-DiBa AG in 2023 and 2022.<sup>52</sup></p> <p>The latest Global Green Funding Framework (previously named the Green Bond Framework) was published in 2024 and ISS-Corporate provided an SPO in September 2024.<sup>53</sup></p> <p>The current Global Green Funding Framework is an update of the previous one, motivated by the constantly evolving landscape of sustainable finance and related regulation and ING Groep’s updated sustainability strategy.</p>

*Rationale for issuance*

Corresponding to ING’s sustainability strategy, ING established a sustainable funding strategy approximately five years ago. Two of ING’s core business segments are financing green buildings through mortgage loans and financing renewable energy. These represent an integral part of ING’s sustainability ambition. This funding strategy aligns with the Group’s climate approach for decreasing the carbon footprint of its portfolio and mobilizing finance that contributes to the transition of their clients.

<sup>52</sup> As outlined in ING’s May 2023 [Green Bond Investor Presentation](#).

<sup>53</sup> ING’s Global Green Funding Framework, 2024: <https://www.ing.com/Sustainability/Sustainable-business/ING-Green-Bond/ING-Global-Green-Funding-Framework-2024.htm>

In line with its sustainability commitments, as of 2023, ING mobilized EUR 115 billion in projects that contribute to their clients' transitions and ING has the ambition to mobilize EUR 150 billion by 2027. The issuance of green funding instruments, such as green covered bonds issued by ING's covered bond entities, green senior bonds (preferred and non-preferred), green RMBS, green commercial papers, green structured notes, green deposits or green current accounts will enable the refinancing of existing loans to increase funding for the origination of new loans, in line with ING's funding strategy and contribute to climate change mitigation. In addition, ING aims to continue its presence in the green bond market, which provides funding diversification and derisking benefits, compared to conventional debt/funding instruments.

**Opinion:** *The key sustainability objectives and the rationale for issuing Secured Green Collateralized Notes are clearly described by the ING Groep. The project category financed is in line with ING Groep's sustainability objectives.*

## DISCLAIMER

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## ANNEX 1: METHODOLOGY

The ISS-Corporate SPO provides an assessment of labeled transactions against international standards using ISS-Corporate proprietary methodology. For more information, please visit: <https://www.iss-corporate.com/file/publications/methodology/iss-corporate-green-social-and-sustainability-bond-loan-spo-methodology-summary.pdf>

### EU Taxonomy

The assessment evaluates whether the details of the nominated projects and assets or project selection eligibility criteria included in the Prospectus meet the criteria listed in relevant Activities in the EU Taxonomy Climate Delegated Act (June 2023).

The evaluation shows if Green Lion's project categories are indicatively in line with the entirety (or some of) the requirements listed in the EU Taxonomy Technical Annex.

The evaluation was carried out using information and documents provided on a confidential basis by Green Lion (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.

## ANNEX 2: QUALITY MANAGEMENT PROCESSES

### SCOPE

Green Lion's commissioned ISS-Corporate to compile a Secured Green Collateralized Notes SPO. The Second Party Opinion process includes verifying whether the Prospectus aligns with the GBP and assessing the sustainability credentials of its Secured Green Collateralized Notes, as well as the ING Groep's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion:

- ICMA's Green Bond Principles (GBP)
- EU Taxonomy Climate Delegated Act

### ISSUER'S RESPONSIBILITY

Green Lion's responsibility was to provide information and documentation on:

- Prospectus
- Eligibility criteria
- Documentation of ESG risks management at the Prospectus level

### ISS-CORPORATE'S VERIFICATION PROCESS

Since 2014, ISS Group, of which ISS-Corporate is a part of, 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.

This independent Second Party Opinion of the Secured Green Collateralized Notes to be issued by Green Lion has been conducted based on a proprietary methodology and in line with the ICMA's Green Bond Principles.

The engagement with Green Lion took place from October to November 2024.

### ISS-CORPORATE'S BUSINESS PRACTICES

ISS-Corporate has conducted this verification in strict compliance with the ISS Group Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behavior 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 this SPO

Companies turn to ISS-Corporate for expertise in designing and managing governance, compensation, sustainability and cyber risk programs that align with company goals, reduce risk, and manage the needs of a diverse shareholder base by delivering best-in-class data, tools, and advisory services.

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.iss-corporate.com/solutions/sustainable-finance/bond-issuers/>

For more information on SPO services, please contact: [SPOsales@iss-corporate.com](mailto:SPOsales@iss-corporate.com)

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