



SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Secured Green Collateralized Notes

Green Lion 2023-1 B.V.
30 August 2023

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">▪ Secured Green Collateralized Notes
Relevant standards	<ul style="list-style-type: none">▪ Green Bond Principles, 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	<ul style="list-style-type: none">▪ Green Lion's Prospectus (as of August 29, 2023)▪ Green Lion's Eligibility Criteria (as of August 29, 2023)
Lifecycle	<ul style="list-style-type: none">▪ Pre-issuance verification
Validity	<ul style="list-style-type: none">▪ Valid as long as the main features of the Secured Green Collateralized Notes 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 August 29, 2023) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBP).
2. The Eligibility Criteria – whether the project categories contribute positively to the UN SDGs and how they perform against proprietary issuance-specific key performance indicators (KPIs) (See Annex 1).
3. The alignment of the project categories with the EU Taxonomy on a best-efforts basis¹ – whether the nominated project categories are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria²) requirements as included in the EU Taxonomy Climate Delegated Act (June 2023)³.
4. Linking the transactions to ING GROEP NV’s overall ESG profile – drawing on the issuance-specific Use of Proceeds (UoP) categories.

STRUCTURE OF THE TRANSACTIONS

Green Lion sponsored by ING Bank NV (“the Originator”, “the Seller” and “the Servicer” to the transaction) will issue Secured Green Collateralized Notes. The Notes will be backed by physical assets originated by ING Bank NV. The transaction will also be consolidated into ING’s balance sheet.

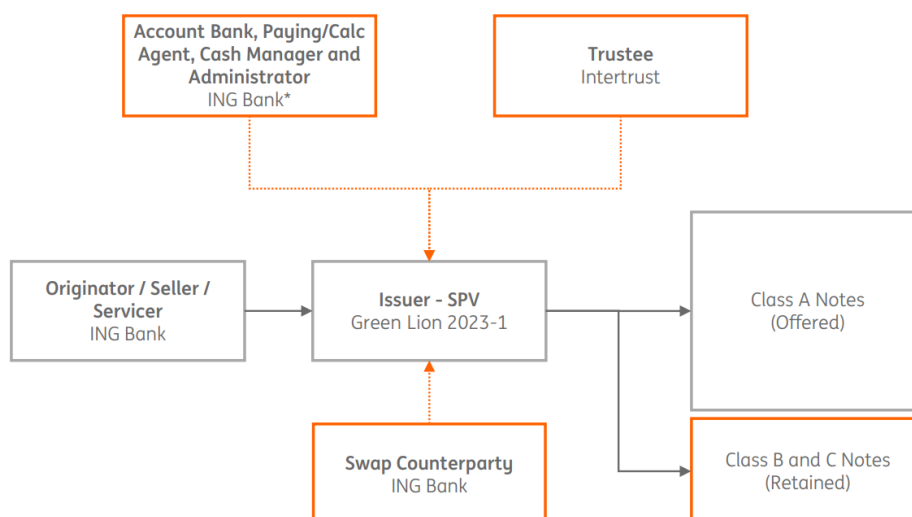


Figure 1 - Simplified structure of the transaction

¹ 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 have been evaluated on a "best efforts basis".

² Enquires on minimum safeguards when providing mortgages are not required according to the Final Report on Minimum Safeguards, October 2022, URL https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf



³ Commission Delegated Regulation (EU) 2021/2139 of June 2021, URL <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32021R2139>

ING GROEP ING NV BUSINESS OVERVIEW

ING Groep NV is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification.

ING Groep NV engages in the provision of 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. ING Groep was founded on March 4, 1991, while its roots go back to 1762, and is headquartered in Amsterdam, the Netherlands.

ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ⁴
Part 1: Alignment with GBP	The Issuer has defined a formal concept for its Secured Green Collateralized Notes regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting ⁵ . This concept is in line with the ICMA's Green Bond Principles.	Aligned
Part 2: Sustainability quality of the Eligibility Criteria	<p>The Secured Green Collateralized Notes will (re-)finance eligible asset category which include: Acquisition and ownership of green buildings⁶</p> <p>Product and/or service-related use of proceeds category individually contribute to one or more of the following SDGs:</p> <div style="display: flex; justify-content: center; gap: 10px;">   </div> <p>The social risks associated with the use of proceeds category are managed.</p>	Positive
Part 3: Alignment with EU Taxonomy	<p>The 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 basis⁷. The nominated project category is considered to be⁸:</p> <ul style="list-style-type: none"> ▪ Aligned with the substantial contribution to Climate Change Mitigation Criteria ▪ Not aligned with the Do No Significant Harm Criteria 	
Part 4: Linking the transactions to ING Groep's overall ESG profile	<p>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 ING Groep.</p> <p>At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.</p>	Consistent with ING Groep sustainability strategy

⁴ The evaluation is based on the Green Lion's Prospectus (August 29, 2023 version) and on the ISS ESG Corporate Rating updated on April 25, 2023 and applicable at the SPO delivery date.

⁵ 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.

⁶ 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 >5000m²) as set out in the Annex 1 to the EU Taxonomy Climate Delegated Act.

⁷ 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 the alignment with the EU Taxonomy has been evaluated on a "best efforts basis".

⁸ Enquires on minimum safeguards when providing mortgages are not required according to the Final Report on Minimum Safeguards, October 2022, URL https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf.

SPO ASSESSMENT

PART I: ALIGNMENT WITH ICMA'S GREEN BOND PRINCIPLES

This section evaluates the alignment of the Green Lion's Prospectus (as of August 29, 2023) with the ICMA's Green Bond Principles.

GBP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by Green Lion's Prospectus is aligned with the ICMA's Green Bond Principles.</p> <p>The Issuer's green categories align with the project categories as proposed by the ICMA's Green Bond Principles. Criteria are defined in a clear and transparent manner. 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 will be refinanced, in line with best market practice.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by Green Lion's Prospectus is aligned with the ICMA's Green Bond Principles.</p> <p>The project selection process is defined and structured in a congruous manner. ESG risks associated with the project categories are identified and managed through an appropriate process. Moreover, the projects selected show alignment with the sustainability strategy of the Issuer and ING Groep.</p> <p>The Issuer identifies alignment of their Prospectus and their green projects with official or market-wide taxonomies and to reference any green standards or certifications used, in line with best marked practice.</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed by Green Lion's Prospectus is aligned with the ICMA's Green Bond Principles.</p> <p>The net proceeds collected will be 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 will be no unallocated proceeds, in line with best market practice⁹. The green loans won't be double pledged and encumbered. Also the bond proceeds won't be double counted, which is assured in the ING Bank's allocation report.</p>
<p>4. Reporting</p>	<p>✓</p>	<p>The allocation and impact reporting proposed by Green Lion's Prospectus is aligned with the ICMA's Green Bond Principles.</p> <p>The Issuer and ING Bank commit to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be made available to holders of the Secured Green Collateralised Notes or be publicly available on the ING Bank's website. Green Lion explains the level of expected reporting and the type of information that will be reported. Moreover, the Issuer commits to report after the closing date quarterly to holders of the Secured Green Collateralised Notes, while ING Bank will report annually.</p> <p>The Issuer is transparent on the level, the information reported, the scope and reporting frequency and duration of the impact reporting, in line with best market practice. Dedicated stratification tables¹⁰ will be added to the Monthly ING Bank Report and distributed on a quarterly basis through the Investor Report by the Issuer Administrator to investors of the Secured Green Collateralized Notes until the Secured Green Collateralized Notes are redeemed or cancelled. ING Bank will also publish a green bond allocation report annually, with the first allocation report to be published by the ING Bank including information on the fully allocated proceeds of the Secured Green Collateralised Notes.</p>

⁹ To account for the revolving nature of the transaction, the Issuer will update the SPO annually.

¹⁰ The tables will include information on Energy Performing Certificate (EPC), construction year, EPC label issuance year and Primary Energy Demand (PED).

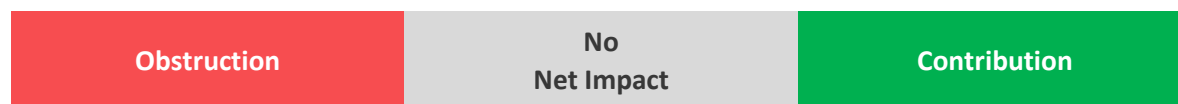
PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE SECURED GREEN COLLATERALISED NOTES TO THE UN SDGs¹¹



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 UN SDGs, as well as other ESG benchmarks (the EU Taxonomy Climate Delegated Acts, the ICMA Green Bond Principles and other regional taxonomies, standards and sustainability criteria).

The assessment of UoP categories for (re)financing specific products and services is displayed on 3-point scale (see Annex 1 for methodology):



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

USE OF PROCEEDS (PRODUCTS/SERVICES)	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Acquisition and ownership of green buildings</p> <p><i>The Mortgaged Asset on which the relevant Mortgage Loan is secured is assigned to:</i></p> <ul style="list-style-type: none"> ▪ <i>Buildings built before 31 December 2020, with an Energy Performance Certificate (EPC) of at least class "A".</i> ▪ <i>Buildings built after 31 December 2020, with a Primary Energy Demand (i) 27kWh/m² per year if the Mortgaged Asset is a residential house or (ii) 45kWh/m² per year if the Mortgaged Asset is a residential apartment¹².</i> <p><i>and provided that such assigned Energy Performance Certificate has not expired on the relevant Transfer Date of such Mortgage Receivable.</i></p>	Contribution	 

¹¹ The impact of the UoP categories on UN Social Development Goals is assessed with proprietary methodology and may therefore differ from the Issuer's description in the Prospectus.

¹² 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

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, it does security risk assessment and provides training and awareness-raising. Moreover, its Global Personal Data Protection Internal Policy (GPDP) to cover rights to privacy and the protection of personal data, reflects requirements which are based on external laws and regulations, industry standards, as well as ING'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 Data¹³ 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, checks on integrity, 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 is also externally audited (including system audits).

Responsible treatment of customers with debt repayment problems

✓ The Issuer has implemented measures to deal with clients having debt repayment problems. The Issuer provides measures to limit the risk of client debt repayment problems arrears through prevention and management. To ensure responsible mortgage lending ING complies with the Dutch legislations¹⁴, implements conservative loan-to-value ratio, and procedures to monitor the ability to take up additional debt by applying strict criteria on affordability through the maximum housing ratio (Debt service ratio). Using analytics ING is also able to predictively score customers probability of default. This score is used by operations to better help customers facing financial hardship.

The treatment of all mortgage arrears/payment delays typically starts early on through digital service channels which ING initiates pro-actively. The Issuer also offers budget and job coaching, internal debt counselling and support for external debt counselling.

There are options offered to borrowers facing debt repayment problems (incl. multi-instalment-arrangements, alignment to dates of direct debit reattempts, temporary delay of interest payment, forbearance registration). The provisional pool selected by

¹³ 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>

¹⁴ The BGFO (Besluit Gedragstoezicht Financiële Ondernemingen), the TRHK (Tijdelijke Regeling Hypothecair Krediet) and the GHF (Code of Conduct for Mortgage Loans)

ING also includes loans (15%) guaranteed by The Dutch Nationale Hypotheek Garantie (NHG) scheme¹⁵. When recovery is no longer possible, sale of the property is an option. This is preferably done with consent and cooperation of the customer. Only when no other option is reasonably available an auction takes place. The conditions offered to clients for debt management and mortgage sale and foreclosure are disclosed through the general credit terms to be signed by clients.

Sales practices

- ✓ ING has an internal policy in place ensuring that training on responsible sales practices, covering implementation of responsible marketing and adequate product offer, is provided. Mortgage advice is offered upon client's request and tailored to their profile, including for non-Dutch Speakers. Regular checks are performed on financial and control risks and for mortgage products (Product Approval and Review Process (PARP)). Moreover, ING complies with the Decree on Conduct of Business Supervision of Financial Undertakings¹⁶, 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 pre-determined 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's Training and Awareness Policy on Know Your Customer, Data Management, Conflict of Interest, Fraud Management, Personal & Physical Security. For complaints, customers can also rely on the Dutch public complaint forum named "Kifid" and the regular ING Net Promotor Score investigations post sales. Sales practices and mortgage product offers are set by the Dutch Law (TRHK - Tijdelijke Regeling Hypothecair Krediet)¹⁷, from which originators can only deviate in underwriting process and price.

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, the Issuer complies with the GHF (Code of Conduct for Mortgage Loans) and ensures adequate application of legal regulations issued by the CHF (Contactorgaan Hypothecaire Financiers)¹⁸ and NIBUD (National Institute for Budgeting)¹⁹ 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.

¹⁵ The Nationale Hypotheek Garantie, <https://www.nhg.nl/english-summary/>

¹⁶ Decree on Conduct of Business Supervision of Financial Undertakings Wft, 2023, <https://wetten.overheid.nl/BWBR0020421/2023-07-01>

¹⁷ Temporary mortgage loan scheme, 2023, <https://wetten.overheid.nl/BWBR0032503/2023-01-01>

¹⁸ Code of Conduct for Mortgage Financing, <https://www.nvb.nl/publicaties/gedragscodes/gedragscode-hypothecaire-financieringen-code-of-conduct-for-mortgage-loans/>

¹⁹ National Institute for Budgeting, <https://www.nibud.nl/about-nibud/>

PART III: ALIGNMENT OF THE ELIGIBILITY CRITERIA WITH THE EU TAXONOMY CLIMATE DELEGATED ACT

The alignment of Green Lion's project characteristics, due diligence processes and policies for the nominated Use of Proceeds project categories have been assessed against the relevant substantial contribution to Climate Change Mitigation and Do Not Significant Harm Criteria (DNSH) Technical Screening Criteria²⁰ of the EU Taxonomy Climate Delegated Act²¹ (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 buildings²²

All properties financed under the Prospectus 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 recover the original criteria at the following [link](#).

²⁰ Enquires on minimum safeguards when providing mortgages are not required according to the Final Report on Minimum Safeguards, October 2022, URL https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf.

²¹ European Commission, 2021, Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021, <https://eur-lex.europa.eu/legalcontent/EN/TXT/?uri=CELEX:32021R2139>

²² 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 >5000m²) as set out in the Annex 1 to the EU Taxonomy Climate Delegated Act.

7.7. Acquisition and ownership of buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ²³	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>ING 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"> ▪ Buildings built before 31 December 2020, the building has an Energy Performance Certificate (EPC) of at least class "A". ▪ Buildings built after 31 December 2020, the building has a Primary Energy Demand (i) 27kWh/m² per year if the Mortgaged Asset is a residential house or (ii) 45kWh/m² per year if the Mortgaged Asset is a residential apartment²⁴. <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 >5000m².</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, 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'²⁵.</p> <p>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</p>	

²³ This column is based on input provided by the issuer.

²⁴ Corresponding to buildings with energy performance at least 10% below the threshold set for nearly zero-building (NZEB) requirements in the Netherlands.

²⁵ Guide on climate-related and environmental risks, 2020,

<https://www.bankingsupervision.europa.eu/ecb/pub/pdf/ssm.202011finalguideonclimate-relatedandenvironmentalrisks~58213f6564.en.pdf>.

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

PART IV: LINKING THE TRANSACTIONS TO ING GROEP NV'S ESG PROFILE

A. CONSISTENCY OF SECURED GREEN COLLATERALISED NOTES WITH ING GROEP'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the ING Groep

ING Groep's climate action plan foresees to mobilize €125 billion in sustainable finance for wholesales banking by 2025 (from €87.7 billion in 2021), with €1 billion annual new green financing in 2025 for SMEs and Mid-Sized Corporates in the Netherlands, and to grow new financing of renewable energy by 50% by year-end 2025²⁶. In 1Q2023, ING Group made further progress on the sustainability goals and supported clients in making the transition to more sustainable ways of doing business with €21.9 billion volume mobilized vs €17.3 billion in 1Q2022. Concerning real estate lending, ING Group aims to boost energy performance of buildings and improve the existing building stock.

In 2015, ING Groep has committed to the Science Based Targets initiative (SBTi)²⁷, to guide target setting and progress reporting towards reaching net zero by 2050. It has also committed to deliver shorter-term targets for the most carbon intensive portions of the loan portfolio. From 2020 to 2022, ING's targets for operational carbon emissions were divided between a scope 1 and 2 reduction target of 80%, and a scope 3 reduction target for business travel of 25%. In addition, they set a scope 1 and scope 2 reduction target of 90% by 2030.

In 2021, ING has developed a sustainability strategy. The priority actions to reach the net zero scenario in 2050 and the intermediate 2030 targets include:

1. **Terra approach** focuses on the sectors with high intensity greenhouse gas emissions: energy (including oil, gas, renewables and conventional power), automotive, shipping and aviation, steel, cement, residential mortgages and commercial real estate.
2. **Environmental Programme**²⁸ to combat climate change through the transition to a low-carbon economy by reducing the environmental footprint in business operations and suppliers. This involves an increasing use of renewable electricity for transport and building heating, management of e-waste and overall reduction of residual waste and water use, developing low carbon technologies.
3. **Sustainable Finance** for low emitting transition and directing funds towards sustainable projects. This includes advocacy strategy 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.

Moreover, ING launched a retail net zero housing initiative, which aims to reach net zero in all ING buildings (rented or owned) by 2035²⁹. ING also invests in operational efficiency solutions and is sourcing 100% renewable electricity for the buildings they are managing, using power purchase agreements (PPA) and renewable energy certificates (RECs). They integrate sustainability in their procurement processes and have been compensating for their remaining carbon emissions since 2007

²⁶ ING Climate Report, 2022, <https://www.ing.com/MediaEditPage/2022-Climate-Report.htm>

²⁷ The validation process is ongoing. SBTi is updating their standards and therefore the validation process has been extended. ING Group is actively engaged in common consultation and discussion to finalize the process.

²⁸ ING Environmental Programme, 2023, <https://www.ing.com/Sustainability/Our-own-operations/Environmental-performance.htm>

²⁹ ING Climate Report, 2023, forthcoming.

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 performance³⁰.

For all sustainability priorities ING has defined and quantified specific sustainability objectives and activities, as well as a period of relevance of the objectives.

ESG risk governance at ING is mainly managed via two risk functions: Environmental and Social Risk (ESR), and the ESG Risk department³¹. Environmental and social risks are governed through ING's ESR department, whose reporting line is to ING's Chief Risk Officer. Committees involved in managing environmental and social risks include the Global Credit and Trading Risk Committee (GCTP) and the Global Credit Committee for Transactions Approvals (GCC-TA). The GCTP approves the policies, methodologies and procedures related to ESR. The GCC-TA approves transactions that entail taking higher environmental and social risk. The ESG Risk department is responsible for implementing regulatory requirements such as risk identification, business strategy and governance, risk appetite, and external disclosures.

ING Groep is part of the steering group in signing the Katowice Commitment³² in December 2018, which formed the basis for the Collective Commitment to Climate Action, signed in September 2019, and the Net-Zero Banking Alliance. ING Group also joined the Center for Climate-Aligned Finance as a strategic partner in July 2022. ING is also aligning its climate reporting structure with the TCFD format in order to support standardization and comparability across the financial sector.

To support the growth of its Sustainable Finance portfolio, ING has been issuing green bonds since 2015, covering projects related to renewable energy and green buildings, clean transportation, waste management and water management³³.

Rationale for issuance

Corresponding to ING's sustainable business model, ING established an equivalent funding strategy approximately five years ago. ING focuses on financing green buildings through mortgage loans and this represents one of ING's core businesses and an integral part of its future corporate strategy. This strategy aligns with the Group's climate approach for offsetting carbon emission through sourcing efficiency solutions and renewable electricity for the buildings.

In line with its environmental commitments, as of 2018, ING Groep invested USD 11 billion in renewable energy, green buildings, clean transportation, pollution prevention and control, and sustainable water management projects³⁴. The issuance of Secured Green Collateralized Notes will enable the refinancing of existing loans to increase funding for the origination of new loans, that will be in line with ING Groep's funding strategy³⁵ and contribute to climate change mitigation.

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

³⁰ ING Climate action, <https://www.ing.com/Sustainability/Sustainable-business/Climate-action.htm>

³¹ ING Climate Report, 2022, <https://www.ing.com/MediaEditPage/2022-Climate-Report.htm>

³² ING talks climate in Katowice at COP24, 2018, <https://www.ing.com/Newsroom/News/ING-talks-climate-in-Katowice-at-COP24.htm>

³³ ING Green Bond, 2023, <https://www.ing.com/Sustainability/Sustainable-business/ING-Green-Bond.htm>

³⁴ ING Green Bond Issuance Overview, <https://www.ing.com/Sustainability/Sustainable-business/ING-Green-Bond.htm>

³⁵ ING Sustainability Approach, <https://www.ing.com/Sustainability/Sustainability-approach.htm>

B. ING GROEP NV'S BUSINESS EXPOSURE TO ESG RISKS

This section aims to provide an overall level of information on the ESG risks to which the Issuer is exposed through its business activities, providing additional context to the issuance assessed in the present report.

ESG risks associated with the Seller's industry

The Issuer is classified in the Commercial Banks & Capital Markets industry, as per ISS ESG's sector classification. Key challenges faced by companies in terms of sustainability management in this industry are displayed in the table below. Please note, that this is not a company specific assessment but areas that are of particular relevance for companies within that industry.

ESG KEY ISSUES IN THE INDUSTRY
Business ethics
Labour standards and working conditions
Sustainable investment criteria
Customer and product responsibility
Sustainability impacts of lending and other financial services/ products



ESG performance of the Issuer

Leveraging ISS ESG's Corporate Rating research, further information about the Issuer's ESG performance can be found on ISS ESG Gateway at: <https://www.issgovernance.com/esg/iss-esg-gateway/>. ISS ESG's standard approach towards SPVs involves a thorough review of sustainability risks at asset owner/originator level and assigning its rating, where appropriate. Therefore, the Issuer's ESG performance is available under ING Groep NV on ISS ESG Gateway.


Please note that the consistency between the issuance subject to this report and the Issuer's sustainability strategy is further detailed in Part IV. A of the report.

Sustainability impact of products and services portfolio

Leveraging ISS ESG's Sustainability Solutions Assessment methodology, the contribution of the Issuer's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs) has been assessed as per the table below. This analysis is limited to the evaluation of final product characteristics and does not include practices along the Issuer's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE ³⁶	DIRECTION OF IMPACT	UN SDGS
Financing of renewable energy	1.1%	CONTRIBUTION	 

³⁶ Percentages presented in this table are not cumulative.

Financing of buildings certified to a relevant sustainable building standard	1.5%	CONTRIBUTION	
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Breaches of international norms and ESG controversies

At Issuer level

At the date of publication and leveraging ISS ESG Research, no controversy in which the Issuer would be involved has been identified.

At industry level

Based on a review of controversies over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Markets industry are as follows: Failure to mitigate climate change impacts, Failure to prevent money laundering, Anti-competitive behavior and Failure to pay fair share of taxes.

Please note, that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

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1. Validity of the Second Party Opinion (“SPO”): Valid as long as the main features of the Secured Green Collateralized Notes remain unchanged.
2. ISS Corporate Solutions, Inc. (“ICS”), a wholly-owned subsidiary of Institutional Shareholder Services Inc. (“ISS”), sells/distributes Second Party Opinions which are prepared and issued by ISS ESG, the responsible investment arm of ISS, on the basis of ISS ESG’s proprietary methodology. In doing so, ISS adheres to standardized procedures to ensure consistent quality of responsibility research worldwide. Information on ISS’s methodology is available upon request.
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ANNEX 1: Methodology

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 2021).

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.

Green KPIs

The Green Bond KPIs serve as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of Green Lion's Secured Green Collateralized Notes.

It comprises firstly the definition of the use of proceeds category offering added social and/or environmental value, and secondly the specific sustainability criteria by means of which this added value and therefore the sustainability performance of the assets can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the assets and which can also be used for reporting. If a majority of assets fulfill the requirement of an indicator, this indicator is then assessed positively. Those indicators may be tailor-made to capture the context-specific environmental and social risks.

Environmental and social risks assessment methodology

The Environmental and social risks assessment 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 or that the information provided did not fulfil the requirements of the Green Bond KPIs.

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 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, the extent to which Green Lion's Secured Green Collateralized Notes contributes to related SDGs has been identified.

ANNEX 2: ISS ESG Corporate Rating Methodology

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

For more information, please visit:

<https://www.issgovernance.com/file/publications/methodology/Corporate-Rating-Methodology.pdf>

ANNEX 3: Quality management processes

SCOPE

Green Lion commissioned ICS to compile a Secured Green Collateralized Notes SPO. The Second Party Opinion process includes verifying whether the Prospectus aligns with the ICMA's Green Bond Principles and to assess the sustainability credentials of its Secured Green Collateralized Notes, as well as the Issuer'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 asset 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.

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 ICMA's Green Bond Principles.

The engagement with Green Lion took place from April to August.

ISS' 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 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

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.

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/>

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