

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and the Prospectus

Green Lion 2024-1 B.V.

12 June 2024

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 June 10, 2024)
- Green Lion Eligibility Criteria (as of June 10, 2024)

Lifecycle

- Pre-issuance verification

Validity

- Valid as long as the main features of the Prospectus remain unchanged

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SCOPE OF WORK

Green Lion 2024-1 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 2024-1 B.V.’s Prospectus (as of June 10, 2024), 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 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 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 Substantial Contribution to Climate Change Mitigation Criteria and Do No Significant Harm Criteria)² as included in the EU Taxonomy Climate Delegated Act (June 2023)³.
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.

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 has been evaluated on a “best efforts basis”.

² 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, 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) 2021/2486 of June 2023, URL <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023R2486>

STRUCTURE OF THE TRANSACTION

Green Lion, sponsored by ING Bank N.V. (“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 N.V. The transaction will also be consolidated into ING Bank N.V.’s balance sheet.

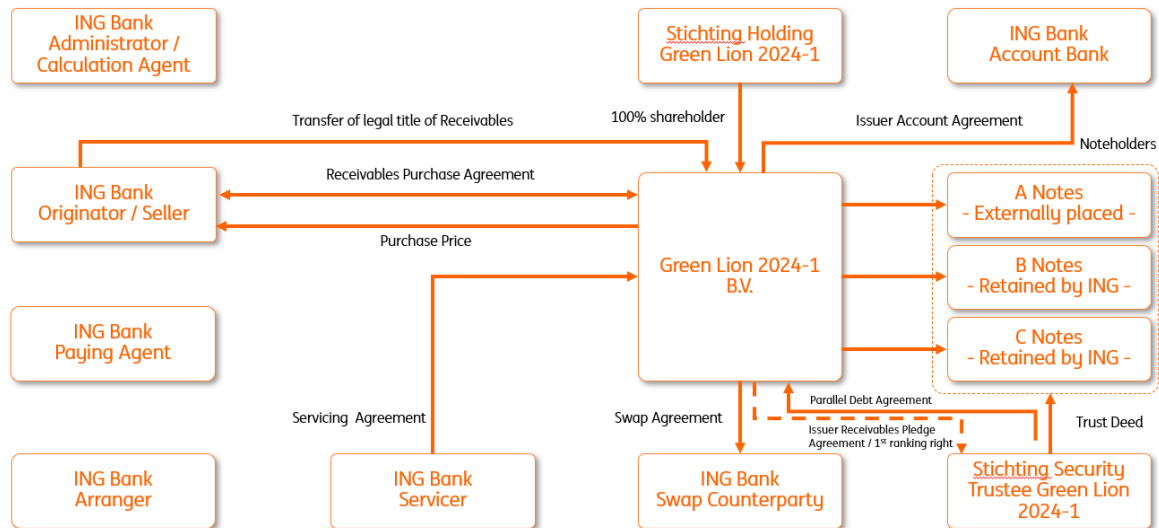


Figure 1 - Simplified structure of the transaction

ING GROEP N.V. BUSINESS OVERVIEW

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

ING Groep N.V. 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 companies⁴ 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.

⁴ 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 ⁵
Part I: Alignment with GBP	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. This concept is in line with the GBP.	Aligned
Part II: Sustainability quality of the Eligibility Criteria	<p>The Secured Green Collateralized Notes will (re)finance the eligible asset category: Acquisition and ownership of buildings.⁶</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 categories are managed.</p>	Positive
Part III: Alignment with EU Taxonomy	<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.⁷ The nominated project category is considered to be:⁸</p> <ul style="list-style-type: none"> ▪ Aligned with the Climate Change Mitigation Criteria ▪ Aligned with the Do No Significant Harm Criteria 	

⁵ The evaluation is based on the Green Lion's Secured Green Collateralized Notes (June 10, 2024 version), on the analysed Selection Criteria as received on June 10, 2024.

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 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".

⁸ 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, URL https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

<p>Part IV:</p> <p>Consistency of Secured Green Collateralized Notes with ING Groep's Sustainability Strategy</p>	<p>The key sustainability objectives and the rationale for issuing Secured Green Collateralized Notes are clearly described by ING Groep. The majority of the project categories considered are in line with the sustainability objectives of the ING Groep.</p> <p>At the date of publication of the report and leveraging ISS ESG Research, no severe controversies have been identified.</p>	<p>Consistent with ING Groep's sustainability strategy</p>
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SPO ASSESSMENT

PART I: ALIGNMENT WITH ICMA'S GREEN BOND PRINCIPLES

This section evaluates the alignment of the Green Lion's Prospectus (as of June 10, 2024) with the GBP.

GBP	ALIGNMENT	OPINION
<p>1. Use of Proceeds</p>	<p>✓</p>	<p>The Use of Proceeds (UoP) description provided by Green Lion's Prospectus is aligned 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 will be refinanced, in line with best market practice.</p>
<p>2. Process for Project Evaluation and Selection</p>	<p>✓</p>	<p>The Process for Project Evaluation and Selection description provided by Green Lion's Prospectus is aligned with the GBP.</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 (through the Do No Significant Harm process, using a model maintained by ING Groep's internal risk department). 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>

<p>3. Management of Proceeds</p>	<p>✓</p>	<p>The Management of Proceeds proposed by Green Lion’s Prospectus is aligned with the GBP.</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 practice.⁹ 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 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 will also publish 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.</p> <p>Dedicated stratification tables¹⁰ will be added to the Monthly ING Bank Report and distributed quarterly through the Investor Report by the Issuer’s Administrator to investors of the Secured</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).

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		<p>Green Collateralized Notes until the Secured Green Collateralized Notes are redeemed or canceled.</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.</p>
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PART II: SUSTAINABILITY QUALITY OF THE ELIGIBILITY CRITERIA

A. CONTRIBUTION OF THE SECURED GREEN COLLATERALIZED NOTES TO THE U.N. 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 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 categories for (re)financing specific products and services is displayed on a three-point scale:



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>Green Buildings</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"> ▪ <i>If it is built before 1 January 2021: a definitive Energy Performance Certificate of at least, "A".¹²</i> ▪ <i>if it is built after 31 December 2020, a definitive Energy Performance</i> 	Contribution	

¹¹ 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.

¹² 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.

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Certificate confirming a maximum primary energy demand (PED) of: (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 apartment.¹³

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.

¹³ 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, 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 N.V.'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 Data¹⁴ 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 N.V. is also externally audited (including system audits).

Responsible treatment of customers with debt repayment problems



The ING N.V. 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 N.V. complies with the Dutch legislation,¹⁵ 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 N.V. is also able to predictively score customers' probability of default. This score is used by operations to better help customers facing financial hardship.

¹⁴ 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>

¹⁵ 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 N.V. initiates proactively. ING N.V. also offers budget and job coaching, internal debt counselling and support for external debt counseling. Moreover, in December 2022, ING N.V. 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 N.V. also includes loans (15%) guaranteed by The Dutch Nationale Hypotheek Garantie scheme.¹⁶ 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 N.V. 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 N.V. complies with the Decree on Conduct of Business Supervision of Financial Undertakings,¹⁷ 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 N.V.'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 N.V. Net Promotor Score investigations post-sales. Sales practices and mortgage product offers are set by the Dutch Law (TRHK - Tijdelijke Regeling Hypothecair Krediet),¹⁸ from which originators can only deviate in underwriting process and price.

¹⁶ The Nationale Hypotheek Garantie, <https://www.nhg.nl/english-summary/>

¹⁷ Decree on Conduct of Business Supervision of Financial Undertakings Wft, 2023, <https://wetten.overheid.nl/BWBR0020421/2023-07-01>

¹⁸ 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 N.V. complies with the GHF (Code of Conduct for Mortgage Loans) and ensures adequate application of legal regulations issued by the CHF (Contactorgaan Hypothecaire Financiers)¹⁹ and NIBUD (National Institute for Budgeting)²⁰ 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.

¹⁹ Code of Conduct for Mortgage Financing, <https://www.nvb.nl/publicaties/gedragscodes/gedragscode-hypothecaire-financieringen-code-of-conduct-for-mortgage-loans/>

²⁰ 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 category have been assessed against the relevant Climate Change Mitigation and Do Not Significant Harm Criteria Technical Screening Criteria²¹ of the EU Taxonomy Climate Delegated Act²² (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 buildings²³

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](#).

²¹ 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.

²² Commission Delegated Regulation (EU) 2020/852, URL https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en

²³ 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.

a) 7.7. Acquisition and ownership of buildings

PROJECT CHARACTERISTICS AND SELECTION PROCESSES ²⁴	ALIGNMENT WITH THE EU TAXONOMY'S TECHNICAL SCREENING CRITERIA
1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION	
<p>ING N.V., 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 1 January 2021, 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 of (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 apartment.²⁵ <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>ING N.V. as seller of the relevant green mortgage loans towards the Issuer, confirms that all eligible assets undergo a climate risk and vulnerability assessment and, in relation to the relevant do no significant harm criteria, the mortgaged assets are not materially subject to the identified risks included in such assessment.</p> <p>ING N.V. implements a systematic approach for climate risk management consisting of the following key steps: Identifying climate risks, understanding the severity, and determining how to manage the risks.</p> <p>Since October 2023, ING N.V. has launched an internal "Global Methodology for assessment of physical risk", which covers all sectors and details ING N.V.'s</p>	

²⁴ This column is based on input provided by the Issuer.

²⁵ Corresponding to buildings with energy performance at least 10% below the threshold set for nearly zero-building (NZEB) requirements in the Netherlands.

approach to assessing the exposure and likelihood of various types of the climate-related physical risks (categorized into chronic risks, such as sea level rise and pole rot, and acute risks, such as riverine flooding, coastal flooding, wildfires, tropical cyclones, earthquakes and tsunamis). Scenarios used are based on IPCC RCP 4.5 and 8.5. Due to the lifespan of the mortgage assets, climate projections scenarios of over 10 years are used. Based on this screening, the mortgage assets and given a 'Physical Risk Score' being either not sensitive (low risk) or sensitive (high risk). The Issuer confirms that Eligible Assets are only those scored as not sensitive.

Based on the information collected, ING N.V. performs climate stress tests on its full credit portfolio annually. One such stress test was performed in 2022 as required by the ECB (2022 ECB Climate Risk Stress Test) reflecting both flood and transition risk and showed a manageable impact on ING N.V. from a financial perspective in the short term. The exercise was repeated using a more severe stress scenario and applied to all the risks ING N.V. is exposed to from an Internal Capital Adequacy Assessment Process (ICAAP) perspective. ING N.V. reviews the outcome of stress tests performed by ING N.V. at the relevant transfer date. Any measures implemented by ING N.V. as consequence to the outcome of stress testing do not affect already transferred assets to Green Lion; they may only affect new loans that may be transferred in the future.

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

Key sustainability objectives and priorities defined by the ING Groep

TOPIC	ING GROEP APPROACH
<p>Strategic ESG topics</p>	<p>ING Groep focuses on climate action, collaboration with clients and advocacy on government guidance needed for the transition, to achieve its own sustainability goals. Through these priority areas, ING Groep contributes to advancing the financial health of its customers and their communities, empowers its employees to contribute to these goals and supports the development of climate standards for the financial industry.</p> <p>ING Groep seeks to make an impact through integrating climate change, nature, protecting human rights and financial health into its dialogue with clients, financing decisions, partnerships and coalition-building.</p>
<p>ESG goals/targets</p>	<p>To achieve its strategic ESG topics, ING Groep has committed to steer its portfolios towards net-zero by 2050 and become net-zero in its own operations.</p> <p>ING Groep's pursuit to contribute to the transition to a net-zero society begins with its own operations. Intermediary targets set to enable reaching this goal include a target for owned and rented buildings (to achieve net-zero by 2035).</p> <p>Additionally, contributing to the decrease of its environmental footprint, ING Groep aims to source only renewable energy (100% target) for buildings under management control worldwide each year and aims to make 90% of its leased vehicles globally electric by 2030.²⁶</p> <p>ING Groep's climate action plan foresees to mobilize EUR 125 billion in sustainable finance for Wholesale Banking by 2025.</p>

²⁶ ING Our own operations, <https://www.ing.com/Sustainability/Our-own-operations.htm>

Action plan

ING Groep’s action plan toward reaching its climate targets in its own operations is driven by its Environmental Programme. This includes improving the energy efficiency of the buildings it owns and rents, reducing emissions from heating systems (e.g., by installing heat pumps) and sourcing 100% renewable electricity for the buildings it manages, using power purchase agreements and renewable energy attribute certificates. Additionally, ING Groep is implementing measures to digitalize the way it interacts with clients and customers.²⁷

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.²⁸

ING Groep launched its Terra approach to steer the most carbon-intensive parts of the overall portfolio to net zero by 2050 or sooner. 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, residential mortgages and commercial real estate.²⁹

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

²⁷ ING Climate Report, 2023. <https://www.ing.com/web/file?uuid=a65e8288-2a13-4314-8f0b-cbc45cda7089&owner=b03bc017-e0db-4b5d-abbf-003b12934429&contentid=61094>.

²⁸ Ibid.

²⁹ Ibid.

	<p>environmental impact when making financing and investment decisions.³⁰</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.³¹</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>Climate Transition Strategy</p>	<p>ING Groep committed to achieve net-zero emissions by 2050. Intermediary targets set to enable reaching this goal include a target for owned and rented buildings (to achieve net-zero by 2035), a target for Scopes 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 125 billion in sustainable finance for Wholesale Banking by 2025.</p> <p>In 2015, ING Groep committed to the Science Based Targets initiative (SBTi),³² to guide target setting and report progress towards reaching net-zero by 2050.</p>
<p>Top three areas of breaches of international norms and ESG controversies in the industry³³</p>	<p>Failure to mitigate climate change impacts, layoffs, and financial market irregularities.</p>
<p>Breaches of international norms and ESG controversies by ING Groep N.V.</p>	<p>At the date of publication and leveraging ISS ESG Research, no controversy in which ING Groep would be involved has been identified.</p>

³⁰ Ibid.

³¹ ING Climate action, <https://www.ing.com/Sustainability/Sustainable-business/Climate-action.htm>

³² 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.

³³ Based on a review of controversies identified by ISS ESG over a 2-year period, the top three issues that have been reported against companies within the Commercial Banks & Capital Markets industry are displayed above. Please note that this is not a company specific assessment but areas that can be of particular relevance for companies within that industry.

<p>Sustainability Reporting</p>	<p>ING Groep reports on its ESG performance and initiatives in its annual report.³⁴ The report includes information on the EU Taxonomy Green Asset Ratio and on ING Groep’s performance on non-financial indicators, including gender pay gap, headcount breakdown by region, gender and age group, percentage of women in senior management, and employee turnover rate.</p> <p>Additionally, ING Groep publishes an annual climate report, aligning its climate reporting structure with the TCFD format.³⁵</p>
<p>Industry associations, Collective commitments</p>	<p>ING Groep is a signatory of/ endorses:</p> <ul style="list-style-type: none"> ▪ Children’s Rights and Business Principles ▪ The Core Conventions of the International Labour Organisation ▪ EU Transparency Register ▪ Recommendations from the Financial Stability Board’s Task Force on Climate-Related Financial Disclosures (TCFD) ▪ OECD Guidelines for Multinational Enterprises ▪ United Nations Environment Programme Finance Initiative Principles for Responsible Banking ▪ United Nations Global Compact ▪ United Nations Guiding Principles on Business and Human Rights ▪ United Nations-backed Principles for Responsible Investment ▪ The Universal Declaration of Human Rights <p>Additionally, ING Groep is member of the following initiatives/ associations:</p> <ul style="list-style-type: none"> ▪ The Academy of Business in Society ▪ Association for Financial Markets in Europe ▪ Climate Markets and Investment Association ▪ Equator Principles Association

³⁴ The annual reports can be accessed following this link: <https://www.ing.com/Investors/Financial-performance/Annual-reports.htm>

³⁵ ING Climate Report, 2023. <https://www.ing.com/web/file?uuid=a65e8288-2a13-4314-8f0b-cbc45cda7089&owner=b03bc017-e0db-4b5d-abbf-003b12934429&contentid=61094>.

	<ul style="list-style-type: none"> ▪ European Banking Federation ▪ European Financial Services Round Table ▪ EUROSIF ▪ Institute of International Finance ▪ International Capital Market Association ▪ International Integrated Reporting Council ▪ Loan Markets Association ▪ Roundtable on Sustainable Palm Oil ▪ Thun Group of Banks ▪ United Nations Environment Programme Finance Initiative ▪ United Nations-convened Net-Zero Banking Alliance
<p>Previous sustainable/sustainability-linked issuances or transactions and publication of sustainable financing framework</p>	<p>-</p>

Rationale for issuance

Corresponding to ING Groep’s sustainable business model, ING Groep established a sustainable debt strategy, through the publication of its first Green Bond Framework in 2015, which was updated in 2022 and aimed to (re)finance green assets, namely green buildings and renewable energy projects.

One of ING Groep’s core business segments is financing green buildings through mortgage loans, which represents an integral part of its future corporate strategy. This strategy aligns with ING Group’s climate approach for decreasing the carbon footprint of its portfolio and mobilizing finance that contributes to the transition of its clients.

The issuance of Secured Green Collateralized Notes will enable the refinancing of existing loans to increase funding for the origination of new loans, in line with ING Groep’s funding strategy and contributing to climate change mitigation.

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

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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 April to June 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

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