

ING's dialogue with Friends of the Earth

In January this year, the Dutch environmental organisation Milieudefensie, known in English as 'Friends of the Earth', sent a letter to 29 companies – including ING – asking them to publish detailed climate plans.

At ING we share Friends of the Earth's concerns about climate change. ING has been pioneering on climate action for some years and we continue to have the ambition to be a banking leader in this area.

We were one of the first banks globally to commit to the Paris Agreement climate goals in 2018 and one of the first banks in the Netherlands to commit to a 1.5-degree goal in 2021. We were at the forefront by co-developing a climate methodology for banks and were one of the first banks to comprehensively report on our climate impact.

We value the insights of civil society organisations like Friends of the Earth and appreciate the opportunity to discuss our approach and their concerns. We responded to Friends of the Earth in writing on 15 April 2022 – see pages 2 - 5 of this document - addressing their concerns and referring to our [climate report](#), which clearly sets our detailed climate action plan.

More information can be found on the [climate action page](#) on ING.com.

Mr. Pols and Ms. Boelens
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Date
15 April 2022

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Dear Mr. Pols and Ms. Boelens,

Thank you for your letter dated 13 January 2022, in which Milieudedefensie has asked ING to explain how we are contributing to helping society tackle climate change.

There is no doubt in our mind that climate change is indeed one of the biggest challenges of our time. If we don't take action to contain global warming within the internationally agreed target of 1.5 degrees Celsius, it will result in catastrophic and lasting impacts on our planet, its biosphere and ultimately its people. As a bank, ING has a crucial role within society and we seek to contribute to limiting climate change in accordance with the Paris Agreement. So what are we already doing and how are we going to do this in future?

We're committed to 1.5 degrees Celsius and are transparent on our contributions so far

ING was one of the first banks globally to [commit to the Paris Agreement climate goals](#) in 2018 and one of the first banks in the Netherlands to commit in 2021 to a [1.5 degrees Celsius target](#). We were at the forefront of co-developing a [climate methodology](#) for banks and were one of the first banks to comprehensively report on our climate impact.

In August 2021, ING joined the [Net-Zero Banking Alliance \(NZBA\)](#) to support the transition towards a net zero economy by 2050. Joining the NZBA means we aim to steer our loan book in line with keeping the rise in global temperatures to a maximum of 1.5 degrees Celsius this century. We explain more on how we're doing this below.

We manage our own emissions (scope 1, 2, 3 emissions from ING buildings and business travel)

We're working towards achieving net zero in our operations well before 2050. Our target for 2030 is to reduce our Scope 1 & 2 emissions from our own buildings and data centres by 90% from our 2014 baseline. We aim to reduce our scope 3 emissions from our business travel by plane and car by 25% by year-end 2022 (from base year 2014) and are developing 2030 targets for our scope 3 emissions, to be disclosed shortly.

We [monitor and manage scope 1, 2 and 3 emissions](#) closely and are transparent about the climate impact of our operations, reporting annually on our progress. To achieve emission reductions, we focus on using renewable electricity (since 2020 all our buildings and data centres globally use 100% renewable electricity or purchase renewable energy certificates), shifting to less intensive heating systems, and improving the certification status and energy labels of our buildings. For example, ING's new global headquarters in Amsterdam has been awarded the highest sustainability rating by [BREEAM Netherlands](#). It's partially built with concrete from the previous building on the site and has around

3,000 square metres of solar panels providing its energy. We're working on similar measures for our other buildings and branches in the Netherlands and internationally.

In addition to efforts to reduce emissions, since 2007, we've compensated for our remaining emissions using carbon offsets from projects that meet the internationally recognised Climate, Community and Biodiversity standard and Verified Carbon Standard. Most recently we purchased REDD+ credits through our partners at Natural Capital Partners, with a focus on conserving key tropical forests.

In the coming years we plan to increase the scope of what we measure, looking in particular at the impact of employee commutes, working from home and other areas relevant to our business model.

We steer our loan book towards the 1.5 degrees climate goal (scope 3 emissions we finance)

As a bank, [the biggest impact we have](#) is through our financing, via the money we lend to companies and customers. We provide advice and financing to facilitate their transition to a net zero world and we finance new energy technologies such as hydrogen, carbon capture and energy storage. At the same time, we restrict, or have stopped financing certain activities. This includes dedicated finance for new oil and gas fields developments ([restricted for fields approved after 31 December 2021](#)) and the financing of coal-fired power generation and the mining of thermal coal ([stopped in 2017](#), which should result in close-to-zero exposures in our residual portfolio of thermal coal based assets by end of 2025).

We are measuring whether our lending in each sector is contributing towards achieving the international climate goals. Per sector, we select what we consider to be the most appropriate, science-based methodology available, acknowledging that there are many roads to net zero. In the end it's the impact that counts. Depending on geography, country and sector, these climate alignment pathways should jointly contribute to a minus 45% CO2 emissions decrease at global level by 2030, achieving alignment of our lending book with net zero emissions by 2050.

We've therefore set sector-specific goals for reducing our financed emissions. One example is for upstream (exploration of) oil and gas. We've used the International Energy Agency's (IEA) roadmap to net zero emissions by 2050 (NZE2050) to define a transition pathway and targets for our upstream oil and gas portfolio. These are aligned with the lower levels of oil and gas production required for the coming years to achieve the 1.5 degrees goal. Based on this, we've set a target to decrease financing to upstream oil and gas by 12% by 2025 and 19% by 2030 (from 2019 levels). This puts us on track for minus 53% financial exposure by 2040, in line with the NZE2050 roadmap. For the rest of the oil and gas value chain (transportation of oil and gas, conversion into fuels and the sale thereof, or so-called midstream and downstream), we're looking to adopt a sector-wide emissions-based methodology to reach net zero by 2050 targets, with interim targets starting from 2030 or sooner. This approach is currently being investigated by the Net-Zero Banking Alliance (NZBA).

Climate data and methodologies are constantly changing. We are committed to working with our partner [2° Investing Initiative](#), our fellow signatories to [UNEP FI's Principles for Responsible Banking](#) and the [Net-Zero Banking Alliance](#) to further refine and develop methodologies. Depending on the availability of data and methodologies, we plan to define similar transition pathways and targets for all of the most greenhouse gas (GHG)-intensive sectors within our lending portfolio. We're focussing first on those sectors that are collectively responsible for approximately 75% of the world's total GHG emissions. These are fossil fuels, power generation, automotive, shipping, aviation, steel, cement, residential mortgages and commercial real estate. Rather than set 'well below 2 degree Celsius' targets as we did previously, we're now committing to 1.5 degree Celsius targets for each of these sectors, with intermediary targets to be set every five years from 2030 onwards, as well as a 2050 target for these sectors, to be set by the end of 2022. Other sectors and business activities like our own

investments (ING's equity and bond holdings, though this portfolio is quite marginal compared to lending) will also be included in our approach in the coming years. By the end of 2024, our entire lending book and investment book should be in scope of our 1.5 degrees Celsius transition plan, including targets set for 2030 and beyond for all relevant sectors and products.

We're committed to our 1.5 degrees Celsius goal and to publishing concrete targets for 2030, developing and/or using tools like the IEA NZE2050 pathway to manage our climate impact, and reporting the results of our efforts in terms of both intensity as well as absolute emissions metrics in our annual [climate report](#).

We endeavour to finance the change required and plan to increase our exposure to those sectors that are helping to tackle climate change. We therefore aim to [grow new financing of renewable energy by 50%](#) by year-end 2025 compared to 2021. And we're developing products and services that support our customers in reducing their own climate impact, for example by providing lower interest rates for [green mortgages](#).

We collaborate with clients, governments and stakeholders to increase impact

No one sector, much less one bank, has the ability to solve the world's problems. We believe that an inclusive approach is the only way we can make any meaningful positive impact. Our clients' businesses and their strategies for transition are of the utmost importance, so our main focus – and challenge – is therefore to support their transition. We're prioritising clients with the highest emissions and are intensifying our dialogue with these clients. In our dialogue, we share our knowledge on sector and client-level climate alignment pathways, and are eager to understand our clients' own climate alignment strategies.

While we can and will take full responsibility for our own scope 1, 2 and 3 emissions, you will appreciate that we depend on governments, clients and others in society to successfully reduce scope 3 financed emissions; the emissions of the companies and retail customers we finance and invest in. Certainly, we will do our utmost to help identify climate transition pathways for all our lending and investments. In the coming years (up to end-2024), we seek to cover all relevant sectors and products in our lending and investment books, calculating and disclosing emissions of our activities, setting specific targets for 2030, and developing climate-pathway overviews for portfolios as well as high-emitting clients, which will allow us to engage with them on how to align their business activities with international climate goals. But we can't move the needle on our own.

[As the IEA found](#), existing government policies are not enough to support the 1.5 degree Celsius goal. [We therefore urge governments](#) to take decisive climate steps, to work towards making the housing market more sustainable, create an effective [price on carbon emissions](#) and to otherwise stimulate and enable enterprises and institutions to publicly disclose their carbon emissions and forward-looking climate transition strategy, so banks are better capable to take climate impact into account in financing and investment decisions.

Climate transition plan

In your letter, you asked us to share our '[climate plan](#)' with you. However, there is not one standard approach for this, especially not for the financial sector.

In the absence of a standard approach, we've reflected on our activities based on several frameworks, which will allow you to understand our commitments and targets in more detail.

1. In 2017, the Financial Stability Board created the Task Force on Climate-related Financial Disclosures (TCFD) to improve and increase reporting of climate-related financial information.

TCFD was one of the first to publish a framework based on a set of recommendations. ING incorporates the TCFD recommendations on climate-related financial disclosures and we report on our progress each year in our annual [climate report](#).

2. As the climate crisis worsens, extreme weather patterns and the associated impacts of this on society create a range of physical and transition risks that we need to understand so as to be able to address these. As a bank, ING is a highly regulated institution. The regulatory framework concerning climate risk is developing quickly. The TCFD framework is being translated by the European Central Bank into regulatory requirements and guidance for the financial sector. The ECB published expectations in their [Guide on climate-related and environmental risks for banks](#). Disclosure requirements are being introduced via the [Pillar III](#) disclosure standards.
3. ING has also signed up to several national climate commitments for the financial sector (in the Netherlands) or specifically for banks (Germany, Spain). The current Financial Sector Climate Commitment in the Netherlands forms an integral part of the Dutch Climate Agreement. The signatories to this commitment – including ING – are working on the next version of the collective progress report due in August 2022, which will also include climate action plans.
4. In 2021, the Net-Zero Banking Alliance was created, which provides guidance on what a good climate transition plan for banks should look like. Combining near-term action with accountability, this ambitious commitment sees signatory banks like ING setting an intermediate target for 2030 or sooner, using robust, science-based guidelines. NZBA is convened by the [UN Environment Programme Finance Initiative](#) and is accredited by the [Race to Zero](#).

Conclusion

We have been on the forefront of the financial sector's response to climate change and we intend to continue being so. There is still work to be done. We share your concern about climate change. We hope your letters to various Dutch companies and their respective responses will help the Dutch government to work towards an effective price on carbon emissions and to stimulate and enable enterprises and institutions to publicly disclose their carbon emissions and forward-looking climate transition strategy.

Yours sincerely,

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