



# Green Bond Investor Presentation

**ING Group Treasury**

August 2022



do your thing



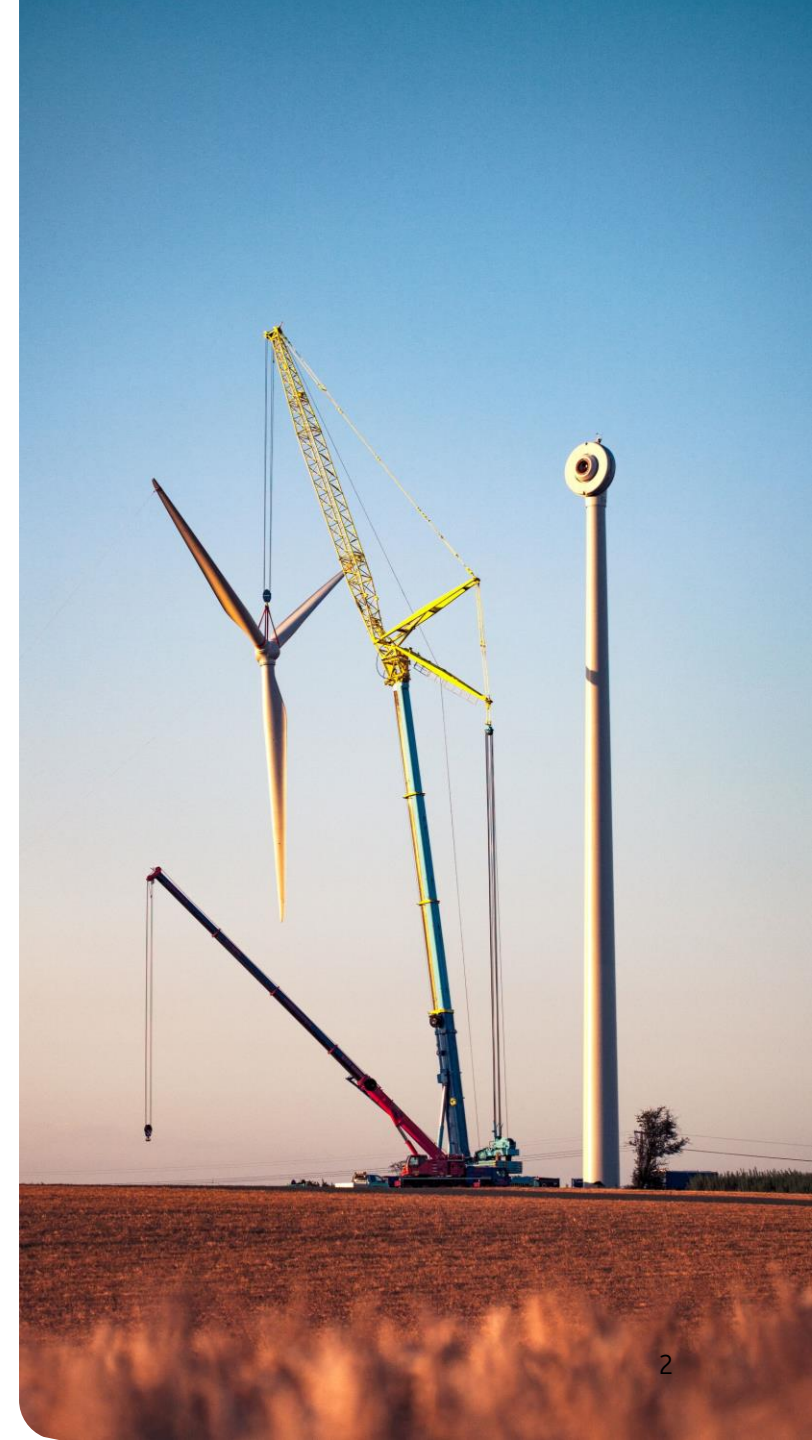
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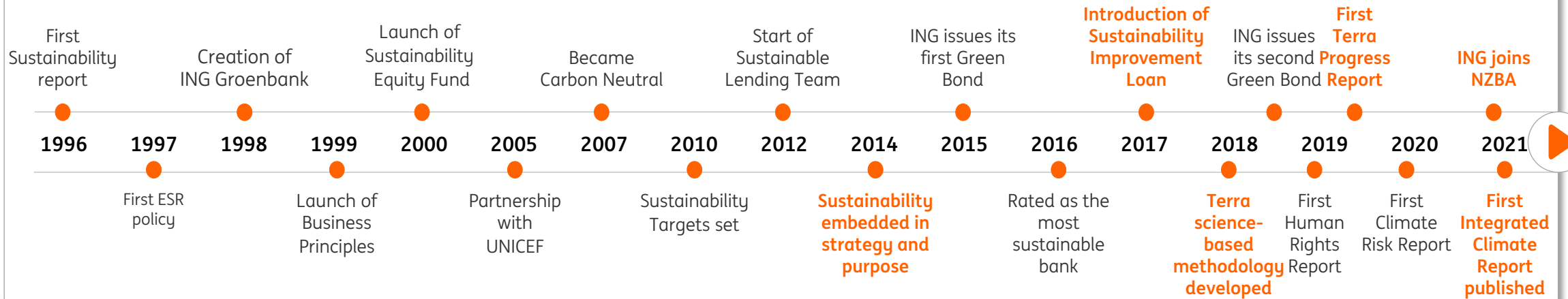
# ING Sustainability Strategy





# Sustainability has been on ING's agenda for decades

## Sustainability topics have been important for many years at ING



Climate change is a risk to be managed and an opportunity to create value



ING has joined the Net-Zero Banking Alliance in support of achieving a world with net-zero greenhouse gas emissions by 2050.



# Non-financial performance highlights 2021

## Gender diversity

All ING personnel	♀ 48%	♂ 52%	2021
	♀ 48%	♂ 52%	2020
Management board*	♀ 25%	♂ 75%	2021
	♀ 33%	♂ 67%	2020
Supervisory board	♀ 33%	♂ 67%	2021
	♀ 33%	♂ 67%	2020



## Net Promoter Score <sup>1</sup>



Customers appreciate our differentiating experience, rating us **#1** in **5** of our 11 retail markets.

Mobile card payment volumes more than doubled compared to 2020, and 51% of active customers interact with us by mobile only



## Channel availability <sup>1</sup>

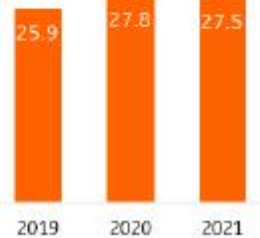
Retail Banking:  
\*Netherlands & Belgium  
**99.46%**

Wholesale Banking  
interactive payment channel  
**99.94%**

Wholesale Banking  
host-to-host connection channel  
**99.99%**

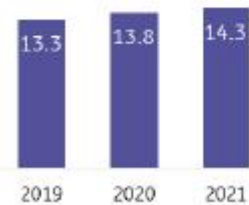
## Customers who felt financially empowered <sup>1</sup>

(x million)



## Primary relationships (Retail)

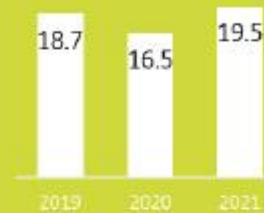
(x million)



Financing a greener future increased with **317** sustainability deals in total

## Climate Finance <sup>2</sup>

(in € billion)



## Social Impact Finance <sup>2</sup>

(in € billion)



## Sustainable investment services

(in € billion)



1. Subject to reasonable assurance by KPMG. See 'Assurance report of the independent auditor' in the Annual Report 2021.

2. For a description of ING's Climate Finance and Social Impact Finance, see [www.ing.com/Sustainability/Sustainable-business/How-we-measure.htm](https://www.ing.com/Sustainability/Sustainable-business/How-we-measure.htm)

3. \*Management board refers to ING Groep N.V. board (EB).

# Putting sustainability at the heart of what we do

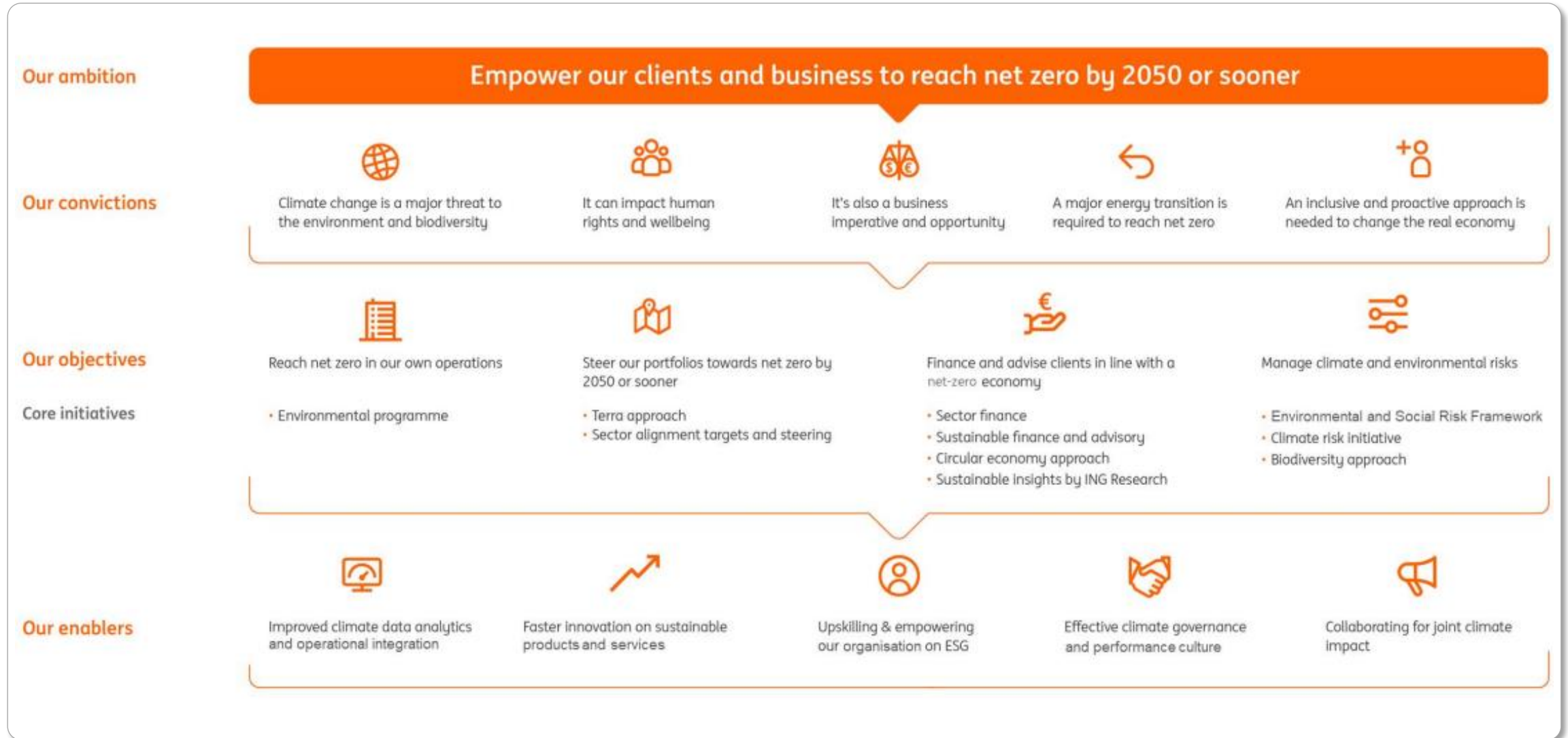
We put our financing to work as we strive to build a sustainable future for our company, our customers, society and the environment.



Aligning economic growth  
with positive environmental  
and social impact



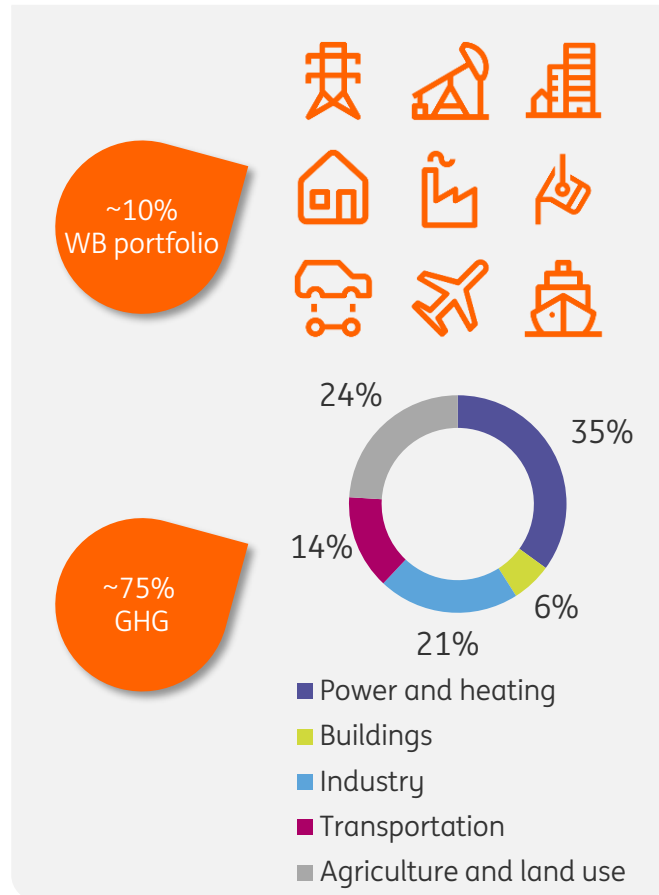
# Our integrated climate approach



# Terra's key principles

- Steer our loan book towards net-zero by 2050 or sooner and contribute to keeping global warming within 1.5 degrees compared to preindustrial levels.

## Impact-Based



## Science-Based

- Toolbox approach**
  - Apply the best-fit methodology per sector
  - Specific targets per sector
- Application of **science-based scenarios**
- Use of Physical Asset-level-data



## Engagement-Driven

- Engagement** with current clients to help them **transition** to greener way of doing business
- Selecting prospect clients also based on their stance on sustainability



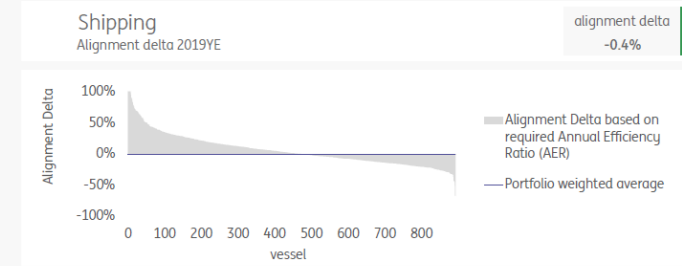
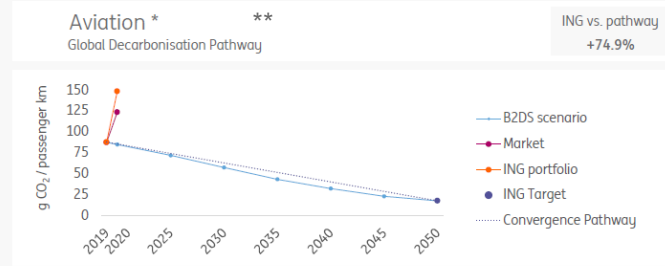
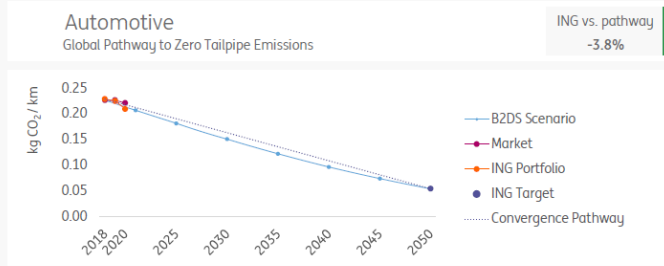
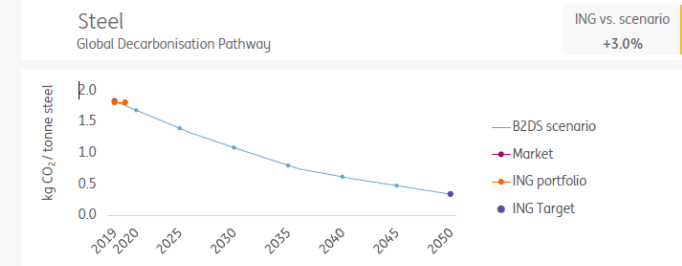
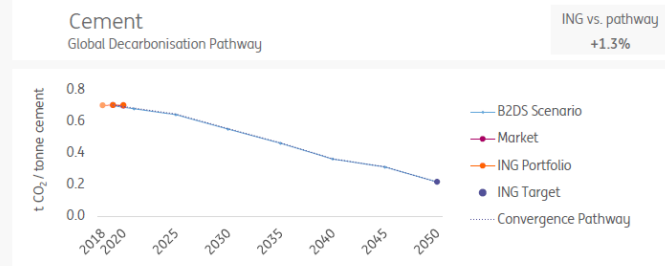
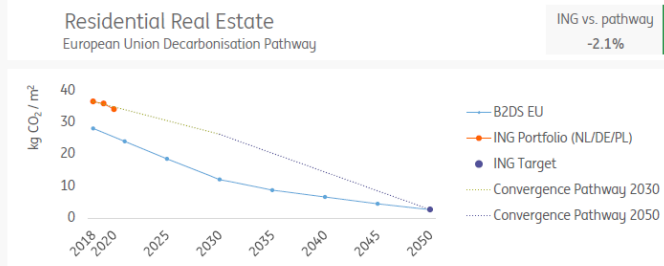
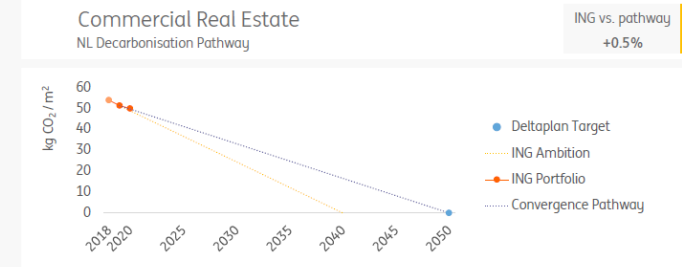
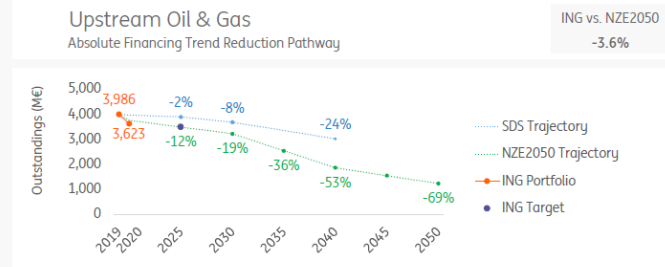
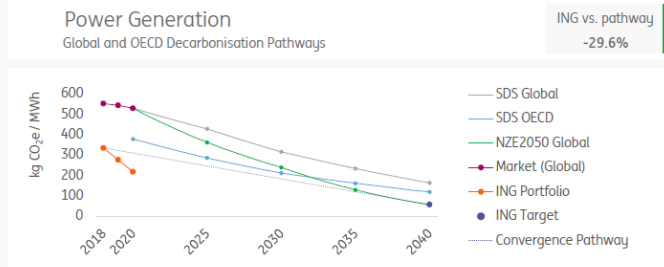


# Terra: Climate Alignment Dashboard

## Climate Alignment Dashboard

Portfolio view - Outstandings as of year-end

- On track: Under or equal to benchmark
- Above benchmark by up to 5%
- Not on track: Above benchmark by more than 5%



\* Progress measured for 2020 as published in our [2021 ING Climate Report](#). Terra focuses on the most climate-relevant sectors, measured by global carbon footprint (sectors globally responsible for approximately a combined 75% of total emissions). Within each sector, we look at the part of the value chain that generates most of the climate impact.

\*\* Despite a significant reduction in absolute emissions, the aviation sector experienced a severe fluctuation in CO2 intensity due to COVID. Please refer to the sector deep-dive for further information.

# Advising and financing our clients

- ING continues to fund companies and sectors that are helping the transition to a low-carbon economy. This includes funding projects that advance renewable energy, the circular economy and help combat climate change. We support these clients through our climate finance portfolio.

## By 2030, ING REF wants to have its entire financed commercial real estate portfolio with an A energy label



**Step 1**  
ING REF  
advises

- To help professional real estate investors with both office buildings and other commercial real estate with an energy label D to G, Business Banking Real Estate Finance Netherlands (ING REF) offers a discounted interest rate on the loan for sustainability if these real estate owners make the jump to energy label A in one go



**Step 2**  
ING REF  
finances  
sustainability

- With the discounted interest rate, ING REF wants to convince commercial real estate customers to immediately become more sustainable towards an A energy label



**Step 3**  
ING REF  
connects

- ING REF wants to have provided its entire financed commercial real estate portfolio with an A energy label by 2030. ING does this with a five-step plan shown on the left



**Step 4**  
ING REF  
appreciates

- For details of the five-step plan, please see the links in the footnote



**Step 5**  
ING REF  
compensates



## Renewables

- The focus is on core technologies (solar, on/offshore wind and, selectively, geothermal), and a growing segment is battery storage, manufacturing, storage and ancillary services such as grid support
- ING's exposure in renewables has more than doubled and now makes up 60% of our power generation portfolio. We are aiming to grow new financing commitments of renewable energy by 50% by year-end 2025 compared to 2021



## Residential Real Estate

- In Netherlands, houses with an Energy label A+ or above receive a 0.15% discount and A receive a 0.1% discount. Find more information [here](#).
- In Germany, we offer interest rate discount of -10 bps on mortgages if the customer either new builds or purchases a new build from a developer.
- In Poland, we offer eco-mortgages for houses with a documented low energy consumption. Please visit [here](#) for more information.



# ING has a strong Sustainability track record

## Sustainability Ratings ING Groep N.V.



- Evaluation: Management of ESG material risk is 'Strong'
- Position: 17<sup>th</sup> percentile of 398 banks
- Updated: September 2021



- Rating: AA
- Affirmed: December 2021

## S&P Global

- ESG evaluation: Strong
- Score: 83/100
- Updated: January 2021

## Sustainability Index Products

ING is regularly included in ESG and sustainability-focused indices.

Examples include:





An aerial photograph of a dense, lush green forest. The trees are tightly packed, creating a rich texture of various shades of green. A large, dark shadow is cast across the forest from the upper left, suggesting a sun low in the sky. The overall scene is vibrant and natural.

# ING Group Green Bond Framework



# ING Green Bond issuance

## Green Bond issuance objectives

- Support meeting our sustainability objectives
- Fund growth in our green asset portfolio
- Continued leadership in the Green Bond market
- Development of the Global Green Bond market
- Meet future MREL/TLAC requirements

## External consultants & providers



- Second party opinion provider



- Green buildings consultant



- Renewable energy consultant



- Green buildings consultant

## Recent Green Bond transactions

Year of Issuance	2019	2020	2021	2021	2021	2022
Issuer	ING Bank Hipoteczny	ING Group N.V.	ING Group N.V.	ING Group N.V.	ING-DiBa AG	ING Group N.V.
Size / Currency	PLN 400 million	\$1 billion	£800 million	€500 million	€1.25 billion	€1.5 billion
Tenor	5yr	6NC5	8NC7	11NC6	7yr	4NC3
Funding Type	Covered Bond	HoldCo Senior	HoldCo Senior	Tier 2	Covered Bond	HoldCo Senior

# ING Green Bond Framework

- We've updated our Green Bond Framework to meet higher standards on transparency and disclosure. This strengthens our sustainable debt strategy and contributes to a diversified investor base. The framework is now aligned with the ICMA Green Bond Principles 2021 and where possible with the EU Taxonomy (EUT) Regulation and the EUT Delegated Act.

## 1 Use of proceeds

- Eligible Green Loan Portfolio includes:
  - Renewable energy
    - Wind and Solar - global
  - Green buildings
    - Residential – Netherlands and Germany
    - Commercial - Netherlands

## 2 Project Evaluation and Selection

- Projects financed and/or refinanced through Green Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria
- Governance of the green bond framework is stated
- ING's Environmental & Social Risk policies and transaction approval process ensures that loans comply with [environmental and social policies](#)



## 3 Management of Proceeds

- Portfolio based allocation approach
- Single pool of eligible green loans\*:
  - Renewable energy ~€5.0 bln
  - Green buildings (residential) ~€17.0 bln\*\*
  - Green buildings (commercial) ~€4.9 bln
  - **Total Eligible Green Loan Portfolio ~€26.9 bln**
- Green funding outstanding: ~€8.5 bln\*\*\*

## 4 Reporting

- Aggregated (between multiple Green Bonds)
- Allocation and impact are reported. Additional reported items can be found in the Green Bond Framework
- GHG Emissions avoided / reduced for Eligible Green Loan portfolio: 3,560,478 ton CO<sub>2</sub>



\*As per Allocation Report 31 December 2021

\*\* Includes €3.2bn eligible green loans within ING DiBa, as well as €13.8 bn of eligible green loans within ING Bank N.V., where the latter are not included in the Allocation Report 2021, but will be included going forward

\*\*\*As of 31 July 2022



# Use of Proceeds

## ICMA GBP categories

## Eligibility criteria

### Renewable Energy



Financing or refinancing of production of renewable energy:

- Solar energy
- On- and offshore wind energy

### Green Buildings



Financing or refinancing new or existing buildings:

- Buildings built before 31 December 2020 with EPC label  $\geq$  'A'
- Buildings built before 31 December 2020 belonging to the top 15% of the national building stock based on primary energy demand (PED)
- Buildings built after 31 December 2020 with energy performance at least 10% better than the threshold for Nearly Zero-Energy Buildings ('NZEB') in the local market<sup>2</sup>
- Buildings that have been refurbished, resulting in a reduction of primary energy demand (PED) of at least 30% and validated through an Energy Performance Certificate
- Buildings that have been refurbished meeting the criteria for major renovations under applicable building regulations, new, existing or refurbished commercial buildings which received at least one of the following certifications:
  - BREEAM 'Excellent' or above certification
  - LEED 'Gold' or above certification
  - DGNB certification 'Gold' and/or above
  - HQE 'Excellent' and/or above
  - Other equivalent internationally recognised Green Building certification

## Contribution to UN SDGs



## Contribution to EU Environmental objectives and economic activity<sup>1</sup>

Substantial contribution to Climate Change Mitigation (Article 10)

EU economic activities:

- (4.1.) Electricity generation using solar photovoltaic technology
- (4.3.) Electricity generation from wind power

Substantial Contribution to Climate Change Mitigation (Article 10)

EU economic activities:

- (7.2.) Renovation of existing buildings
- (7.7.) Acquisition and ownership of buildings

<sup>1</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending regulation (EU) 2019/2088. [See here.](#)

<sup>2</sup> ING may engage external consultants to define the top 15% and NZEB-10% in the context of the national building stock in the countries where any eligible green building assets are located. In countries where there is no definition of NZEB or there is no practical solution to implement NZEB, ING may choose to rely on the top 15% approach

# Project evaluation and management of proceeds

- Projects financed and/or refinanced through Green Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria

## ① Compliance with the Eligibility Criteria

- EU Taxonomy Regulation
- EU Taxonomy Climate Delegated Act
- Apply on a best efforts basis as long as there are feasible practical applications in the geographies where ING's assets are located (in terms of local regulation)

## ② Governance of Green Bond Framework

- ING has established a Green Bond Steering Committee to:
  - Review and update the framework
  - Evaluate criteria such as eligibility and Do No Significant Harm
  - Oversee other governance processes

## ③ Environmental and Social Risk Management Policy (ESR)

- ING ensures that all eligible loans comply with official national and international environmental and social standards and local laws and regulations on a best effort basis
- ING's Environmental & Social Risk policies and transaction approval process ensure that loans comply with [environmental and social policies](#)

## 💡 Management of proceeds

- The proceeds from Green Finance Instruments will be managed by ING in a portfolio approach.
- Allocate the proceeds from Green Finance Instruments to an Eligible Green Loan Portfolio, selected in accordance with the Eligibility Criteria and evaluation and selection process
- Unallocated net proceeds from Green Finance Instruments will be held in ING's treasury liquidity portfolio, in cash or other short term and liquid instruments, at ING's own discretion





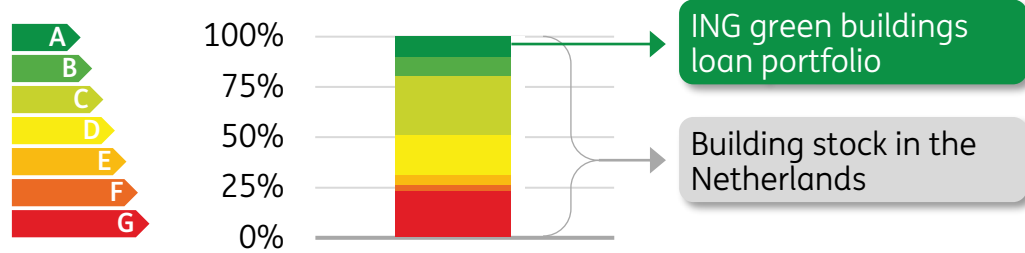
# Allocation and impact report: Green buildings

- The assets in the ING green building portfolio have energy label A, and belong to the top 15% of the most energy efficient of Dutch real estate market.

## Use of Proceeds: green commercial buildings



Comparison of energy label in ING Green Buildings Loan Portfolio and average building stock in the Netherlands



## Group composition ING green commercial buildings loan portfolio in the Netherlands

	#	m <sup>2</sup>	Refurbished	New
Industry	207	602,180	155	52
Office	752	580,80	539	213
Retail	4,370	1,722,064	3,226	1,144
Residential building	9,056	799,513	4,029	5,027
Other	1,672	1,438,084	1,271	401
<b>Total</b>	<b>15,850</b>	<b>4,539,741</b>	<b>9,065</b>	<b>6,785</b>

## Impact report: green commercial buildings



Total portfolio size	€4.851 bln
Avoided / reduced emissions per year	44,191 ton CO <sub>2</sub> eq
Avoided / reduced emissions per mil € invested by ING	9.11 ton CO <sub>2</sub> eq/ mil €

	Number	%	Portfolio CO <sub>2</sub> -emission (ton CO <sub>2</sub> )	CO <sub>2</sub> -emission Original building code (ton CO <sub>2</sub> )	CO <sub>2</sub> -emission Reduction (ton CO <sub>2</sub> )
Refurbished buildings	9,066	57%	182,084	216,1608	34,024
New buildings	6,784	43%	85,800	95,967	10,167
<b>Total</b>	<b>15,850</b>	<b>100%</b>	<b>267,885</b>	<b>312,075</b>	<b>44,191</b>

Definition: The assets in the ING green building portfolio have energy label A, and belong to the top 15% of the most energy efficient of Dutch real estate market. The portfolio is dynamic and may be expanded in the future with similar buildings in other countries

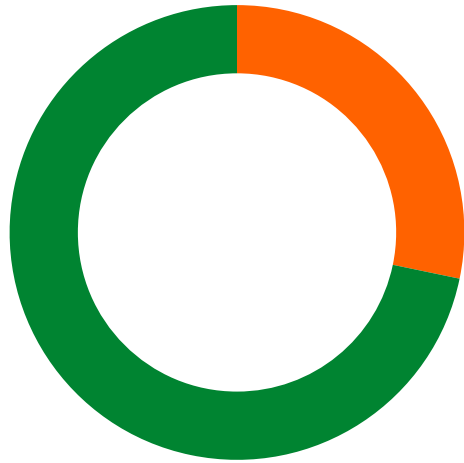
# Allocation and impact report: renewable energy (Global)

## Use of Proceeds: renewable energy\*



Number of Projects by Technology

Number of Projects by Country



Total avoided Emissions (ton CO<sub>2</sub>eq) (# of projects)

Wind	2,492,178 (108)
Solar	981,938 (50)

Australia	(10)	Belgium	(1)
Finland	(1)	France	(20)
Germany	(26)	Ireland	(6)
Italy	(22)	Luxembourg	(2)
Mexico	(1)	Netherlands	(5)
Norway	(1)	Philippines	(1)
Poland	(6)	Portugal	(8)
Singapore	(2)	Spain	(16)
Taiwan	(1)	United Kingdom	(16)
United States	(13)		

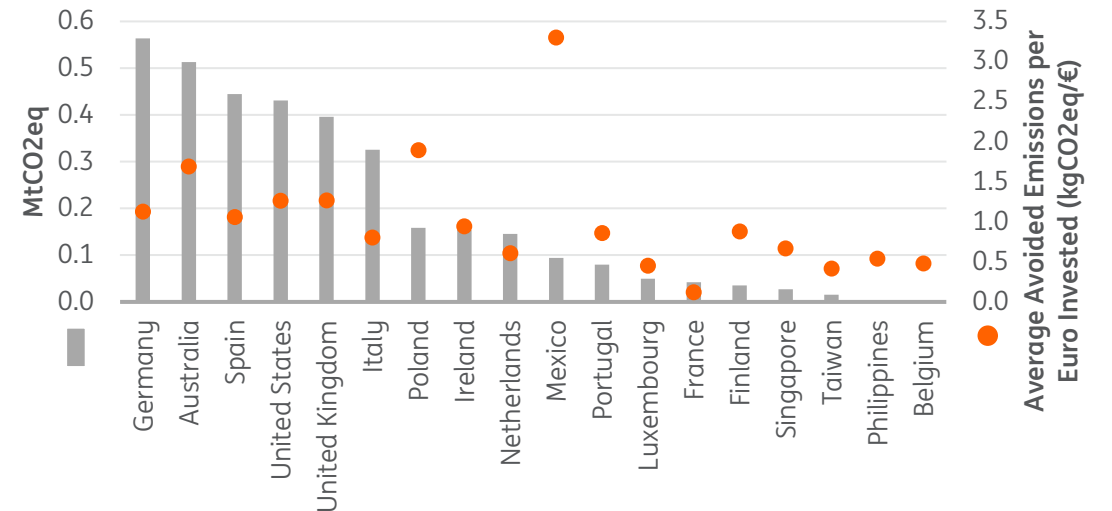
\* Navigant (Guidehouse)  
 \*\* Assumption is 1.36tonCO<sub>2</sub>/per passenger journey

## Impact report: renewable energy (Global)\*



Total portfolio (share ING)	€4.968 bln
Avoided emissions solar + wind	3,474,656 ton CO <sub>2</sub> eq
Avoided emissions per € invested by ING	1.0 kg CO <sub>2</sub> eq/ euro

### Avoided emissions (lhs) and avoided emissions per euro invested (rhs) by project country



3,474,656 (ton CO<sub>2</sub>eq) ≈ Individual Passenger journey from London to New York: 2.6 million\*\*



# Second party opinion



## EU Taxonomy Alignment Assessment

- As part of the Second Party Opinion, ING commissioned ISS ESG (the Second Party Opinion provider) to assess the alignment of the Green Eligible Assets (that ING Green Bonds finance) with the EU Taxonomy. ISS ESG concluded that based on robust processes for selection. ISS ESG concluded the nominated project categories are:
  - Aligned with the Climate Change Mitigation Criteria
  - Aligned with the Do No Significant Harm Criteria\*
  - Aligned with the Minimum Social Safeguards requirements

## Principles Alignment



## Alignment with Green Bond Principles

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

## Opinion

Positive

## Asset Categories



## Alignment with ISS ESG Green KPIs

- Wind Power
- Solar Power
- Green Buildings

## Opinion

Positive

## Issuer's sustainability Performance

- ING is rated **11th out of 301 companies** within the Commercial Banks & Capital Markets industry as of April 3<sup>rd</sup> 2022. This equates to a high relative performance, with a decile rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10.



\* Except for 7.2. Renovation of existing buildings – Water and Marine Resources; and for renewable power projects outside the EU, EEA and UK, ING meets some of the Do No Significant Harm Criteria

# ING Green Eligible Assets - EU Taxonomy Alignment Summary

ING Green Bonds % Alignment with EU Taxonomy Based on Assessment by **ISS ESG** 

<b>ING Group Eligible portfolio % aligned</b>	<b>92.6% aligned</b> (€23.8bn / 25.7bn total Green Eligible Assets) <sup>3)</sup>			
<b>ING Diba Eligible portfolio % aligned</b>	<b>100% aligned</b> (€3.2bn / 3.2bn total Green Eligible Assets) <sup>3)</sup>			
<b>Eligible Green Asset Category</b>	<b>Green Residential Buildings</b>	<b>Green Commercial Buildings</b>	<b>Renewable Energy (Solar &amp; Wind)</b>	
<b>Economic Activity (Climate Change Mitigation)</b>	7.7	7.7	4.1 & 4.3	
<b>Geography</b>	Germany + Netherlands	Netherlands	EEA + UK 65.2% of Renewables	Rest of World 34.8% of Renewables
<b>Technical Screening Criteria</b>	Partial Alignment <sup>1)</sup> 99.6% built <2021 (Aligned) 0.4% built ≥2021 (Partially Aligned) of which: ▪ 7.6% < 5,000sqm (Aligned) ▪ 92.4% ≥ 5,000sqm (Not Aligned)	Partial Alignment <sup>1)</sup> 93.5% built <2021 (Aligned) 6.5% built ≥2021 (Partially Aligned) of which: ▪ 61.7% < 5,000sqm (Aligned) ▪ 38.2% ≥ 5,000sqm (Not Aligned)	Aligned	Aligned
<b>Do No Significant Harm</b>	Aligned	Aligned	Aligned	Partially Aligned <sup>2)</sup>
<b>Minimum Social Safeguards</b>	Aligned	Aligned	Aligned	Aligned

<sup>1</sup> For buildings larger than 5000sqm and built ≥2021, ING currently lacks evidence to confirm compliance with the technical screening criteria. ING will, on a best efforts basis, indicate in its reporting what percentage of these buildings are able to meet the additional criteria of the EU Taxonomy Climate Delegated Act.

<sup>2</sup> For assets outside of the European Economic Area (EEA) + UK region, ING is not able to provide specific documentation to substantiate full alignment with all the respective applicable DNSH criteria, which often relate to specific EU Directives. This is largely due to the misalignment with national regulations and the Equator Principles requirements with specific EU Directives & EU Taxonomy requirements. ING requires all project finance to be in compliance with the Equator Principles, where an Environmental and Social Impact Assessment (ESIA) is an integral part. In addition, ESG factors are built into ING's Environmental Social Risk assessment process. ISS ESG therefore concludes a 'partial alignment' assessment on DNSH for Renewables outside EEA and the UK.

<sup>3</sup> Outstanding amounts as of 31 December 2021.

# Disclaimer

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**do your thing**