



## SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Framework

ING Groep NV  
22 November 2022

### VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none"><li>Green Financial instruments (such as senior bonds, subordinated bonds, covered bonds, commercial papers, medium-term notes and deposits)</li></ul>
Relevant standards	<ul style="list-style-type: none"><li>Green Bond Principles, as administered by the ICMA (as of June 2021 with June 2022 Appendix 1)</li><li>EU Taxonomy Climate Delegated Act (June 2021)</li></ul>
Scope of verification	<ul style="list-style-type: none"><li>ING Green Bond Framework (as of October 31, 2022)</li><li>ING Eligibility Criteria (as of October 31, 2022)</li></ul>
Lifecycle	<ul style="list-style-type: none"><li>Pre-issuance verification</li></ul>
Validity	<ul style="list-style-type: none"><li>As long as there is no material change to the Framework</li></ul>

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## SCOPE OF WORK

ING Groep NV (“the issuer”, or “ING”) commissioned ISS Corporate Solutions (ICS) to assist with its Green Financial Instruments by assessing three core elements to determine the sustainability quality of the instruments:

1. ING’s Green Bond Framework (as of October 31, 2022)– benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBP).
2. The Eligibility Criteria – whether the nominated project categories contribute positively to the UN SDGs and are aligned with the EU Taxonomy Technical Screening Criteria (including the Climate Change Mitigation Criteria and Do No Significant Harm Criteria), Minimum Social Safeguards requirements as included in the EU Taxonomy Climate Delegated Act (June 2021) and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 1).
3. Green Financial Instruments link to ING’s sustainability strategy – drawing on ING’s overall sustainability profile and issuance-specific Use of Proceeds categories.

## ING BUSINESS OVERVIEW

ING is a global bank with a strong presence in Europe. With more than 57,000 employees serve around 38.4 million customers, corporate clients, and financial institutions in over 40 countries. ING products include savings, payments, investments, loans, and mortgages in most of its retail markets. In regards to the Wholesale Banking clients, ING provides specialized lending, tailored corporate finance, debt and equity market solutions, sustainable finance solutions, payments & cash management, and trade and treasury services.

## ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION <sup>1</sup>
<b>Part 1: Alignment with GBP</b>	The issuer has defined a formal concept for its Green Financial instruments regarding use of proceeds, processes for project evaluation and selection, management of proceeds, and reporting. This concept is in line with the GBP.	<b>Aligned</b>
<b>Part 2: Sustainability quality of the Eligibility Criteria</b>	<p>The Green Financial instruments will (re-)finance eligible asset categories, which include: Renewable Energy and Green Buildings.</p> <p>The use of proceeds categories have a significant contribution to SDG 7 'Affordable and clean energy' and SDG 13 'Climate action'.</p> <p>The environmental and social risks associated with those use of proceeds categories are well managed.</p>	<b>Positive</b>
<b>Part 3: Alignment with EU Taxonomy</b>	<p>ISS ESG assessed the alignment of ING's project characteristics, due diligence processes, and policies against the requirements of the EU Taxonomy (Climate Delegated Act of June 2021) on a best-efforts basis<sup>2</sup>. Based on robust processes for selection, the nominated project categories are considered to be:</p> <ul style="list-style-type: none"> <li>• Aligned with the Climate Change Mitigation Criteria</li> <li>• Aligned with the Do No Significant Harm Criteria, except for 7.2. Renovation of existing buildings - WATER AND MARINE RESOURCES<sup>3</sup></li> <li>• Aligned with the Minimum Social Safeguards requirements</li> </ul>	
<b>Part 4: Green Financial instruments link to issuer's sustainability strategy</b>	<p>The key sustainability objectives and the rationale for issuing Green Financial instruments are clearly described by the issuer.</p> <p>The majority of the project categories financed are in line with the sustainability objectives of the issuer.</p>	<b>Consistent</b>

<sup>1</sup> The evaluation is based on the ING Green Bond Framework (October 2022 version), on the analysed Eligibility Criteria as received on the 31.10.2022, and on the ISS ESG Corporate Rating updated on the 03.11.2022 and applicable at the SPO delivery date.

<sup>2</sup> 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 ISS ESG evaluates the alignment with the EU Taxonomy on a "best efforts basis".

<sup>3</sup> Given that ING is financing renewable power projects (Solar power and Wind power) globally, only the renewable power projects located in the EU, EEA and UK align with the EU Taxonomy - DO NO SIGNIFICANT HARM CRITERIA, for the rest of the global asset, ING meet some criteria.

## SPO ASSESSMENT

### PART I: ALIGNMENT WITH GBP

This section evaluates the alignment of ING's Green Bond Framework (as of October 31, 2022) with the GBP.

GBP	ALIGNMENT	OPINION
1. Use of Proceeds	✓	<p>The Use of Proceeds description provided by ING's Green Bond Framework is <b>aligned</b> with the GBP.</p> <p>The issuer's green categories align with the project categories as proposed by the GBP. Criteria are defined in a clear and transparent manner. Disclosure of distribution of proceeds by project category is provided, and Environmental benefits are described. The issuer defines exclusion criteria for harmful project categories.</p>
2. Process for Project Evaluation and Selection	✓	<p>The Process for Project Evaluation and Selection description provided by ING's Green Bond Framework is <b>aligned</b> with the GBP.</p> <p>The project selection process is defined. 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.</p> <p>The issuer identifies alignment of their Green Bond framework and their green projects with EU taxonomy, clearly defines responsibilities in the process for project evaluation and selection and is transparent about it, and involves various stakeholders in the project evaluation and selection process, in line with best market practice</p>
3. Management of Proceeds	✓	<p>The Management of Proceeds proposed by ING's Green Bond Framework is <b>aligned</b> 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 managed on an aggregated basis for multiple green financial instruments (portfolio approach) and will be allocated immediately at issuance. Moreover, the issuer discloses the temporary investment instruments for unallocated proceeds.</p>

<b>4. Reporting</b>	✓	<p>The allocation and impact reporting proposed by ING’s Green Bond Framework is <b>aligned</b> with the GBP.</p> <p>The issuer commits to disclose the allocation of proceeds transparently and to report in an appropriate frequency. The reporting will be publicly available on the issuer’s website. ING explains the level of expected reporting and the type of information that will be reported. Moreover, the issuer commits to report annually, until the proceeds have been fully allocated.</p>
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## PART II: SUSTAINABILITY QUALITY OF THE ISSUANCE

### A. CONTRIBUTION OF THE GREEN FINANCIAL INSTRUMENTS TO THE UN SDGs<sup>4</sup>






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

The assessment of UoP categories for (re)financing products and services is based on a variety of internal and external sources, such as the ISS ESG SDG Solutions Assessment (SDGA), a proprietary methodology designed to assess the impact of an issuer's products or services on the UN 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 5-point scale (see Annex 1 for methodology):





<b>Significant Obstruction</b>	<b>Limited Obstruction</b>	<b>No Net Impact</b>	<b>Limited Contribution</b>	<b>Significant Contribution</b>
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Each of the Green Financial Instruments' Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<b>Renewable Energy</b>  <i>Solar energy</i>	<b>Significant contribution</b>	 
<b>Renewable Energy</b>  <i>On/offshore wind energy</i>	<b>Significant contribution</b>	 
<b>Green Buildings (For Newly Built and Acquisition)</b> <ul style="list-style-type: none"> <li>• <i>Buildings built before 31st December 2020 with EPC label ≥ "A"</i></li> <li>• <i>Buildings built before 31st December 2020</i></li> </ul>	<b>Significant contribution<sup>5</sup></b>	

<sup>4</sup> 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 framework.

<sup>5</sup> This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer's product and service portfolio on the SDGs. For the projects to be financed under the Use of Proceeds category that are based on the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation (SDG 13) is attested. Alignment of the eligibility criteria with the EU Taxonomy is not evaluated in this SPO

<p><i>belonging to the top 15% of the national building stock based on primary energy demand (PED)</i></p> <ul style="list-style-type: none"> <li><i>Buildings built after 31st December 2020 with energy performance at least 10% better than the threshold for Nearly Zero-Energy Buildings (“NZEB”) in the local market</i></li> </ul>	<p><b>Limited contribution</b></p>	
<p><b>Green Buildings For refurbishment</b></p> <p><i>resulting in a reduction of primary energy demand (PED) of at least 30% and validated through an Energy Performance Certificate</i></p>	<p><b>Significant contribution<sup>6</sup></b></p> <p><b>Limited contribution</b></p>	 
<p><b>Commercial Green Buildings</b></p> <p><i>Buildings that have achieved or are in process of achieving an environmental certification such as:</i></p> <ul style="list-style-type: none"> <li><i>BREEAM certification “Very good” and/or above</i></li> <li><i>LEED certification “Gold” and/or above</i></li> <li><i>DGNB certification “Gold” and/or above</i></li> <li><i>HEQ certification “Excellent” and/or above</i></li> <li><i>Similar certifications as the above</i></li> </ul>	<p><b>Significant contribution</b></p>	

<sup>6</sup> This assessment differs from the ISS ESG SDG Solutions Assessment (SDGA) proprietary methodology designed to assess the impact of an Issuer’s product and service portfolio on the SDGs. For the projects to be financed under the Use of Proceeds category that are based on the Technical Screening Criteria defined by the EU Taxonomy Technical Annex, a significant contribution to climate change mitigation (SDG 13) is attested. Alignment of the eligibility criteria with the EU Taxonomy is not evaluated in this SPO



## B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ELIGIBILITY CRITERIA

### Commercial Green Buildings with sustainability

The table below evaluates the Assessment\_type against issuance-specific KPIs. All of the assets are/or will be located globally.

#### ASSESSMENT AGAINST KPIs

##### Sustainability label / Certificate

- ✓ Commercial buildings received green building certification - BREEAM “Excellent” or above certification)

##### Site selection

- ✓ All new and existing buildings that will be financed (lending for a mortgage) under this framework are in Germany and the Netherlands, and are required to comply with relevant regulations and laws for responsible site selection (e.g., Bundesnaturschutzgesetz, BNatSchG for Germany since 2013, and EU Directive 2011/92/EU - Environmental Impact Assessment).
- ✓ All new and existing buildings that will be financed (lending for a mortgage) under this framework are in Germany and the Netherlands. Both countries are very well served by public transportation. The issuer will consider the building location during the lending approval process. It is expected the vast majority of the financed buildings will be within 1km of public transportation

##### Construction standards

- As a commercial bank, ING Group is not involved in the construction of buildings and neither influences the selection of construction materials by the suppliers, so there is no or limited information available on practicing sustainable procurement regarding building materials.
- ✓ All new and existing buildings will be financed (lending for a mortgage) under this framework located in Germany and the Netherlands, where high labor and health and safety standards are in place for construction and maintenance work (e.g., ILO core conventions).

##### Water use minimization in buildings

- ✓ The issuer relies on the regulation, standard, inspection, and certification process for water reduction measures. The standard and regulations include Dutch Building Decree 2012, the NEN 1006, Wasserhaushaltsgesetz Surface Waters Ordinance (OGewV), Groundwater Ordinance (GrwV), hazardous to water (AwSV), and Urban Wastewater Directive, Flood Risk Management Directive Groundwater Directive, Priority Substances

Directive Marine Strategy Framework Directive. The inspection and certification process includes all commercial buildings to be financed (lending for a mortgage) shall receive BREEAM “Excellent” or above certification, EU Ecolabel, and project parties involved in infrastructure investments.

#### **Safety of building users**

- ✓ All new and existing buildings that will be financed (lending for a mortgage) under this framework are in Germany and the Netherlands, where high operational safety (e.g., emergency exits, fire sprinklers, fire alarm systems) are in place.

#### **Energy Efficiency**

- ✓ Commercial buildings received green building certification - e.g., BREEAM “Excellent”, LEED certification “Gold”, DGNB certification “Gold”, HEQ certification “Excellent” or Other equivalents internationally recognized Green Building certification.

## C. ALIGNMENT OF THE PROJECT SELECTION CRITERIA WITH THE EU TAXONOMY

ISS ESG assessed the alignment of ING's project selection process and company policies for the nominated Use of Proceeds project categories, with the relevant Climate Change Mitigation, Do Not Significant Harm Criteria (DNSH), and Minimum Social Safeguards requirements of the EU Taxonomy Climate Delegated Act<sup>7</sup> (June 2021), based on information provided by ING. Where ING's projects and policies fully meet the EU Taxonomy Criteria requirements, a tick is shown in the table below, for the ISS ESG assessment against the EU Taxonomy Criteria requirements.

ING's project selection criteria overlap with the following economic activities in the EU Taxonomy for Substantial Contribution to Climate Change Mitigation.

- 4.1. Electricity generation using solar photovoltaic technology
- 4.3. Electricity generation from wind power
- 7.2. Renovation of existing buildings
- 7.7. Acquisition and ownership of buildings

Note: In order to avoid repetition, the evaluation of the alignment of ING's assets to the Do No Significant Harm Criteria to Climate Change Adaptation is provided in Section C.5, that are applicable to all of the above activities.

<sup>7</sup>[https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts\\_en](https://ec.europa.eu/info/law/sustainable-finance-taxonomy-regulation-eu-2020-852/amending-and-supplementary-acts/implementing-and-delegated-acts_en)

*C.1 4.1 - Electricity generation using solar photovoltaic technology*

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES <sup>8</sup>	ALIGNMENT
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
The activity generates electricity using solar PV technology.	ING confirms that all financed projects using solar photovoltaic technology are for generating electricity.	✓
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
GENERIC CRITERIA FOR (2)	See C.5	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are easy to dismantle and refurbish.	<p>ING confirms that it has integrated relevant waste and recyclability regulations, directives, considerations, and objectives into its business strategy as well as its business engagement to mitigate social and environmental risks.</p> <p>Applicable regulations and directives, and actions taken by ING are shown as follows:</p> <p>EU</p> <ul style="list-style-type: none"> <li>- In European Union, EU regulations for Waste Electrical and Electronic equipment (EU Waste Electrical &amp; Electronic Equipment Directive 2012/19/EU) will be applicable. The WEEE Directive mandates European countries to adopt PV waste management programs in which Producers are responsible for the take-back and recycling of the panels they sell.</li> <li>- Through this obligation, the industry has taken greater responsibility as a provider of sustainable products and its responsibilities towards public health and the environment.</li> <li>- The goal of these policies is twofold. First, encourage the industry to develop products</li> </ul>	✓ <sup>9</sup>

<sup>8</sup> This column is based on input provided by the issuer.

<sup>9</sup> Given that ING is financing solar power projects globally, only the solar power projects located in the EU, EEA and UK align with the EU Taxonomy - CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA

	<p>that are easier to recycle and use fewer raw materials. Second, it leads Producers to factor in the cost of the collection and end-of-life treatment of their products into the cost paid by the consumers.</p> <ul style="list-style-type: none"> <li>- The Producers joining these programs will contribute to develop greener products and make recycling more affordable and economically sustainable.</li> </ul> <p>EEA</p> <ul style="list-style-type: none"> <li>- Directive 2012/19/EU of the European Parliament and of the Council of July 4, 2012, on waste electrical and electronic equipment (WEEE) has been incorporated into the EEA Agreement and is in force.</li> </ul> <p>UK</p> <ul style="list-style-type: none"> <li>- In the UK, the Waste Electrical &amp; Electronic Equipment (WEEE) regulation is aimed at reducing waste to landfill and incineration by encouraging recovery, reuse, and recycle. The regulation requires manufacturers and distributors of electronic equipment to finance or set up a system for the collection, treatment, recovery, and environmentally sound disposal of WEEE. The regulation covers waste such as wind turbines (Category 6, i.e., electrical and electronic tools) and solar panels (Category 14).</li> </ul> <p>Rest of world</p> <ul style="list-style-type: none"> <li>- ING follows internal processes and Equator Principles.</li> <li>- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in EP4. We served as chair of the Steering Committee from 2012–2014, where ING played an important role in finalizing EP III. We actively advocate and promote the EPs,</li> </ul>	
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	<p>as it recognizes their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expects of clients and ourselves, including the application of the EPs. As an Equator Principles Financial Institution (EPFI) ING doesn't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.</p> <ul style="list-style-type: none"> <li>- ING also implements the EPs in our internal environmental and social policies, procedures, and standards. These are embedded in our ESR framework, and require the involvement of the following three banking areas:</li> <li>- Front office: The departments that originate transactions and have direct contact with clients or sponsors.</li> <li>- Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li> <li>- Environmental and social risk: The dedicated department within risk management assesses the environmental and social impacts associated with 'high-risk' transactions.</li> </ul>	
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A

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

An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU.

Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented.

For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its conclusions the necessary mitigation measures are implemented.

ING confirms that it has integrated relevant waste and recyclability regulations, directives, considerations, and objectives into its business strategy as well as its business engagement to mitigate social and environmental risks.

Applicable regulations and directives, and actions taken by ING are shown as follows:

**EU**

- For all member states of the European Union, EU Directive on Environmental Impact Assessment in accordance with Directive 2011/92/EU can be assumed to be transposed into national regulation.

**EEA**

- Directive 2011/92/EU of the European Parliament and of the Council of December 13, 2011 on the assessment of the effects of certain public and private projects on the environment (codification) has been incorporated into the EEA Agreement and is in force.

✓<sup>10</sup>

**UK**

- UK's legislation covering Environmental Impact Assessment addresses mitigation and compensation measures for protecting the environment.

**Rest of world**

- ING follows internal processes and Equator Principles.
- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in

<sup>10</sup> Given that ING is financing solar power projects globally, only the solar power projects located in the EU, EEA and UK align with the EU Taxonomy - BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

	<p>EP4. We served as chair of the Steering Committee from 2012–2014, where ING played an important role in finalizing EP III. ING actively advocates and promotes the EPs, as it recognises their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expects of clients and ourselves, including the application of the EPs. As an Equator Principles Financial Institution (EPFI), ING doesn't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.</p> <ul style="list-style-type: none"><li>- We also implement the EPs in our internal environmental and social policies, procedures, and standards. These are embedded in our ESR framework, and require the involvement of the following three banking areas:</li><li>- Front office: The departments that originate transactions and have direct contact with clients or sponsors.</li><li>- Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li><li>- Environmental and social risk: The dedicated department within risk management assesses the environmental and social impacts associated with 'high-risk' transactions.</li></ul>	
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*C.2 4.3. Electricity generation from wind power*

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES <sup>11</sup>	ALIGNMENT
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
The activity generates electricity from wind power.	ING confirms that all financed projects with using wind power are for generating electricity.	✓
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
GENERIC CRITERIA FOR (2)	See C.5	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>		
In case of construction of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC of the European Parliament and of the Council, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptor 11 (Noise/Energy), laid down in Annex I to that Directive, and as set out in Commission Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for that descriptor.	<p>ING confirms that it has integrated relevant water and marine regulations, directives, considerations, and objectives into its business strategy as well as its business engagement to mitigate the social and environmental risks.</p> <p>Applicable regulations and directives, and actions taken by ING are shown as follows:</p> <p>EU</p> <ul style="list-style-type: none"> <li>- The EU Water Framework Directive (2000/60/EC) requires all Member States to protect and improve water quality in all waters so that ING achieves good ecological status by 2015 or, at the latest, by 2027.</li> <li>- Directive 2008/56/EC of the European Parliament and of the Council and Commission Decision (EU) 2017/848 are in force in the EU.</li> </ul> <p>EEA</p> <ul style="list-style-type: none"> <li>- Directive 2000/60/EC of the European Parliament and of the Council of 23 October 2000 establishing a framework for Community action in the field of water policy has been incorporated into the EEA Agreement and is in force.</li> </ul>	✓ <sup>12</sup>

<sup>11</sup> This column is based on input provided by the issuer.

<sup>12</sup> Given that ING is financing wind power projects globally, only the wind power projects located in the EU, EEA and UK align with the EU Taxonomy - WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA

	<ul style="list-style-type: none"><li>- Directive 2008/56/EC was not incorporated into the EEA Agreement on the grounds that it applies largely to areas outside the geographical scope of the EEA Agreement. A decision was also taken to further strengthen the already close cooperation with the EU on the management of the marine environment.</li></ul>	
	<p>UK</p> <ul style="list-style-type: none"><li>- The Water Framework Directive (WFD) 2000/60/EC has been retained in UK law. The WFD has been implemented by The Water Environment (Water Framework Directive) (England and Wales) Regulations 2017 in England and Wales, The Water Environment (Water Framework Directive) Regulations (Northern Ireland) 2017 in Northern Ireland, and the Water Environment and Water Services (Scotland) Act 2003.</li><li>- The Marine Strategy Framework Directive (the MSFD) requires the UK to put in place the necessary measures to achieve or maintain good environmental status in the marine environment by 2020. The Marine Strategy Regulations 2010 were made under section 2(2) of the European Communities Act 1972 and transpose the requirements of the MSFD into UK law. Commission Decision (EU) 2017/848 sets out the criteria and methodological standards to be used for the purposes of determining good environmental status and specifications and standardized methods for monitoring and assessment.</li></ul>	
	<p>Rest of world</p> <ul style="list-style-type: none"><li>- ING follows internal processes and Equator Principles.</li><li>- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in EP4. We served as chair of the Steering Committee from 2012–2014, where ING</li></ul>	

	<p>played an important role in finalizing EP III. ING actively advocate and promote the EPs, as it recognizes their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expects of clients and ourselves, including the application of the EPs. As an Equator Principles Financial Institution (EPFI), ING doesn't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.</p> <ul style="list-style-type: none"> <li>- We also implement the EPs in our internal environmental and social policies, procedures, and standards. These are embedded in our ESR framework, and require the involvement of the following three banking areas:             <ul style="list-style-type: none"> <li>- 1. Front office: The departments that originate transactions and have direct contact with clients or sponsors.</li> <li>- 2. Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li> <li>- 3. Environmental and social risk: The dedicated department within risk management assesses the environmental and social impacts associated with 'high-risk' transactions.</li> </ul> </li> </ul>	
<p><b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b></p>		
<p>The activity assesses availability of and, where feasible, uses equipment and components of high durability and recyclability and that are</p>	<p>ING confirms that it has integrated relevant waste and recyclability regulations, directives, considerations, and objectives into its business strategy as well as its business engagement to mitigate the social and environmental risks.</p>	


<p>easy to dismantle and refurbish.</p>	<p>Applicable regulations and directives, and actions taken by ING are shown as follows:</p> <p><b>EU</b></p> <ul style="list-style-type: none"> <li>- In European Union, EU regulations for Waste Electrical and Electronic equipment (EU Waste Electrical &amp; Electronic Equipment Directive 2012/19/EU) will be applicable. The WEEE Directive mandates European countries to adopt PV waste management programs in which Producers are responsible for the take-back and recycling of the panels they sell.</li> <li>- Through this obligation, the industry has taken greater responsibility as a provider of sustainable products and its responsibilities towards public health and the environment.</li> <li>- The goal of these policies is twofold. First, encourage the industry to develop products that are easier to recycle and use fewer raw materials. Second, it leads Producers to factor in the cost of the collection and end-of-life treatment of their products into the cost paid by the consumers.</li> <li>- The Producers joining these programs will contribute to develop greener products and make recycling more affordable and economically sustainable.</li> </ul> <p><b>EEA</b></p> <ul style="list-style-type: none"> <li>- Directive 2012/19/EU of the European Parliament and of the Council of July 4, 2012 on waste electrical and electronic equipment (WEEE) has been incorporated into the EEA Agreement and is in force.</li> </ul> <p><b>UK</b></p> <ul style="list-style-type: none"> <li>- In the UK, the Waste Electrical &amp; Electronic Equipment (WEEE) regulation is aimed at</li> </ul>	<p style="text-align: right;">✓<sup>14</sup></p>
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<sup>14</sup> Given that ING is financing wind power projects globally, only the wind power projects located in the EU, EEA and UK align with the EU Taxonomy - CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA

reducing waste to landfill and incineration by encouraging recovery, reuse, and recycle. The regulation requires manufacturers and distributors of electronic equipment to finance or setup a system for the collection, treatment, recovery, and environmentally sound disposal of WEEE. The regulation covers waste such as wind turbines (Category 6, i.e., electrical and electronic tools) and solar panels (Category 14).

#### Rest of world

- ING follows internal processes and Equator Principles.
- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in EP4. We served as chair of the Steering Committee from 2012–2014, where ING played an important role in finalising EP III. ING actively advocate and promote the EPs, as it recognise their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expect of clients and ourselves, including application of the EPs. As an Equator Principles Financial Institution (EPFI) ING don't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.
- ING also implement the EPs in our internal environmental and social policies, procedures and standards. These are embedded in our ESR framework, and require involvement of the following three banking areas:
  - Front office: The departments that originate transactions and have direct contact with clients or sponsors.

	<ul style="list-style-type: none"> <li>- Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li> <li>- Environmental and social risk: The dedicated department within risk management that assesses the environmental and social impacts associated with 'high-risk' transactions.</li> </ul> <p>Around 85 to 90% of wind turbines' total mass can be recycled at decommissioning and the European landfill ban on decommissioned blades by 2025<sup>13</sup>. ING is committed to updating its relevant policy and process instruction on time.</p>	
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>An Environmental Impact Assessment (EIA) or screening has been completed in accordance with Directive 2011/92/EU. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. For sites/operations located in or near biodiversity-sensitive areas (including the Natura 2000 network of protected areas, UNESCO World Heritage sites and Key Biodiversity Areas, as well as other protected areas), an appropriate assessment, where applicable, has been conducted and based on its</p>	<p>ING confirms that it has integrated relevant waste and recyclability regulations, directives, considerations, and objectives into its business strategy, as well as its business engagement to mitigate social and environmental risks.</p> <p>Applicable regulations and directives, and actions taken by ING are shown as follows:</p> <p>Applicable regulations and directives, and actions taken by ING are shown as follows:</p> <p>EU</p> <ul style="list-style-type: none"> <li>- For all member states of the European Union, EU Directive on Environmental Impact Assessment, in accordance with Directive 2011/92/EU, can be assumed to be transposed into national regulation.</li> </ul>	 15



<sup>13</sup>Wind Europ, November 2022, How to build a circular economy, <https://windeurope.org/wp-content/uploads/files/policy/position-papers/WindEurope-position-paper-how-to-build-a-circular-economy.pdf>

<sup>15</sup> Given that ING is financing wind power projects globally, only the wind power projects located in the EU, EEA and UK align with the EU Taxonomy - BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA

<p>conclusions the necessary mitigation measures are implemented.</p> <p>In case of offshore wind, the activity does not hamper the achievement of good environmental status as set out in Directive 2008/56/EC, requiring that the appropriate measures are taken to prevent or mitigate impacts in relation to that Directive's Descriptors 1 (biodiversity) and 6 (seabed integrity), laid down in Annex I to that Directive, and as set out in Decision (EU) 2017/848 in relation to the relevant criteria and methodological standards for those descriptors.</p>	<p>EEA</p> <ul style="list-style-type: none"> <li>- Directive 2011/92/EU of the European Parliament and of the Council of December 13, 2011 on the assessment of the effects of certain public and private projects on the environment (codification) has been incorporated into the EEA Agreement and is in force.</li> </ul> <p>UK</p> <ul style="list-style-type: none"> <li>- UK's legislation covering Environmental Impact Assessment addresses mitigation and compensation measures for protecting the environment.</li> </ul> <p>Rest of world</p> <ul style="list-style-type: none"> <li>- ING follows internal processes and Equator Principles.</li> <li>- ING was one of the 10 first adopters of the EPs in 2003 and was one of the process coordinators for the review that resulted in EP4. We served as chair of the Steering Committee from 2012–2014, where ING played an important role in finalizing EP III. ING actively advocate and promote the EPs, as ING recognize their ability to positively contribute to society. ING has a well-established Environmental and Social Risk Framework (ESR Framework) that lists the standards ING expects of clients and ourselves, including the application of the EPs. As an Equator Principles Financial Institution (EPFI) ING doesn't provide project finance or project-related corporate loans to clients that are unable to or choose not to comply with the principles.</li> <li>- We also implement the EPs in our internal environmental and social policies, procedures, and standards. These are embedded in our ESR framework, and</li> </ul>	
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	<p>require involvement of the following three banking areas:</p> <ul style="list-style-type: none"> <li>- Front office: The departments that originate transactions and have direct contact with clients or sponsors.</li> <li>- Risk managers: The departments that provide control over Front Office activities and generally can sign off on the environmental and social impacts for 'low-risk' EP deals.</li> <li>- Environmental and social risk: The dedicated department within risk management assesses the environmental and social impacts associated with 'high-risk' transactions.</li> </ul>	
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*C.3 7.2. Renovation of existing buildings*

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES <sup>16</sup>	ALIGNMENT
<b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b>		
<p>The building renovation complies with the applicable requirements for major renovations. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive (2010/31/EU).</p> <p>Alternatively, it leads to a reduction of primary energy demand (PED) of at least 30 %.</p>	<p>ING confirms that all financed buildings, after renovation, shall achieve at least a 30% reduction of primary energy demand (PED).</p>	
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
<p>GENERIC CRITERIA FOR (2)</p>	<p>See C.5</p>	

<sup>16</sup> This column is based on input provided by the issuer.



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

Where installed, except for installations in residential building units, the specified water use for the following water appliances are attested by product datasheets, a building certification or an existing product label in the Union, in accordance with the technical specifications laid down in Appendix E to this Annex:

(a) wash hand basin taps and kitchen taps have a maximum water flow of 6 litres/min;

(b) showers have a maximum water flow of 8 litres/min;

(c) WCs, including suites, bowls and flushing cisterns, have a full flush volume of a maximum of 6 litres and a maximum average flush volume of 3,5 litres;

(d) urinals use a maximum of 2 litres/bowl/hour. Flushing urinals have a maximum full flush volume of 1 litre.

ING relies on the regulation, standard, inspection, and certification process to mitigate the harm to water and marine resources on its best effort.

The inspection and certification process includes all commercial buildings to be financed (lending for the purpose of a mortgage) shall receive BREEAM “Excellent” or above certification, EU Ecolabel, and project parties involved in infrastructure investments. The standard and regulations include Dutch Building Decree 2012, the NEN 1006, Wasserhaushaltsgesetz Surface Waters Ordinance (OGewV), Groundwater Ordinance (GrwV), hazardous to water (AwSV), and Urban Wastewater Directive, Flood Risk Management Directive Groundwater Directive, Priority Substances Directive Marine Strategy Framework Directive.

ING does not currently have data on requirements (a) – (d)



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

At least 70 % (by weight) of the non-hazardous construction and demolition waste (excluding naturally occurring material referred to in category 17 05 04 in the European List of Waste established by Decision 2000/532/EC) generated on the construction site is

ING confirms that all buildings to be financed will be located in Germany and the Netherlands, with a very high construction and demolition waste recovery rate (93% for Germany and 100% for the Netherlands).<sup>17</sup>

ING confirms that all projects respect and comply with the following regulations and directives:



<sup>17</sup> European Statistics, 2022, Recovery rate of construction and demolition waste, [https://ec.europa.eu/eurostat/databrowser/view/cei\\_wm040/default/table?lang=en](https://ec.europa.eu/eurostat/databrowser/view/cei_wm040/default/table?lang=en)

prepared for reuse, recycling and other material recovery, including backfilling operations using waste to substitute other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol and taking into account best available techniques and using selective demolition to enable removal and safe handling of hazardous substances and facilitate reuse and high-quality recycling by selective removal of materials, using available sorting systems for construction and demolition waste.

Building designs and construction techniques support circularity and in particular demonstrate, with reference to ISO 20887 or other standards for assessing the disassembly or adaptability of buildings, how they are designed to be more resource efficient, adaptable, flexible and dismantlable to enable reuse and recycling.

The Waste Framework Directive (2008/98/EC of 19th November 2008) states that at least 70% by weight of the non-hazardous construction and demolition waste is prepared for reuse, recycling, or another material recovery. Under the Waste Framework Directive (2008/98/EC), Member States must achieve 70% of material recovery of non-hazardous, non-soil, and stone construction and demolition (C&D) waste by 2020.

The EU's Waste Framework Directive (2008/98/EC) was adopted at the national level in Germany - in the form of the KrWG Kreislaufwirtschaftsgesetz (Closed Substance Cycle Waste Management Act). In accordance with the KrWG, the limits for the construction sites are complied with.

The EU's Waste Framework Directive (2008/98/EC) was adopted at the national level in the Netherlands - the form of the Afvalpreventieprogramma Nederland (Waste Prevention Program Netherlands). Implemented and continuously amended.

In the Dutch Building Decree it is required to have proper separation of construction waste (see here: Decree of August 29, 2011, laying down regulations with regard to the construction, use, and demolition of structures (Building Decree 2012), at: [https://wetten.overheid.nl/BWBR0030461/2021-01-01#Hoofdstuk8\\_Afdeling8.2](https://wetten.overheid.nl/BWBR0030461/2021-01-01#Hoofdstuk8_Afdeling8.2)).

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

Building components and materials used in the construction complies with the criteria set out in Appendix C of the delegated acts.

Building components and materials used in the building

ING confirms that all buildings to be financed will be located in Germany and the Netherlands, with strict regulations on preventing the use of substances in concern for buildings.

In the Dutch Building Decree, there is a limit to the concentration of formaldehyde, expressed in a



renovation that may come into contact with occupiers emit less than 0,06 mg of formaldehyde per m<sup>3</sup> of material or component upon testing in accordance with the conditions specified in Annex XVII to Regulation (EC) No 1907/2006 and less than 0,001 mg of other categories 1A and 1B carcinogenic volatile organic compounds per m<sup>3</sup> of material or component, upon testing in accordance with CEN/EN 16516 or ISO 16000-3:201304 or other equivalent standardised test conditions and determination methods.

Measures are taken to reduce noise, dust and pollutant emissions during construction or maintenance works.

Appendix C of the Delegated Acts

The activity does not lead to the manufacture, placing on the market or use of:

(a) substances, whether on their own, in mixtures or in articles, listed in Annexes I or II to Regulation (EU) 2019/1021 of the European Parliament and of the Council, except in the case of substances present

maximum concentration for areas instead of per M<sup>3</sup> of material (as per EU Taxonomy).

In the Netherlands, under the Spatial Planning Act (Wet ruimtelijke ordening, Wro), also it is prohibited to manufacture, import, or trade products containing mercury in the Netherlands, such as thermometers and manometers, light sources, or electronic products (e.g., switches)<sup>18</sup>.

Buildings have to meet standard legislative requirements at European and national levels:

- EU Regulation 2019/1021 on persistent organic pollutants (June 2019)
- EU Directive on Environmental Impact Assessment in accordance with Directive 2011/92/EU can be assumed to be transposed into national regulation.
- EU Regulation 2017/852 on mercury, and repealing Regulation (EC) No 1102/2008
- EU Regulation 1005/2009 (Sept 2009) on substances that deplete the ozone layer
- EU Directive 2017/2102 (Nov 2017) amending Directive 2011/65/EU on the restriction of the use of certain hazardous substances in electrical and electronic equipment
- EU Regulation 1907/2006 (Dec 2006) concerning the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation 793/93 and Commission Regulation 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC, and 2000/21/EC
- CEN/TS 16516:2013 Construction products - Assessment of release of dangerous substances - Determination of emissions into indoor air

<sup>18</sup>Business.gov.nl, Products containing mercury, <https://business.gov.nl/regulation/products-containing-mercury/>

as an unintentional trace contaminant;

(b) mercury and mercury compounds, their mixtures and mercury-added products as defined in Article 2 of Regulation (EU) 2017/852 of the European Parliament and of the Council;

(c) substances, whether on their own, in mixture or in articles, listed in Annexes I or II to Regulation (EC) No 1005/2009 of the European Parliament and of the Council

(d) substances, whether on their own, in mixtures or in articles, listed in Annex II to Directive 2011/65/EU of the European Parliament and of the Council, except where there is full compliance with Article 4(1) of that Directive

(e) substances, whether on their own, in mixtures or in an article, listed in Annex XVII to Regulation (EC) 1907/2006 of the European Parliament and of the Council<sup>333</sup>, except where there is full compliance with the conditions specified in that Annex;

(f) substances, whether on their own, in mixtures or in an article, meeting the criteria laid down in Article 57 of Regulation (EC) 1907/2006 and identified in accordance with Article 59(1) of that Regulation, except where their

- Council Directive 98/24/EC of 7th April 1998 on the protection of the health and safety of workers from the risks related to chemical agents at work (fourteenth individual Directive within the meaning of Article 16(1) of Directive 89/391/EEC)

Testing for contaminants and procedures for handling any contaminants are also required in both Germany and the Netherlands.

<p>use has been proven to be essential for the society;</p> <p>(g) other substances, whether on their own, in mixtures or in an article, that meet the criteria laid down in Article 57 of Regulation (EC) 1907/2006, except where their use has been proven to be essential for the society.</p>		
<p><b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b></p>		
N/A		N/A

*C.4 7.7. Acquisition and ownership of buildings*

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES <sup>19</sup>	ALIGNMENT
<p><b>1. SUBSTANTIAL CONTRIBUTION TO CLIMATE CHANGE MITIGATION – TECHNICAL SCREENING CRITERIA</b></p>		
<p>1. For buildings built before 31st December 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before 31st December 2020 and at least distinguishes between residential and non-residential buildings.</p> <p>2. For buildings built after 31st December 2020, the building meets the criteria specified in</p>	<p>ING confirms the vast majority of buildings to be financed shall meet the criteria of 1 and 2.</p> <p>1. For buildings built before December 31, 2020, the building has at least an Energy Performance Certificate (EPC) class A. As an alternative, the building is within the top 15% of the national or regional building stock expressed as operational Primary Energy Demand (PED) and demonstrated by adequate evidence, which at least compares the performance of the relevant asset to the performance of the national or regional stock built before December 31, 2020, and at least distinguishes between residential and non-residential buildings.</p> <p>2. For buildings built after December 31, 2020, the primary Energy Demand (PED), defining the energy performance of the building resulting from the construction, is at least 10 % lower than the threshold set for the nearly zero-energy building (NZEB) requirements in national measures implementing Directive 2010/31/EU of the European Parliament and of the Council. The energy</p>	<p>✓</p>

<sup>19</sup> This column is based on input provided by the issuer.

Section 7.1 of this Annex that are relevant at the time of the acquisition	performance is certified using an as-built Energy Performance Certificate (EPC).	
3. Where the building is a large non-residential building (with an effective rated output for heating systems, systems for combined space heating and ventilation, air-conditioning systems or systems for combined air-conditioning and ventilation of over 290 kW) it is efficiently operated through energy performance monitoring and assessment.	3. For the building is a large non-residential building – 5000m <sup>2</sup> , ING will, on a best efforts basis, report on compliance with the remaining technical screening criteria as well <sup>20</sup> - e.g., for buildings larger than 5000m <sup>2</sup> , ING will, on a best efforts basis, indicate in its reporting what percentage of buildings are able to meet the additional criteria of the EU Taxonomy Climate Delegate Act.	
<b>2. CLIMATE CHANGE ADAPATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
GENERIC CRITERIA FOR (2)	See C.5	✓
<b>3. WATER AND MARINE RESOURCES – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>4. CIRCULAR ECONOMY – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>5. POLLUTION – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A
<b>6. BIODIVERSITY AND ECOSYSTEMS – DO NO SIGNIFICANT HARM CRITERIA</b>		
N/A		N/A

### C.5 Generic Criteria for DNSH to Climate Change Adaptation

EU TAXONOMY REQUIREMENT	PROJECT CHARACTERISTICS AND SELECTION PROCESSES <sup>21</sup>	ALIGNMENT
<b>2. CLIMATE CHANGE ADAPTATION – DO NO SIGNIFICANT HARM CRITERIA</b>		
The physical climate risks that are material to the activity have been identified from	ING has developed a systematic approach for climate risk management consisting of the following key steps: Identifying climate risks,	✓

<sup>20</sup> Buildings larger than 5000m<sup>2</sup> are a very small portion of the overall commercial building portfolio. 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 buildings are able to meet the additional criteria of the EU Taxonomy Climate Delegate Act.

<sup>21</sup> This column is based on input provided by the issuer.

those listed in the table in Section II of the Delegated Act by performing a robust climate risk and vulnerability assessment with the following steps:

(a) screening of the activity to identify which physical climate risks from the list in Section II of the Delegated Act may affect the performance of the economic activity during its expected lifetime;

(b) where the activity is assessed to be at risk from one or more of the physical climate risks listed in Section II of the Delegated Act, a climate risk and vulnerability assessment to assess the materiality of the physical climate risks on the economic activity;

(c) an assessment of adaptation solutions that can reduce the identified physical climate risk.

The climate risk and vulnerability assessment is proportionate to the scale of the activity and its expected lifespan, such that:

(a) for activities with an expected lifespan of less than 10 years, the assessment is performed, at least by using climate projections at the smallest appropriate scale;

(b) for all other activities, the assessment is performed using the highest available resolution, state-of-the-art climate projections across the existing range of future

Understanding the severity, and determining how to manage the risks.

ING put possible future climate pathways with the economic impacts, sectors, geographies, and nature of financial products, its longer-term strategic choices and the potential financial impacts, various regulatory expectations, and recommendations (e.g. ECB's Guide) into consideration during the approach development.

The approach contains five pillars:

1. Identifying Risks & Impacts: Periodically identifying risks for each relevant category and assessing the materiality of impacts these may have on its business environment. ING prioritizes the portfolios presenting the highest exposure to climate risk.

2. Scenario Analysis: Using scenario analysis and scenario-based stress testing to better understand the impact of climate change on its books, which then informs business strategy, risk appetite, and risk management.

3. Governance: Establishing a governance approach that ensures the proper management of climate risk within the business and all three lines of defense. It includes the extension of governance related to ESR.

4. Risk & Business Strategy: Reflection on climate risks in defining business strategy and risk appetites. Achieving this requires the integration of climate risks into modeling, pricing, and other risk types. It includes developing its climate policy framework and integration into risk modeling. Next, to address the integration of climate risk in the full credit cycle process, this also includes the integration of market, liquidity, and operational risks.

5. Reporting: This involves transparently reporting on its progress to a range of internal and external stakeholders based on sound risk, finance, and business data and reporting infrastructure.

scenarios consistent with the expected lifetime of the activity, including, at least, 10 to 30 year climate projections scenarios for major investments.

The climate projections and assessment of impacts are based on best practice and available guidance and take into account the state-of-the-art science for vulnerability and risk analysis and related methodologies in line with the most recent Intergovernmental Panel on Climate Change reports, scientific peer-reviewed publications, and open source or paying models.

For existing activities and new activities using existing physical assets, the economic operator implements physical and non-physical solutions ('adaptation solutions'), over a period of time of up to five years, that reduce the most important identified physical climate risks that are material to that activity. An adaptation plan for the implementation of those solutions is drawn up accordingly.

For new activities and existing activities using newly-built physical assets, the economic operator integrates the adaptation solutions that reduce the most important identified physical climate risks that are material to that

All ING renewable energy portfolio assets globally benefit from an Environmental Impact Assessment. As per the Equator Principles, which ING applies, any loan above USD 10mn equivalent should have an Environmental Impact Assessment (EIA).

The EIA takes into account specific physical risks related specifically to the project and any recommended actions necessary to mitigate that specific risk. For example, on an offshore wind project, the assessment will take into consideration the variability of water depth, ice build-up, and sea ice. It takes into account environmental and permitting risks, environmental monitoring obligations, and also any additional requirements for compliance with Environmental Law.

Concerning all climate & environmental risks in renewables transactions ING conducts a physical and transition risk analysis as part of our standard credit risk appraisal for every new transaction. Sources of information to do this are the EIA's and other ESR reporting requirements. Each sub-sector within the Energy Sector has its own sub-sector appropriate climate and environmental strategy, developed in consultation with Risk. For more detail, please refer to the guidance note on Climate Change Risk Assessment here for physical and transition risks<sup>22</sup>.

In 2019 and 2020, ING conducted a physical risk assessment pilot, including postcodes from its largest mortgage portfolios in the Netherlands, Germany, and Belgium. This covered approximately 65% of its mortgage portfolio. For data sourcing, ING partnered with an external reinsurance company, Munich Re to assess the potential for climate hazards. Flooding was identified as the highest risk, where the extent of the impact would vary quite extensively.

In the later part of 2020 and early 2021, ING completed the first phase of its climate risk identification process. This included finalizing and

<sup>22</sup> Equator Principles, September 2020, Guidance note on climate change risk assessment, [https://equator-principles.com/app/uploads/CCRA\\_Guidance\\_Note\\_Sept2020.pdf](https://equator-principles.com/app/uploads/CCRA_Guidance_Note_Sept2020.pdf)



activity at the time of design and construction and has implemented them before the start of operations.

The adaptation solutions implemented do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other people, of nature, of cultural heritage, of assets and of other economic activities; are consistent with local, sectoral, regional or national adaptation strategies and plans; and consider the use of nature-based solutions or rely on blue or green infrastructure to the extent possible.

implementing the methodology for its heatmap process, which was extended to cover physical risks and apply these to the majority of wholesale and Retail business lending. The heatmaps demonstrate climate-related and environmental risks using ECB categorization, which is then split into more granular risk factors derived from external guidance provided by ECB, TCFD, and BaFin.

ING is also working with peers and industry stakeholders to help develop common scenario frameworks. In 2021 ING was one of the 20 large Institute of International Finance (IIF) member banks that worked to publish a new report: 'Navigating Climate Headwinds: Reference Approaches for Scenario-based Climate Risk Measurement by Banks and Supervisors. With a growing number of supervisors launching Scenario-based Climate Risk Measurement exercises, this report provides useful approaches and recommendations on the use of scenario analysis and stress tests.

Specific to the real estate sector (commercial), ING conducted a pilot to better understand the physical effects of climate change on its commercial real estate portfolio in the Netherlands. Working with BlueLabel in 2020, which provided its clients with the opportunity to scan the physical risks of their buildings. Using the process, ING mapped more than 7,600 postcodes to score heavy rainfall, heat stress, drought, and flooding risks. ING is now aware of its exposure to flood (both pluvial and fluvial), drought and heat stress. ING is exploring ways to make this data actionable for its clients and ourselves. It's commercial real estate and residential mortgage teams are also collaborating further on the approach to collecting and using data on climate risks across its lending to housing.

The Carbon Risk Real Estate Monitor (CCREM) is an EU initiative to accelerate the commercial real estate sector's decarbonization and climate change resilience. The CRREM aims to communicate the downside financial risks associated with poor energy performance and quantify the financial implications of climate change on the building stock and deliver

	<p>tooling that provides insights at the asset and portfolio level.</p> <p>Specific to the real estate sector (residential), ING conducted a pilot analysis of the implications of physical hazards in its mortgage portfolio. The pilot assessed the potential impact of climate hazards on 30,000 European postcodes, representing 60% of outstanding from its mortgage portfolio in 2020. The greatest risk was associated with flooding, which was more prominent in Western European countries (such as the Netherlands, Belgium, and Germany – ING's largest mortgage markets), where there is a noticeable difference in the severity of flooding compared to the present day to 2050. The analysis showed that most properties would be impacted by climate change, but the impact's extent will vary. In the same year, ING also conducted a high-level internal heat-mapping exercise, which indicated a relatively low transition risk associated with ING's residential real estate portfolio. These included risks such as policy interventions to mandate certain energy labels or technology adaptations that may not be used in all buildings. ING will continue to analyze these risks towards specifying the impact of transition risk further.</p>	
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### Minimum Social Safeguards

ISS ESG assessed the alignment of the due diligence and selection processes in place with the EU Taxonomy Minimum Social Safeguards as described in Article 18 of the Taxonomy Regulation<sup>23</sup>. The results of this assessment are applicable for every Project Category financed under this framework and are displayed below:

EU TAXONOMY REQUIREMENT	GREEN PROJECTS OWN PERFORMANCE AND SELECTION PROCESSES	ANALYSIS AGAINST REQUIREMENT
Alignment with the OECD Guidelines for Multinational Enterprises and the UN	ING is a signatory of the OECD Guidelines for Multinational Enterprises <sup>24</sup> , United Nations Guiding Principles on Business and Human	✓

<sup>23</sup>European Union, June 2020, Regulation (EU) 2020/852 of the European parliament and of the council <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020R0852>

<sup>24</sup>ING, Partnerships, memberships & endorsements, <https://www.ing.com/Sustainability/The-world-around-us-1/Memberships.htm>

Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

Rights (UNGP)<sup>24</sup>, and The Core Conventions of the International Labour Organization (ILO)<sup>2425</sup>.

ING considers the Environmental and Social Risks an essential factor when deciding whether to engage with clients and potential clients and when deciding what to finance.

Human rights are a key aspect of ING's overall ING's Environmental and Social Risk (ESR). Its stance is outlined in a specific human rights policy and its policies for sectors known to be sensitive to human-rights-related issues, including agriculture, mining, and manufacturing.

<sup>25</sup>ING, Human Rights and the workplace, <https://www.ing.com/MediaEditPage/Human-Rights-and-the-workplace.htm>

## PART III: GREEN FINANCIAL INSTRUMENTS LINK TO ING'S SUSTAINABILITY STRATEGY

### A. ING'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 issuer'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
Labor 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/>.

Please note that the consistency between the issuance subject to this report and the issuer's sustainability strategy is further detailed in Part III.B 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 <sup>26</sup>	DIRECTION OF IMPACT	UN SDGS
<b>Financing of buildings certified to a relevant, sustainable building standard</b>	1.4%	CONTRIBUTION	
<b>Financing of renewable energy</b>	1.2%	CONTRIBUTION	 

*Breaches of international norms and ESG controversies*

At issuer level

As of March 9, 2021, ING is facing one severe controversy.

- In July 2019, media reported that the Spanish National High Court (AN) had initiated an investigation into ING Groep NV’s wholly owned subsidiary ING Bank NV (ING) over allegations that Bandenia Banca Privada PLC (Bandenia) used ING to launder money in Spain from 2015 to June 2017, until it was officially dismantled. According to the media, ING failed to inform authorities of “a strong presence of cash income of unknown origin” in Bandenia’s accounts. Bandenia reportedly used ING’s banking system to transfer at least €1.7 million through ING accounts, which allegedly stemmed from drug trafficking, sexual exploitation as well as political corruption. The bank was previously fined €775 million by the Netherlands Public Prosecution Service in September 2018 for its involvement in a money laundering controversy. In communication with ISS ESG in November 2021, ING Groep confirmed that the probe is ongoing and that the investigation period has been extended. ING Groep further updated ISS ESG on the roll-out of its anti-money laundering (AML) enhancement program and remedial measures taken since 2017, which include a centralized monitoring unit, the establishment of global and local KYC committees, and the roll-out of its Global KYC policy and Risk Appetite statements. ISS ESG remains vigilant of developments in the investigations and confirmation of the efficacy of ING Groep’s remedial measures.

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 prevent money laundering, failure to mitigate change impacts, and failure to prevent deforestation/illegal logging.

<sup>26</sup> Percentages presented in this table are not cumulative.

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

## B. CONSISTENCY OF GREEN FINANCIAL INSTRUMENTS WITH ING'S SUSTAINABILITY STRATEGY

### *Key sustainability objectives and priorities defined by the issuer*

ING's Sustainable Finance program drives and promotes sustainable business opportunities throughout all the different sectors and product teams at ING Wholesale Banking. Two different areas were defined as the ones that ING believes can have the biggest impact: Climate (Action) and Financial Health.

ING's sustainability direction, as it stands, focuses on three main areas:

- Climate Approach

ING has committed to align the lending portfolio with a net-zero future by 2050 or sooner, based on the Terra approach, co-created with the 2° Investing Initiative (2DII), which entails a methodology looking at the technology shift needed across different industries to slow global warming and then measures it against the actual technology. It has also joined the Net Zero Banking Alliance (NZBA) as part of the effort.

- Biodiversity

ING is a signatory of the Equator Principles, supporting the advance of minimum standards for due diligence and responsible risk decision-making. For project finance in the scope of an Equator Principles (EP) assessment, ING applies the International Finance Corporation Performance Standards on biodiversity. The topic is integrated into the Environmental and Social Risk policy framework, that applies to all its businesses and products.

- Human Rights

In 2018, ING disclosed the human rights management approach in the Human Rights Report, which was updated in the following years, disclosing progress, governance, policies, due diligence cases, engagements, and actual adverse impacts it's linked to.

### *Rationale for issuance*

In line with its commitments and focusing on the Climate Action section, ING, under this Framework, intends to finance the following sectors:

- Renewables
- Commercial Real Estate
- Residential Real Estate

By financing such sectors, it aims to support decarbonization and electrification as part of the energy transition of industries and businesses. ING will increase new financing of renewable energy by 50% by year-end 2025, and no longer provide dedicated financing to new oil and gas fields<sup>27</sup>. The

<sup>27</sup> ING, More renewables, less oil & gas, <https://www.ing.com/Newsroom/News/More-renewables-less-oil-gas.htm>

decarbonization and electrification projects may refer to core technologies (solar, wind, , as well as abiding with Energy Label regulations with residential and commercial buildings focusing on the Netherlands, Germany, Poland, and Belgium.

**Opinion:** *The key sustainability objectives and the rationale for issuing Green Financial Instruments are clearly described by the issuer. The majority of the project categories financed are in line with the sustainability objectives of the issuer.*



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## ANNEX 1: Methodology

### 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 ING’s Green Financial Instruments.

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 ING (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 ING’s Green Financial Instruments 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

ING commissioned ICS to compile a Green Financial Instruments SPO. The Second Party Opinion process includes verifying whether the ING Green Bond Framework aligns with the GBP and to assess the sustainability credentials of its Green Financial Instruments, as well as the issuer's sustainability strategy.

### CRITERIA

Relevant Standards for this Second Party Opinion

- Green Bond Principles, as administered by the ICMA (as of June 2021 with June 2022 Appendix 1)
- EU Taxonomy Climate Delegated Act (June 2021)

### ISSUER'S RESPONSIBILITY

ING's responsibility was to provide information and documentation on:

- Framework
- Eligibility criteria
- Documentation of ESG risks management at the framework 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. ING 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 Green Financial Instruments to be issued by ING has been conducted based on a proprietary methodology and in line with the ICMA GBP.

The engagement with ING took place from October to November 2022.

### 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/>

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

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