

POST-ISSUANCE CLIMATE BOND CERTIFICATION

Verification Report for Post-Issuance Certification
for the Green Bond Issued by ING Groep N.V.



SCOPE

ING Groep N.V. (ING) commissioned ISS ESG to compile a Verifier's Report for Post-Issuance Certification of its Green Bond by the Climate Bonds Initiative (CBI). The Climate Bonds Certification process includes verifying whether the provisions of the Climate Bonds Standards issued by the CBI are met and obtaining evidence to support the verification.

CRITERIA

Relevant CBI Standards for this Climate Bonds Certification:

- Climate Bonds Standard (Version 2.1)
- Marine Renewable Energy Criteria (Version 2.1)
- Low Carbon Buildings Criteria (Version 2.1)
- Solar Energy Criteria (Version 2.1)
- Wind Energy Criteria (Version 2.1)

ISSUER'S RESPONSIBILITY

ING responsibility was to provide information and documentation on:

- Selection of nominated projects & assets
- Technical aspects of projects & assets
- Internal processes & controls
- Proposed reporting

ISS ESG's VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly-reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Post-Issuance Verification Process of the green bond issued by ING based on the Climate Bond Standards 2.1. and in line with the limited assurance procedure defined by the International Standard on Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000).

ISS ESG's approach to assess whether the issuer's Green Bond meets the criteria of the Climate Bond Standards 2.1. is as follows:

- The issuer provided an overview over the assets to be included in the Green Bond asset pool and the relevant processes and documentation regarding the proceeds (e.g. use of proceeds, management of proceeds) to ISS ESG.
- The issuer filled in a questionnaire that covers all criteria of the Climate Bonds Standard 2.1.
- The issuer provided background documents that elaborate further on the information mentioned in the questionnaire.
- Using the questionnaire and background documents, ISS ESG carried out an assessment of the CBI criteria. In case any answers were unclear, ISS ESG contacted the issuer for more details and clarification.

The engagement with ING took place in March 2020.

ISS ESG's BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency 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.

RESTRICTION ON DISTRIBUTION AND USE OF REPORT

This Verification Report for Climate Bonds Certification including all documentation provided alongside is intended for the use of ING and the Climate Bonds Standard Board. The present document may be published by ING, CBI and ISS ESG. CBI and ISS ESG agree to publish the report with the consent of ING.

OPINION

Based on the limited assurance procedures conducted and evidence obtained, nothing has come to our attention that causes us to believe that, in all material respects the Issuer's 2018 Green Bond is not in conformance with the Climate Bonds Standard's Post-Issuance Requirements.

A handwritten signature in blue ink, appearing to read "R. Häbler", written over a light blue rectangular background.

ROBERT HÄBLER
ISS ESG
Munich, 5 May 2020

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About ISS ESG

Since March 2018, ISS-oekom has been a member of the ISS family, sitting within the ISS ESG business unit, which also includes ISS-ethix and ISS-Climate. ISS ESG provides high quality solutions for sustainable and responsible investment and corporate governance. The External Review team, covering Second Party Opinions (SPOs) and Climate Bond Certifications is made up of colleagues across ISS ESG, from ISS-oekom and ISS-Climate.

Originally founded in 1993 and formerly known as oekom research, ISS ESG is one of the world’s leading ESG research and rating agencies for sustainable investments with an unsurpassed rating methodology and quality recognition. ISS ESG analyzes businesses and countries with respect to their environmental social and governance performance. As an experienced partner of institutional investors and financial service providers, we analyse the level of responsibility exercised by equity and bond issuers towards society and the environment. Under the new ownership, ISS ESG completes the ESG research and RI services offerings of ISS, making it a worldwide pure-player in the area of RI Research & Solutions. ISS ESG is headed by Robert Haßler, former CEO and co-founder of oekom research. More information: www.oekom-research.com and www.issgovernance.com.

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ANNEX

Annex 1: Detailed Findings

Annex 2: Detailed Findings Marine Renewable Energy Standards (Wind offshore)

Annex 3: Detailed Findings Green Buildings

Annex 4: Detailed Findings Solar Power

Annex 5: Detailed Findings Wind Power (onshore)

ANNEX 1: DETAILED FINDINGS

4. NOMINATED PROJECTS & ASSETS

	REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
4.1	Decision-making process to determine the continuing eligibility of nominated projects and assets	ING has defined an environmental objective and has implemented processes to determine the eligibility of nominated assets.	✓
4.2	Conformance with the Bond's documented objectives and requirements of Part B of the CBI Standard	The full amount of the net proceeds is distributed to Eligible assets related to renewable energy and low carbon buildings that conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓
4.3	No double nomination of projects and assets	ING has put in place a Green Bond committee selection method designed to ensure that assets are not nominated twice.	✓

5. USE OF PROCEEDS

	REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
5.1	Allocation of net proceeds to nominated projects and assets	The full amount of the net proceeds has been allocated to nominated Eligible Assets.	✓
5.2	Allocation of funds within 24 months of issuance of the bond	The full amount of the net proceeds has been allocated to nominated Eligible Assets within 24 months.	✓
5.3	Share of financing and refinancing	The net proceeds of the Green Bond were exclusively used to refinance Eligible Assets in the renewable energy and green buildings categories identified by ING.	✓

5.4	Tracking of proceeds	The Green Bond proceeds were managed by ING in a portfolio approach. The eligible asset portfolio far exceeds the green bonds outstanding.	✓
5.5	Net proceeds of the loan and investment to nominated projects and assets	ING allocated the proceeds from the Green Bonds to an Eligible Green Loan Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented in our green bond framework. Additionally, to ensure that the bond proceeds can be directed in full to the Eligible Assets, the eligible asset portfolio far exceeds the green bond outstanding.	✓

6. NON-CONTAMINATION OF PROCEEDS

	REQUIREMENT	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
6.1	Tracking of proceeds	The total eligible assets and the total proceeds of the green bonds have been tracked internally. These are also documented externally by the publication of annual post impact allocation reports.	✓
6.2	Non-contamination of proceeds	ING held and/or invested unallocated proceeds, in its treasury liquidity portfolio, in cash or other short term and liquid instruments.	✓
6.3	Cases of force majeure	Not applicable. All proceeds have been allocated.	✓

7. CONFIDENTIALITY

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
7.1	Description of the projects	The full amount of the net proceeds was distributed to Eligible Assets related to the aforementioned categories (see Page 1) and conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓
7.2	Disclosure of information to the market	ING publishes a separate ING Green Bond Impact Report next to its regular Integrated Annual Report. Both documents are publicly available on ING's website.	✓

(<https://www.ing.com/Sustainability/Sustainable-business/ING-Green-Bond.htm>)

8. REPORTING

REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
8.1 Description of reporting	<p>ING publishes a separate Green Bond Impact Report next to its regular Integrated Annual Report. Both documents are publicly available on ING's website:</p> <p>- Post-issuance Green Bond Impact Report 2018: https://www.ing.com/web/file?uuid=e7af477c-75b4-43c9-abfd-0e76b8fb1964&owner=b03bc017-e0db-4b5d-abbf-003b12934429&contentid=47072&elementid=2125383</p> <p>- Post-issuance Green Bond Allocation Report 2018: https://www.ing.com/web/file?uuid=cde9cee2-c6d4-4409-bfd5-c8bcaecdb06c&owner=b03bc017-e0db-4b5d-abbf-003b12934429&contentid=47073&elementid=2125383</p>	<p>✓</p>

9. CLIMATE BOND TAXONOMY

REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
9.1 Matching of Climate Bond category	<p>The full amount of the net proceeds was distributed to Eligible Assets related to the aforementioned categories (see Page 1) and conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.</p>	<p>✓</p>

10. TECHNICAL CRITERIA

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
10.1	Sector-specific eligibility criteria	The full amount of the net proceeds is distributed to Eligible Assets related to the aforementioned categories (see Page 1) and conform with the relevant eligibility requirements under part B of the Climate Bonds Standards.	✓
10.2	Bonds covering several sector-specific criteria	Each of ING's Nominated Projects & Assets meet the specific eligibility criteria provided in the CBI Sector-Specific Criteria relevant to those Nominated Project & Asset.	✓


11. PROJECT HOLDING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
11.1	Holding of assets with a fair market value at least of the original amount at time of issuance	ING maintains a level of eligible assets which far exceeds the amount of green bonds outstanding and has done from the outset. Additional Nominated Projects and Assets will always meet the eligibility criteria.	✓

12. SETTLEMENT PERIOD

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
12.1	Description of the process and timeline of distribution of proceeds	The full amount of the net proceeds has been allocated to nominated Eligible Assets as of December 2019.	✓
12.2	Description of process regarding unallocated proceeds after 24 months	Not applicable. The full amount of the net proceeds has been allocated to nominated Eligible Assets as of December 2019.	—

13. EARMARKING

	REQUIREMENTS	FACTUAL FINDINGS	ANALYSIS AGAINST REQUIREMENTS
13.1	Description of internal earmarking process	<p>The Green Bond proceeds have been managed by ING in a portfolio approach. ING already maintains a level of eligible assets which far exceeds the amount of green bonds outstanding.</p> <p>The earmarking of use of proceeds is reflected and published in ING Green Bond Allocation Report 2019.</p>	

ANNEX 2: DETAILED FINDINGS MARINE RENEWABLE ENERGY STANDARD (WIND OFFSHORE)

1. DISCLOSURE COMPONENT



REQUIREMENT	DISCLOSURE EVIDENCE (information publicly available)	FULFILLS THE REQUIREMENTS	COMMENT
Project location and size, including description of marine coastal ecosystem in proximity to planned installations, noting for example whether located in marine protected areas or vulnerable marine ecosystems.	Projects 1, 2 & 3: These details are available on the respective projects' websites.	✘	ING confirms all requirements are met. The reports for projects 4-7 are not available due to legal restrictions.
Projected lifespan of the asset/project.	Projects 1, 2 & 3: All projects have a lifespan of 25 years.	✘	ING confirms all requirements are met. The reports for projects 4-7 are not available due to legal restrictions.
Key stakeholders involved, including other users of the area and surrounding area (sea, land or air depending on what is applicable) of the facility (-ies).	Projects 1-3: Major and minor stakeholders were involved and communicated with.	✘	ING confirms all requirements are met. The reports for projects 4-7 are not available due to legal restrictions.
Description of the project activities including details on installation, operation and decommissioning activities.	Projects 1, 2 & 3: Description of the project activities are available on the projects' websites.	✘	ING confirms all requirements are met. The reports for projects 4-7 are not available due to legal restrictions.
Expected/current facility capacity and generation during and after the life of the bond.	Projects 1, 2 & 3: These details are available on the respective projects' websites.	✘	ING confirms all requirements are met. The reports for projects 4-7 are not available due

			to legal restrictions.
Details of where the energy generated is being fed into, and estimated impact of the grid mix.	Projects 1, 2 & 3: These details are available on the respective projects' websites.	✗	ING confirms all requirements are met. The reports for projects 4-7 are not available due to legal restrictions.
Projected avoided GHG emissions compared to fossil fuel counterfactual (in kgCO2e) using recognised conversion factors.	ING engaged a 3 rd party consultant to calculate the annual avoided GHG emissions for the total ING Renewable Energy portfolio. The impact report will be published on ING's website	✓	
The planning standards, environmental regulations and other regulations that the project has been required to comply with.	Projects 1, 2 & 3: EIAs are available for all projects on their respective websites.	✗	ING confirms all requirements are met. The reports for projects 4-7 are not available due to legal restrictions.



ANNEX 3: DETAILED FINDINGS GREEN BUILDINGS

✓	The Green Bond Asset Pool complies with the Low Carbon Buildings Residential and Commercial criteria of the Climate Bonds Initiative.
✓	All buildings in this portfolio have an EPC label A and belong to top 15% of low carbon buildings in the Netherlands (according to EPCs and CFP reports) and as such they are eligible for the Climate Bonds Initiative.

ANNEX 4: DETAILED FINDINGS SOLAR POWER

	<p>The Green Bond Asset Pool complies with the Solar Power criteria of the Climate Bonds Initiative.</p>
	<p>Facilities do not rely on substantial fossil fuel back-up.</p>

ANNEX 5: DETAILED FINDINGS WIND POWER (ONSHORE)

	<p>The Green Bond Asset Pool complies with the Wind Power criteria of the Climate Bonds Initiative.</p>
	<p>All onshore wind farms are automatically eligible for the Climate Bonds Initiative.</p>