

## SECOND PARTY OPINION (SPO)

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Sustainability Quality of the Issuer and Green Bond Asset Pool

ING Bank Hipoteczny  
17 September 2019

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## Overall Evaluation of the Green Bond

ING Bank Hipoteczny commissioned ISS-oekom to assist with its Green Bond by assessing three core elements to determine the sustainability quality of the Bond:

1. ING Bank Hipoteczny's Green Bond framework – benchmarked against the International Capital Market Association's (ICMA) Green Bond Principles (GBPs).
2. The asset pool – whether the projects aligned with ISS-oekom's issue-specific key performance indicators (KPIs) (See Annex 1).
3. ING Bank Hipoteczny's own sustainability performance, according to the ISS-oekom ESG corporate rating.

### ISS-oekom ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION
<b>Part 1:</b> <b>Performance against the GBPs</b>	<p>The issuer has defined a formal concept for its Green Bond regarding use of proceeds, process for project evaluation and selection, management of proceeds and reporting.</p> <p>This concept is in line with the GBPs.</p>	<b>Positive</b>
<b>Part 2:</b> <b>Sustainability quality of the asset pool</b>	<p>The overall sustainability quality of the asset pool in terms of sustainability benefits, risk avoidance and minimisation is good based upon the ISS-oekom Green Bond KPIs. The Green Bond KPIs contain a clear description of eligible asset categories which include green buildings (commercial and residential).</p> <p>All assets are located in Poland, a highly regulated and developed country where legislative frameworks set minimum standards, which reduce environmental and social risks. A BREEAM Very Good Classification has been awarded to a number of the buildings.</p>	<b>Positive</b>
<b>Part 3:</b> <b>Issuer sustainability performance<sup>1</sup></b>	<p>The issuer itself (based on its parent company, ING Group) shows a very good sustainability performance and has been classified as 'Prime' within the methodology of the ISS-oekom Corporate Rating. It is rated 19<sup>th</sup> of 267 companies within its sector as of 22.08.2019.</p> <p>ING Group has a moderate controversy level, below that of the sector average, caused primarily by the financing of a company that caused environmental degradation. No controversy is directly related to the issuer ING Bank Hipoteczny.</p>	<p><b>Status:</b> <i>Prime</i></p> <p><b>Rating:</b> C</p> <p><b>Prime threshold:</b> C</p>

<sup>1</sup> The ISS-oekom's present evaluation will remain valid until any modification of the Green Bond Framework or addition of new assets into the asset pool by the issuer and as long as the issuer's Corporate Rating does not change (last modification on the 22.08.2019). The controversy check of the underlying assets has been conducted on the 28.08.2019.



## Contribution of the Green Bond to the UN SDGs

Based on the assessment of the sustainability quality of the green bond asset pool and using a proprietary methodology, ISS-oekom assessed the contribution of the ING Bank Hipoteczny's green bond to the Sustainable Development Goals defined by the United Nations (UN SDGs).

This assessment is displayed on 5-point scale (see Annex 2 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 bond's Use of Proceeds categories has been assessed for its contribution to, or obstruction of, the SDGs:

USE OF PROCEEDS CATEGORY	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<b>Green buildings (commercial and residential)</b>	<b>Significant contribution</b>	
	<b>Limited contribution</b>	

## ISS-oekom SPO ASSESSMENT

### PART I: GREEN BOND PRINCIPLES

#### 1. Use of Proceeds

ING Bank Hipoteczny S.A. intends to allocate the net proceeds of the green covered bonds issued under this framework to an Eligible Green Loan Portfolio of new and existing loans to the following categories. The eligible green loans are to be funded in whole or in part by an allocation of the covered bond proceeds. The use of proceeds categories can be summarised as follows:

1. **Green buildings:** defined as the financing or refinancing buildings which meet regional, national or internationally recognised regulations, standards or certifications:
  - a) Commercial real estate:
    - i. New or existing commercial buildings belonging to top 15% low carbon buildings in Poland
    - ii. Refurbished commercial buildings with an improved energy efficiency of at least 30%
    - iii. New, existing or refurbished commercial buildings which received at least one or more of the following classifications: LEED® “Gold” and above with energy savings 30% or higher, BREEAM® “Very Good” and above, HQE™ “Excellent” and above, DGNB® “Gold” and above, or equivalent or higher level of certification
  - b) Residential real estate:
    - i. New or existing residential buildings belonging to top 15% low carbon buildings in Poland
    - ii. New or existing residential buildings with an Energy Performance Certificate (EPC) in compliance with CBI’s established Residential Proxy based on year of bond issuance and bond duration
    - iii. New or existing residential buildings with year of construction in compliance with CBI’s established Residential Proxy based on year of bond issuance and bond duration
    - iv. Refurbished Residential buildings with an improved energy efficiency of at least 30%

Additional, technical details concerning Eligible Green Loan Portfolio are available at the ING Bank Hipoteczny S.A. website: <https://www.inhipoteczny.pl/inhipoteczny/relacje-inwestorskie>

**Opinion:** ISS-oekom considers the Use of Proceeds description provided by ING Bank Hipoteczny’s Green Bond Framework as aligned with the GBPs. Environmental benefits are described and quantified and the requirements for proceeds are robust and of significant ESG value.

## 2. Process for Project Evaluation and Selection

Projects financed and/or refinanced through the Green Covered Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria. When identifying eligible projects and their non-financial impacts ING Bank Hipoteczny S.A. may rely on external consultants and their data sources.

Green Covered Bond Committee will manage any future updates to the Framework, including expansions to the list of Eligible Categories, and oversee its implementation. The Green Covered Bond Committee will be composed of ING Bank Hipoteczny S.A. representatives from Treasury, Sustainable Finance, Risk, Business and Operations also responsible for cover pool register and as well as subject matter experts from the various sectors of allocated assets.

ING Bank Hipoteczny S.A. ensures that all eligible loans comply with official national and international environmental and social standards and local laws and regulations on a best effort basis. It is part of ING's ESR transaction approval process to ensure, that all its loans comply with internal environmental and social directives, including those financed with the proceeds of the Green Covered Bonds. These eligibility criteria and minimum requirements and ESG related matters are continuously developed and renewed in its external and internal policy frameworks.

**Opinion:** *The project evaluation and selection governance is strong, with sufficient representation across key business areas. There is positive alignment with wider sustainability strategy.*

## 3. Management of Proceeds

The Green Covered Bond proceeds will be managed by ING Bank Hipoteczny S.A. in a portfolio approach.

ING Bank Hipoteczny S.A. intends to allocate the proceeds from the Green Covered Bonds to an Eligible Green Loan Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above.

ING Bank Hipoteczny S.A. will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio that matches or exceeds the balance of net proceeds from its outstanding Green Covered Bonds. Eligible Green Loans will be added to or removed from ING Bank Hipoteczny S.A. Eligible Green Loan Portfolio to the extent required.

While any Green Bond net proceeds remain unallocated, ING Bank Hipoteczny S.A. will hold and/or invest, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments, the balance of net proceeds not yet allocated to the Eligible Green Loan Portfolio.

**Opinion:** *ISS-oekom finds that the management of proceeds is generally aligned with the GBPs, with proceeds being allocated to an eligible green loan portfolio that matches the previously mentioned criteria.*

#### 4. Reporting

ING Bank Hipoteczny S.A. intends to make and keep readily available green bond reporting after a year from the issuance, to be renewed annually until full allocation.

ING Bank Hipoteczny S.A. intends to show the allocation and impact of the green covered bond proceeds to the Eligible Green Loan Portfolio at least at the category level and on an aggregated basis for all of ING Bank Hipoteczny S.A. green bonds and other potential green funding outstanding.

ING intends to align the reporting with the portfolio approach described in "Handbook – Harmonized Framework for Impact Reporting (June 2019)"<sup>2</sup>.

##### Allocation reporting

The allocation report will provide:

- The total amount of proceeds allocated to eligible loans
- The number of eligible loans
- The balance of unallocated proceeds
- The amount or the percentage of new financing and refinancing

##### Impact reporting

Where feasible, the impact report may provide:

- For Green Buildings eligible loans on:
  - Estimated ex-ante annual energy consumption in kWh/m<sup>2</sup>
  - Estimated annual reduced and/or avoided emissions in tons of CO<sub>2</sub> equivalent

The green bond report will be made available via the ING Bank Hipoteczny S.A. website:

<https://www.inghipoteczny.pl/inghipoteczny/relacje-inwestorskie>

**Opinion:** ISS-oekom finds that the reporting for the bond, across both allocation and impact, is sufficient and aligned with the requirements of the GBPs.

#### External review

##### Second party opinion

This ING Bank Hipoteczny S.A. Green Covered Bond Framework has been reviewed by ISS-oekom who has issued a Second Party Opinion. The Second Party Opinion as well as the Green Bond Framework will be made available to the Green Bond investors on

<https://www.inghipoteczny.pl/inghipoteczny/relacje-inwestorskie>

##### Verification

ING Bank Hipoteczny may request on an annual basis, starting one year after issuance and until maturity (or until full allocation), a limited assurance report of the allocation of the bond proceeds to eligible assets, provided by its external auditor.

<sup>2</sup><https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf>




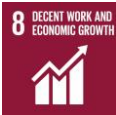



## PART II: SUSTAINABILITY QUALITY OF THE GREEN BOND ASSET POOL

### Real estate (residential and commercial)

As a Use of Proceeds category, real estate (commercial) has a significant contribution to SDG 11 “Sustainable Cities and Communities”.

Additionally, when considering the deeper ESG management, commercial real estate can be associated to other SDGs.

The table below presents the findings of an ISS-oekom assessment of the assets (re-) financed against KPIs and the association with SDGs based on a mapping methodology.

ASSESSMENT AGAINST ISS-OEKOM ESG KPI	ASSOCIATION WITH THE SDGS
<b>Site selection</b>	
<ul style="list-style-type: none"> <li>✓ 100% of the assets have responsible site selection in place.</li> </ul>	
<ul style="list-style-type: none"> <li>✓ 100% of the assets are located within a maximum of 1km from one or more modalities of public transport.</li> </ul>	
<b>Construction standards</b>	
<ul style="list-style-type: none"> <li>○ There is insufficient information available regarding the extent to which assets provide for sustainable procurement for building materials.</li> </ul>	
<ul style="list-style-type: none"> <li>✓ 100% of the assets are located in Poland, where high labour and health and safety standards are in place for construction and maintenance work (e.g. ILO core conventions).</li> </ul>	
<b>Water use minimisation in buildings</b>	
<ul style="list-style-type: none"> <li>✓ 100% of the assets provide for measures to reduce water consumption.</li> </ul>	
<b>Safety of building users</b>	
<ul style="list-style-type: none"> <li>✓ 100% of the assets provide for measures to ensure operational safety.</li> </ul>	 



### Sustainability labels / certificates

- ✓ 100% of the assets have obtained a (or an equivalent of a) BREEAM “Very Good”, DGNB “Silver / Gold”, LEED “Gold”, HQE “excellent” certificate or better certification.



### Controversy assessment

- ✓ A controversy assessment on the included projects did not reveal any controversial activities or practices that could be attributed to ING Bank Hipoteczny.

The methodology for the asset evaluation can be found in Annex 2.

## PART III: ASSESSMENT OF ING BANK HIPOTECZNY'S SUSTAINABILITY PERFORMANCE<sup>3</sup>

The ISS-oekom Corporate Rating comprises a rating scale from A+ (excellent) to D- (poor).

COMPANY	RATING	STATUS
ING Bank Hipoteczny	C	PRIME

This means that the company performed well in terms of sustainability, both compared against others in the industry and in terms of the industry-specific requirements defined by ISS-oekom. In ISS-oekom's view, the securities issued by the company therefore all meet the basic requirements for sustainable investments.

As of 22.08.2019, this rating places ING Bank Hipoteczny 19<sup>th</sup> out of 267 companies rated by ISS-oekom in the Financials / Commercial Banks & Capital Markets sector.

Key Challenges facing companies in term of sustainability management in this sector are:

- Sustainability impacts of lending and other financial services/products
- Customer and product responsibility
- Sustainable investment criteria
- Labour standards and working conditions
- Business ethics

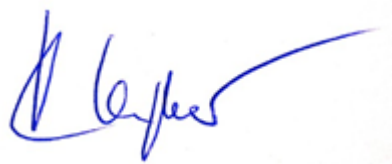
In four of the key issues, ING Bank Hipoteczny Group rates above the average for the sector:

- A very significant outperformance was achieved in "Sustainable investment criteria"
- The company marginally lags the industry's average performance in "Business ethics"

ING Group has a moderate controversy level:

- Severe and moderate controversies relating to weaknesses in anti-money laundering controls and financing of companies causing environmental degradation.
- However, in comparison to the sector, ING Group's controversy level is comparatively low.
- No controversy is directly related to the issuer ING Bank Hipoteczny.

Details on the rating of the issuer can be found in Annex 1.



Robert Hassler, Head of ISS-oekom  
London/Munich/Rockville/Zurich

<sup>3</sup> For this SPO, the issuer rating is that of ING Bank Hipoteczny's parent company, ING Group. It will still be referred to throughout the document as "ING Bank Hipoteczny".

## DISCLAIMER

1. Validity of the SPO: For ING Bank Hipoteczny's first issuance following the SPO release date.
2. ISS-oekom uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
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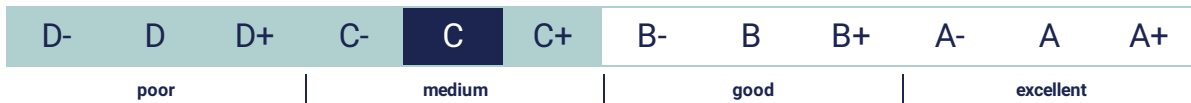
## ANNEX 1: ISS-oekom issuer ESG rating

The following pages contain extracts from ING Bank Hipoteczny's 2019 ISS-oekom issuer rating.

# ISS-oekom Corporate Rating

## ING Groep N.V.

<b>Industry</b>	Financials/Commercial Banks & Capital Markets	<b>Status</b>	<b>Prime</b>	 Corporate Responsibility Prime rated by <b>ISS-oekom</b>
<b>Country</b>	Netherlands	<b>Rating</b>	<b>C</b>	
<b>ISIN</b>	NL0011821202	<b>Prime Threshold</b>	<b>C</b>	



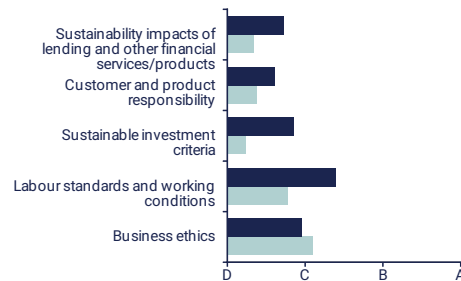
The assessment of a company's sustainability performance is based on approximately 100 criteria, selected specifically for each industry. A company's failure to disclose, or lack of transparency, regarding these matters will impact a company's rating negatively.

### Industry Leaders

Company name (in alphabetical order)	Country	Grade
ABN AMRO Bank N.V.	NL	C+
NIBC Bank N.V.	NL	C+
Raiffeisen Bank International AG	AT	C+

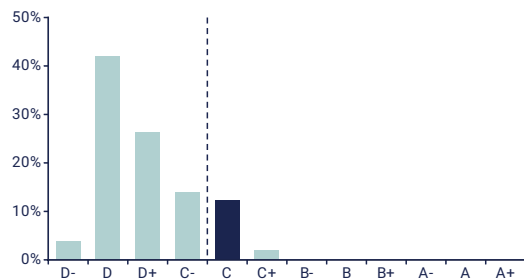
Legend: ■ Industry ■ Company --- Prime

### Key Issue Performance

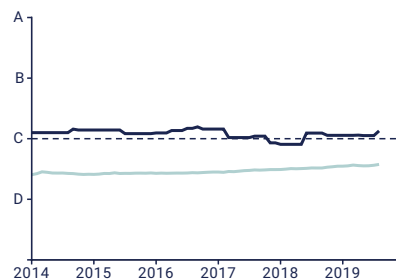


### Distribution of Ratings

267 companies in the industry

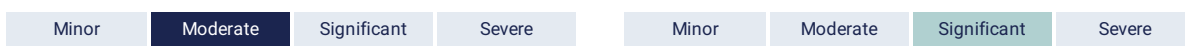


### Rating History



### Controversy Monitor

<b>Company</b>		<b>Industry</b>	
Controversy Score	-11	Maximum Controversy Score	-35
Controversy Level	Moderate	Controversy Risk	Significant



# ING Groep N.V.

## Analyst Opinion

Dietrich Wild  
Sector specialist



### Sustainability Opportunities

ING's subsidiary ING Groenbank offers retail clients green deposit products and provides lending services at favourable rates for a diverse range of sustainable projects, from wind turbines to organic farming to solar panels. Furthermore, ING Groenbank offers microfinance and a reasonable range of socially responsible investment products. In 2018, ING's sustainable assets under management rose to EUR 6.3 billion. Moreover, the climate finance portfolio amounted to EUR 16.5 billion and social impact finance to EUR 774 million. Although ING offers several financial services with a high social and environmental benefit, these do not represent a major business for the company.

### Sustainability Risks

ING has an environmental and social risk (ESR) framework in place, which sets out some minimum standards for issues such as human rights and environmental protection. An exclusion policy forms part of this ESR framework and covers a range of controversial topics. Furthermore, policies exist on sectors, which ING considers likely to be associated with environmental and social risks: energy (oil & gas, power generation), chemicals, forestry and agrocommodities, manufacturing, and mining and metals. The company has stopped financing new coal-fired power plants and thermal coal mines worldwide and aims to reduce its coal exposure close to zero by 2025. ING will also not finance any new clients whose business is over 10 percent reliant on operating coal-fired power plants and, by 2025, no longer finance clients in the utilities sector that are over 5 percent reliant on coal fired power in their energy mix. However, ING participated in a USD 4.4 billion syndicated loan financing the controversial Oyu Tolgoi mine in Mongolia and provided financial services to the controversial mining company MMC Norilsk Nickel. For example, in 2016, ING Bank extended a USD 100 million loan to the controversial mining company. In 2017, ING additionally participated as one of several bookrunners in the selling of loan participation notes for Norilsk Nickel with a volume of USD 1 billion. ING is committed to providing its customers with products that meet their needs, clearly explaining the potential risks and returns of its products and services, being transparent about prices and conditions, and using easy-to-understand language. The company adequately addresses employee-related aspects e.g. through the implementation of measures to prevent and alleviate mental health problems and through offering various workplace flexibility options. As at December 2018, ING was in the process of implementing large-scale redundancies. In this regard, all employees are entitled to training and development to adjust to the restructuring. ING addresses some relevant issues in the field of business ethics such as corruption, conflicts of interest, insider dealings, and gifts, favors and entertainment. In addition, the company has established a detailed whistleblowing policy and respective procedures. However, the company is allegedly involved in several money laundering controversies and in September 2018 agreed on a settlement of EUR 775 million related to insufficient customer due diligence procedures.

### Governance Opinion

More than 99.9 percent of the ordinary shares issued by ING Groep N.V. are held by Stichting ING Aandelen (ING Trust Office). In exchange for these shares, ING Trust Office has issued depositary receipts in bearer form for these shares. Although the depositary receipts for shares do not formally carry any voting rights, holders of depositary receipts, in practice, rank equally with shareholders with regard to voting. The majority of the company's shareholders have a long-term investment horizon (as at May 2, 2019). The company's governance structure is designed to ensure the separation of managerial and supervisory functions, as both the chair as well as the majority of the board of directors are considered independent. In addition, there are largely independent board committees in charge of audit, nomination and remuneration in place (as at April 4, 2019). The company discloses its remuneration policy for executives, on an individual basis and sub-divided according to long-term incentive components which could lead to sustainable value creation.

Regarding ING's sustainability governance, no independent sustainability committee is in place. However, ING's variable remuneration of executive board members is linked to non-financial drivers, by means of a number of targets regarding economic, environmental, social and customer satisfaction criteria. ING addresses some relevant issues in the field of business ethics such as corruption, conflicts of interest, insider dealings, and gifts, favours and entertainment. In addition, the company has established a detailed whistleblowing policy and respective procedures. However, there is no evidence of further relevant compliance procedures such as compliance risk assessments as well as third party anti-corruption due diligence. Additionally, the company is allegedly involved in several money laundering controversies and, in September 2018, agreed on a payment of EUR 775 million to settle investigations on deficiencies in the execution of policies to prevent financial economic crime.

# ING Groep N.V.

## Methodology - Overview

**ISS-oekom Corporate Rating** - The ISS-oekom Universe comprises more than 3,900 companies (mostly companies in important national and international indices, but also small and mid caps drawn from sectors with direct links to sustainability as well as significant non-listed bond issuers).

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance criteria, selected specifically for each industry. All criteria are individually weighted and evaluated and the results are aggregated to yield an overall score (rating), in which the key issues account for at least 50 per cent of the total weight. In case there is no relevant or up-to-date company information available on a certain criterion and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the criterion is graded with a D-

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company itself as well as information from independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

An external rating committee assists the analysts at ISS-oekom with the content-related design of industry-specific criteria and carries out a final plausibility check of the rating results at the end of the rating process.

**Analyst Opinion** - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

**Controversial Business Practices and Areas** - In addition to the rating, ISS-oekom undertakes a comprehensive analysis of relevant controversies with respect to numerous business practices and areas for each company. Thereby, our clients have the possibility to consider, either separately or in addition to the rating, the behaviour and the activities of a company in areas they view as especially critical.

With regard to business practices, each controversial case is examined and categorised based on whether it can be clearly attributed to the company. Additionally, the extent of the company's responsibility and the severity of the case are assessed. For the classification of the severity of the misconduct, the concrete negative effects are systematically evaluated. In addition, it is considered whether, to what extent and with what success the company has taken steps to mitigate the impact, to compensate it and to prevent similar incidents from occurring in the future.

To account for the varying levels of severity of the controversies, these are classified into the following three categories: moderate controversies, severe controversies and very severe controversies. Additionally, potential controversies are presented. These constitute issues which could be reclassified into one of the three controversy categories in case new information is reported. The classification follows a clear and uniform methodology for which ISS-oekom has defined specific evaluation parameters and their possible manifestations along a scale, based on international norms and standards and its own understanding of sustainability.

In the Business Practices section, the number of relevant and active cases is displayed in the respective cells. For each criterion, the sum of all corresponding cases for each sub-category is shown in the first line. In the Business Areas section, the activity is marked "x" and summarised as "yes" or "no". The percentage thresholds in the column headers generally refer to the Net Sales of the assessed company. As Net Sales are not an adequate reference value for all companies, these thresholds can refer to other values in individual cases (e.g. for different financial service providers).

Current cases are summarised in the "Comments" field. Irrespective of active cases, criteria marked as "Risk Exposure" indicate the company's risk exposure to controversies based on its business activities.

For the assessment of cases only those sources that have been classified by ISS-oekom as reliable are used. In addition to proven misconduct or activities of companies, alleged misconduct or activities are also assessed when the facts and circumstantial evidence provided by those sources, taking into account the experience of specialised analysts for each topic, is estimated to be sufficiently reliable. This applies not only to alleged practices, but also to the alleged serious negative effects of such practices.

# ING Groep N.V.

## Methodology - Overview

**Controversy Monitor** - The Controversy Monitor is a tool for assessing and managing reputational and financial risks associated with companies' negative environmental and social impacts.

The controversy score is a unit of measurement for the number and severity of a company's current controversies. All controversial business areas and business practices receive a negative score, which can vary depending on the significance, number and severity of the controversies. Both the company's score and the maximum score obtained in the industry are displayed.

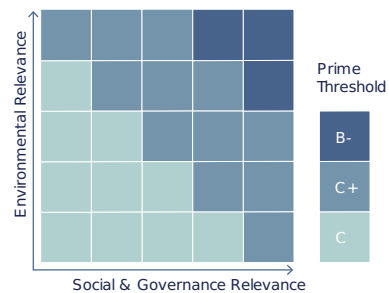
For better classification, the scores are assigned different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.

Only controversies for which reliable information from trustworthy sources is available are recorded. In addition to proven misconduct and activities of companies, alleged misconduct and activities are also assessed when the facts and circumstantial evidence provided by those sources, taking into account the experience of specialised analysts for each topic, is estimated to be sufficiently reliable. It should be noted that large international companies are more often the focus of public and media attention. Thus, the information available on those companies is often more comprehensive than for less prominent companies.

**Distribution of Ratings** - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ISS-oekom Universe (company portrayed in this report: dark blue).

**Industry Classification** - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analysed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ISS-oekom Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS-oekom Prime Status (Prime threshold) are defined (absolute best-in-class approach).



**Industry Leaders** - List (in alphabetical order) of the top three companies in an industry from the ISS-oekom Universe at the time of generation of this report.

**Key Issue Performance** - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

**Major Shareholders & Ownership Summary** - Overview of the company's major shareholders at the time of generation of this report. All data as well as the categorisation system for the investor types is based on information from S&P Capital IQ.

**Rating History** - Development of the company's rating over time and comparison to the average rating in the industry.

**Rating Scale** - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

**Sources of Information** - A selection of sources used for this report is illustrated in the annex.

**Status & Prime Threshold** - Companies are categorised as Prime if they achieve/exceed the minimum sustainability performance requirements (Prime threshold) defined by ISS-oekom for a specific industry (absolute best-in-class approach) in the ISS-oekom Corporate Rating. Prime companies rank among the sustainability leaders in that industry.



## ANNEX 2: Methodology

### ISS-oekom Green Bond KPIs

The ISS-oekom Green Bond KPIs serves as a structure for evaluating the sustainability quality – i.e. the social and environmental added value – of the use of proceeds of ING Bank Hipoteczny’s Green Bond.

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.

To review the KPIs used in this SPO, please contact Federico Pezzolato (details above) who will send them directly to you.

### Asset evaluation methodology

ISS-oekom 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 to ISS-oekom or that the information provided did not fulfil the requirements of the ISS-oekom Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS-oekom on a confidential basis by ING Bank Hipoteczny (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.

## About ISS-oekom SPO

ISS-oekom 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.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

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 Information about SPO services, and this Green Bond, contact:

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