



Verification Report for Pre-Issuance Certification of the Green Bond by ING

Scope

ING commissioned ISS-oekom to compile a Verification Report for Pre-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 Standard 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)
- Wind – Sector Criteria (Version 1.1)
- Solar – Sector Criteria (Version 2.1)
- Residential and Commercial Buildings Methodologies (Version 1.0)
- Marine Renewable Energy Sector Eligibility Criteria (status 10/2017)

ING's Responsibility

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

- Selection of nominated projects & assets
- Internal processes & controls
- (Proposed) reporting

ISS-oekom's Responsibility as a Verifier

ISS-oekom reviewed the information and documentation provided and developed by ING to assess the Green Bond's alignment with the CBI requirements:

- Conformance with the selection of nominated projects & assets requirements
- Conformance with the internal processes & controls requirements
- Conformance with the reporting requirements

ISS-oekom's approach to assess whether the issuer meets the criteria of the CBI standard was as follows:

- The issuer provided an overview over the assets to be included in the Green Bond asset pool and the relevant processes regarding the proceeds (e.g. use of proceeds, management of proceeds) to ISS-oekom.
- 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-oekom carried out an assessment of the CBI criteria. In case any answers were unclear, ISS-oekom contacted the issuer for more details and clarification.

Restriction on Distribution and Use of Report

This Verification Report for Climate Bonds Certification is intended for the use of ING and the Climate Bonds Standard Board. CBI and ISS-oekom agree to only 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 Pre-Issuance Requirements.



Robert Haßler

ISS-oekom

Munich, 22 October 2018

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About ISS-oekom

Since March 2018, ISS-oekom has been a member of the ISS family, providing high quality solutions for sustainable and responsible investment and corporate governance. Originally founded in 1993 and formerly known as oekom research, the company is one of the world's leading ESG research and rating agencies for sustainable investments with an unsurpassed rating methodology and quality recognition. ISS-oekom 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-oekom completes the ESG research and RI services offerings of ISS, making it a worldwide pure-player in the area of RI Research & Solutions. ISS-oekom 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

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Annex 1: Detailed Findings

1. Selection of nominated projects & assets

Requirement	Factual Findings	Analysis against Requirements
1.1. Decision-making process to determine eligibility of nominated projects & assets.	Projects financed and/or refinanced through the Green Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria by the ING Green Bond Committee.	✓
1.2. Assessment of proposed nominated projects & assets.	ING ensures that all selected 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 Bonds.	✓
1.3. Documentation of eligibility of nominated projects & assets.	ING has established a selection process based on detailed eligibility criteria. A list of nominated assets is documented internally and updated regularly". Projects financed and/or refinanced through the Green Bond proceeds are evaluated and selected based on compliance with the Eligibility Criteria by ING Green Bond Committee. The Green Bond Committee will be composed of representatives from Group Treasury, Group Sustainability, Sustainable Finance, Sustainable Markets as well as subject matter experts from the various sectors of allocated assets	✓
1.4. No double nomination of projects & assets.	The Green bond proceeds will be managed by ING in a portfolio approach (to avoid double accounting). ING will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio which matches or exceeds the balance of net proceeds from its	✓

		outstanding Green Bonds. Additional Eligible Green Loans will be added to ING's Eligible Green Loan Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bonds will be allocated to Eligible Green Loans.
1.5.	Net proceeds in relation to issuer's debt obligation.	ING will strive to achieve an allocation level for the Eligible Green Loan Portfolio which matches the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Green loans will be added to the Issuer's Eligible Green Loan Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bonds will be allocated to Eligible Green Loans.

2. Internal Processes & Controls

Requirement	Factual Findings	Analysis against Requirements
2.1.1. Tracking of proceeds	<p>The Green bond proceeds will be managed by ING in a portfolio approach.</p> <p>ING intends to allocate 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 set out in their Green Bond Framework.</p>	✓
2.1.2. Managing unallocated proceeds	<p>Whilst any Green Bond net proceeds remain unallocated, ING 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.</p>	✓
2.1.3. Earmarking funds to nominated projects & assets	<p>ING will strive, over time, to achieve a level of allocation for the Eligible Green Loan Portfolio which matches the balance of net proceeds from its outstanding Green Bonds. Additional Eligible Green loans will be added to ING's Eligible Green Loan Portfolio to the extent required to ensure that the net proceeds from outstanding Green Bonds will be allocated to Eligible Green Loans.</p>	✓

3. Reporting Prior to Issuance

Requirement	Factual Findings	Analysis against Requirements
3.1.1. Disclosure on investment areas	ING has confirmed that it will report prior to issuance that all nominated assets fall into one project category as listed in Clause 9.1 of the Climate Bonds Standard.	✓
3.1.2. Disclosure on intended types of temporary investment instruments	Whilst any Green Bond net proceeds remain unallocated, ING 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.	✓
3.1.3. Disclosure regarding pre-issuance verification	ING has confirmed that it will report prior to issuance on its pre-issuance verification procedure.	✓
3.1.4. Disclosure on periodic assurance engagements	ING 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 (KPMG or any subsequent external auditor).	✓

Annex 2: Detailed findings Marine Renewable Energy Standard

1. Disclosure Component

Requirement	Disclosure evidence (Information publicly available)	Fulfils 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.	X	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.	X	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.	X	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.	X	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.	X	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.	X	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 kgCO ₂ e) 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.	X	ING confirms all requirements are met. The reports for projects 4-7 are not available due to legal restrictions.

1. Mitigation Component

The issuer's Green Bond Asset Pool is in line with the Mitigation Component of the Climate Bonds Initiative as it is entirely dedicated to renewable energy.

2. Adaptation & Resilience Requirements

Requirement	Factual Findings	Analysis against Requirements
1 Processes are in place to assess key risks to the assets from a changing climate and its impact on marine conditions.	Environmental and stakeholder considerations are addressed in applicable reports and during development, construction and operation of renewable assets. ING confirms all assets are constructed in line with applicable regulations.	✓
2 Processes are in place to assess improvements and impacts the assets have on the resilience of other stakeholders.	Environmental and stakeholder considerations are addressed in applicable reports and during development, construction and operation of renewable assets. ING confirms all assets are constructed in line with applicable regulations.	✓

3	An adaptation plan has been designed and is being implemented to address the risks identified in assessments outlined above.	Environmental and stakeholder considerations are addressed in applicable reports and during development, construction and operation of renewable assets. ING confirms all assets are constructed in line with applicable regulations.	✓
3.1	Inspections are carried out regularly and there is a maintenance regime for future inspection.	Environmental and stakeholder considerations are addressed in applicable reports and during development, construction and operation of renewable assets. ING confirms all assets are constructed in line with applicable regulations.	✓
4	Involvement in stakeholder engagement and collaboration	Four projects, accounting for 100% of the Asset Pool, have carried out close collaborations with stakeholders in order to promote resilience and adaptation.	✓
5	The assets do not put at risk or endanger species or habitats or unduly impact ecosystem services. If so, mitigation measures have been implemented.	Four projects, accounting for 100% of the Asset Pool, have avifauna monitoring plans and other mitigation measures in place to minimise impact on endangered species and the ecosystem, or are subject to existing regulatory requirements (EIAs and Environmental Permits) covered by national law (Germany and Netherlands).	✓
5.1	Waste is responsibly dealt with. Recycling is in place where possible.	Four projects, accounting for 100% of the Asset Pool, include waste disposal measures, or are subject to regulatory requirements (EIAs and Environmental Permits) covered by national law (Germany and Netherlands).	✓
5.2	Potential risks for accidental site contamination have been recognised. Steps have been taken to minimise these risks.	Four projects, accounting for 100% of the Asset Pool, include measures to minimise risks for accidental site contamination, or are subject to regulatory requirements (EIAs and Environmental Permits) covered by national law (Germany and Netherlands).	✓

5.3	Decommissioning of the plant is planned in a way that considers the environmental impacts.	Four projects, accounting for 100% of the Asset Pool, include measures for responsible decommissioning.	✓
5.4	Plans and processes are in place to effectively manage and minimise conflicts with other users of the marine and coastal space.	Four projects, accounting for 100% of the Asset Pool, include measures to minimise navigational risks to maritime traffic and aviation.	✓

Annex 3: Detailed findings Green Buildings

- ✓ **The Green Bond Asset Pool complies with the Low Carbon Buildings criteria of the Climate Bonds Initiative.**
All buildings in this portfolio belong to top 10% of low carbon buildings in the Netherlands (according to EPCs and CFP reports) and as such they are automatically eligible for the Climate Bonds Initiative.

Annex 4: Detailed findings Solar Power

- ✓ **The Green Bond Asset Pool complies with the Solar Power criteria of the Climate Bonds Initiative.**
All onshore solar parks are automatically eligible for the Climate Bonds Initiative

Annex 5: Detailed findings Wind Power (onshore)

- ✓ **The Green Bond Asset Pool complies with the Wind Power criteria of the Climate Bonds Initiative.**
All onshore wind farms are automatically eligible for the Climate Bonds Initiative