

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Green Bond Asset pool

ING Bank Hipoteczny S.A.

08 December 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">• Green bond
Relevant standards	<ul style="list-style-type: none">• Green Bond Principles (GBPs) as of June 2021, administered by ICMA
Scope of verification	<ul style="list-style-type: none">• ING Bank Hipoteczny S.A. Green Covered Bond Framework (as of 09.2019)
Lifecycle	<ul style="list-style-type: none">• Pre-issuance verification
Validity	<ul style="list-style-type: none">• As long as no material changes are made to the Green Bond Framework

CONTENTS

Scope of work	3
ISS ESG ASSESSMENT SUMMARY	3
ISS ESG SPO ASSESSMENT	4
PART I: GREEN BOND LINK TO ING'S SUSTAINABILITY STRATEGY	4
A. ASSESSMENT OF ING GROUP'S ESG PERFORMANCE	4
B. CONSISTENCY OF GREEN BOND WITH ING'S SUSTAINABILITY STRATEGY	6
PART II: ALIGNMENT WITH GREEN BOND PRINCIPLES	9
PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE	12
A. CONTRIBUTION OF THE GREEN BOND TO THE UN SDGs	12
B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ASSET POOL .	13
Green buildings (residential and commercial)	13
ANNEX 1: Methodology	15
ANNEX 2: ISS ESG Corporate Rating Methodology	16
ANNEX 3: Quality management processes	18
About ISS ESG SPO	19

Scope of work

ING Bank Hipoteczny S.A. (“ING” or “the issuer”) commissioned ISS ESG to assist with its Green bond by assessing three core elements to determine the sustainability quality of the instrument:

1. Green bond link to ING’s sustainability strategy – drawing on ING Group’s¹ overall sustainability profile and issuance-specific Use of Proceeds categories.
2. ING’s Green Bond Framework (September 2019 version) – benchmarked against the International Capital Market Association’s (ICMA) Green Bond Principles (GBPs).
3. The Asset pool – whether the projects contribute positively to the UN SDGs and perform against ISS ESG’s issue-specific key performance indicators (KPIs) (See Annex 2).

ISS ESG ASSESSMENT SUMMARY

SPO SECTION	SUMMARY	EVALUATION ²
Part 1: Green bond link to issuer’s sustainability strategy	<p>According to the ISS ESG Corporate Rating published on 18.10.2021, ING Group shows a high sustainability performance against the industry peer group on key ESG issues faced by the Commercial Banks & Capital Markets sector. It is rated 11th out of 299 companies within its sector.</p> <p>The Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green bonds is clearly described by the issuer.</p>	Consistent with issuer’s sustainability strategy
Part 2: Alignment with GBPs	<p>The issuer has defined a formal concept for its Green bond regarding use of proceeds, processes for project evaluation and selection, management of proceeds and reporting. This concept is in line with the Green Bond Principles.</p>	Aligned
Part 3: Sustainability quality of the Asset pool	<p>The overall sustainability quality of the Asset pool in terms of sustainability benefits, risk avoidance and minimization is good based upon the ISS ESG assessment. The Green bond will (re-)finance eligible asset categories which include green buildings (commercial and / or residential).</p> <p>Those use of proceeds categories have a positive contribution to SDG 7 “Affordable and Clean Energy”, 11 “Sustainable cities and communities” and 13 “Climate Action”. The environmental and social risks associated with those use of proceeds categories have been well managed.</p>	Positive

¹ As ING Bank Hipoteczny S.A. is not currently part of ISS ESG Corporate Rating Universe and given that ING Bank Hipoteczny S.A. is a subsidiary of ING Group, ING Group ESG Corporate Rating was used in assessing the issuer’s sustainability strategy.

² ISS ESG’s evaluation is based on the ING Bank Hipoteczny S.A.’s Green Bond Framework (September 2019 version) and on the ISS ESG ING Group’s Corporate Rating applicable at the SPO delivery date (updated on the 18.10.2021).

ISS ESG SPO ASSESSMENT

PART I: GREEN BOND LINK TO ING'S SUSTAINABILITY STRATEGY

A. ASSESSMENT OF ING GROUP'S³ ESG PERFORMANCE

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
ING GROEP N.V.	COMMERCIAL BANKS & CAPITAL MARKETS	1	VERY HIGH

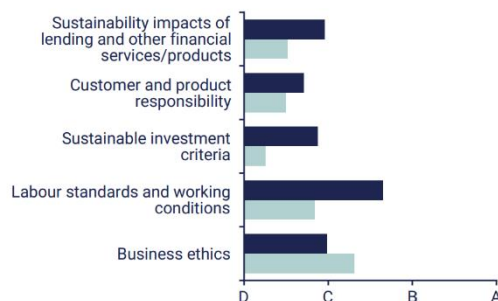
This means that the company currently shows a high sustainability performance against peers on key ESG issues faced by the Commercial Banks & Capital Markets sector and obtains a Decile Rank relative to industry group of 1, which indicates highest relative ESG performance out of 10.

ESG performance

As of 18.10.2021, this Rating places ING Group 11th out of 299 companies rated by ISS ESG in the Commercial Banks & Capital Markets sector.

Key challenges faced by companies in terms of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Key Issue Performance



Legend: Industry (light blue), Company (dark blue)

Sustainability Opportunities³

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 2020, ING's sustainable assets under management rose to EUR 13.2 billion. Moreover, the climate finance portfolio amounted to EUR 16.5 billion and social impact finance to EUR 500 million. Although ING offers several financial services with a high social and environmental benefit, these do not represent a major business for the company.

³ As ING Bank Hipoteczny S.A. is not currently part of ISS ESG Corporate Rating Universe, and that ING Bank Hipoteczny S.A. is a subsidiary of ING Group, ING Group ESG Corporate Rating was used in assessing the issuer's sustainability strategy.

Sustainability Risks⁴

ING has an environmental and social risk (ESR) framework in place, which sets standards for issues such as human rights, environmental protection, and animal welfare. An exclusion policy forms part of this ESR framework and covers a range of controversial topics. Furthermore, sector-specific policies are in place for 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, defence, and infrastructure. 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. Nonetheless, ING Groep NV's subsidiary ING Bank NV is financing the construction of the 1,000 MW Cirebon-2 coal fired power plant in West Java, Indonesia, which is being opposed by local stakeholders over its alleged prospective environmental impacts and contribution to climate change. 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 clear language. The company adequately addresses employee-related aspects e.g. through the implementation of measures to prevent and alleviate mental health problems and through various workplace flexibility options. As of March 2021, ING is 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 all salient issues in the field of business ethics, such as corruption, conflicts of interest, insider dealings, and gifts 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, including an allegation of involvement in money laundering through the company's ING Bank subsidiary in Italy in February 2020.

Governance opinion⁴




The company's governance structure is designed to ensure the separation of managerial and supervisory functions; all members of the board of directors, including the chair (Mr. Gerardus Johannes Wijers) are considered independent (as at February 5, 2021). In addition, fully independent board committees in charge of audit, nomination and remuneration are in place. The company discloses its remuneration policy for executives on an individual basis and sub-divided according to long-term incentive components, which is thought to foster sustainable value creation. Regarding ING's sustainability governance, no independent board-level 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 all 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 third party anti-corruption due diligence. Additionally, the company is allegedly involved in several money laundering controversies, including

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an allegation of involvement in money laundering through the company's ING Bank subsidiary in Italy in February 2020.

Sustainability impact of products and services portfolio⁵

Using a proprietary methodology, ISS ESG assessed the contribution of ING Group's current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to the evaluation of final product characteristics and does not include practices along ING Group's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Financing of renewable energy	1.2%	CONTRIBUTION	 
Financing of buildings certified to a relevant sustainable building standard	1.4%	CONTRIBUTION	
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

ING Groep N.V. is facing one severe controversy connected to business ethics:

- Severe controversy related to alleged failure to prevent money laundering in Spain.

No controversy is directly related to the issuer ING Bank Hipoteczny.

B. CONSISTENCY OF GREEN BOND WITH ING'S SUSTAINABILITY STRATEGY

Key sustainability objectives and priorities defined by the issuer

With more than 34 million customers in over 40 countries, ING's business activities have a significant influence on communities and the environment. This means making the right choices in how, where and with whom ING does business – and crucially, being transparent about the underlying principles that guide its daily business decisions.

⁵ As ING Bank Hipoteczny S.A. is not currently part of ISS ESG Corporate Rating Universe, and that ING Bank Hipoteczny S.A. is a subsidiary of ING Group, ING Group ESG Corporate Rating was used in assessing the issuer's sustainability strategy.

A low-carbon and self-reliant society

Being sustainable is not just about reducing ING's environmental footprint. As a bank, ING believes that its role is to facilitate and finance society's shift to sustainability. The Issuer aims at contributing to progress – environmental, economic, and social.

In 2017, ING sharpened its long-term commitment to sustainability so that all its initiatives focus on contributing to a low-carbon and self-reliant society. ING's new direction has been broken down into building blocks, each with its own objectives and targets. For example:

- becoming the industry leader in sustainable finance
- creating products to specifically help its SME/Mid-Corp clients future-proof their businesses
- aligning its portfolio with the well-below two-degree scenario

ING is committed to better understanding the impact of its lending activities and working with its clients to drive progress towards a low-carbon and self-reliant society. ING talk with clients about the challenges they face and help them identify opportunities. ING finance many projects that advance renewable energy and the circular economy and aim to increase its Climate Finance portfolio two-fold by 2022 compared to 2017. The bank also aims to double its Social Impact Finance portfolio by lending to projects that lead to, for example, affordable housing or basic infrastructure improvements. On top of this, the Issuer will double lending to environmental, social and governance (ESG) industry leaders by 2022 compared to 2017.

Rationale for issuance

Much of ING's efforts focus on climate change. In the Paris Climate Agreement, governments committed to take action to remain well below a two-degree rise in global temperatures. As a bank, ING makes its biggest contribution through its financing.

ING's loan book is over €600 billion euros across many sectors, and it will begin steering it towards meeting the Paris Agreement's two-degree goal. ING co-created an innovative, accurate way to measure this, called the Terra approach. ING claims to be the first bank to commit to using science-based scenarios to steer its business strategy.

To contribute to a low-carbon and self-reliant society, at the local level, ING implements the sustainability strategy in 4 priorities: bank for the enterprising, bank for equal opportunities, bank of green investments, bank which is eco-aware.

In 2017 ING in Poland declared also that it will gradually reduce product and credit exposure related to the thermal coal - driven activities. At the same time, the bank supports clients in the energy transformation and transition to low-carbon activities.

To support its climate objectives and fund these portfolios, ING Bank Hipoteczny S.A. designed a Green Covered Bond Framework meeting the highest standards on transparency and disclosure.

Contribution of Use of Proceeds categories to sustainability objectives and priorities

ISS ESG mapped the Use of Proceeds categories financed under this Green bond with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Commercial Banks & Capital Markets sector. Key ESG industry

challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each Use of Proceeds categories.

USE OF PROCEEDS CATEGORY	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
Green buildings	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the Use of Proceeds financed through this bond are consistent with the issuer’s sustainability strategy and material ESG topics for the issuer’s industry. The rationale for issuing green bonds is clearly described by the issuer.*

PART II: ALIGNMENT WITH 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 ESG considers the Use of Proceeds description provided by ING’s Green Bond Framework as aligned with the Green Bond Principles (GBP). 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.

A 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 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 that has been described by the issuer aligns with the GBPs. Moreover, the projects selected align with the sustainability strategy of the issuer.*

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 ESG finds that the management of proceeds is aligned with the GBPs. However, the issuer has not defined the allocation time for unallocated proceeds.*

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)"⁶.

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/m²
 - Estimated annual reduced and/or avoided emissions in tons of CO₂ 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 ESG finds that the reporting for the bond, across both allocation and impact aligns with the requirements of the GBPs. Furthermore, the issuer has defined impact metrics on which it will report in according with ICMA's Harmonized Framework for Impact reporting.

External review

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 S.A. 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.

⁶<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2019/Handbook-Harmonized-Framework-for-Impact-Reporting-WEB-100619.pdf>

PART III: SUSTAINABILITY QUALITY OF THE ISSUANCE





A. 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 ESG assessed the contribution of the ING'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):

Significant Obstruction	Limited Obstruction	No Net Impact	Limited Contribution	Significant Contribution
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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	CONTRIBUTION OR OBSTRUCTION	SUSTAINABLE DEVELOPMENT GOALS
<p>Green Buildings <i>with certifications such as BREEAM, LEED or equivalent</i></p>	Significant contribution	
<p>Green Buildings <i>New or existing buildings belonging to top 15% of low carbon buildings in Poland or an EPC label or compliance with CBI's established Residential Proxy</i></p>	Limited contribution	
<p>Energy efficiency <i>Refurbishment of buildings with an improved energy efficiency of at least 30%</i></p>	Limited contribution	
	Significant Contribution	

⁷ 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 ING PL Use of Proceeds categories that are based on the Technical Screening Criteria for Climate Change Mitigation as defined by the EU Taxonomy Technical Annex I, a significant contribution to SDG 13 is attested.

B. MANAGEMENT OF ENVIRONMENTAL & SOCIAL RISKS ASSOCIATED WITH THE ASSET POOL

Green buildings (residential and commercial)

As a Use of Proceeds category, real estate (commercial and residential) has a positive contribution to SDG 7 “Affordable and Clean Energy”, 11 “Sustainable Cities and Communities” and 13 “Climate Action”. The table below presents the findings of an ISS ESG assessment of the assets (re-)financed against KPIs.

ASSESSMENT AGAINST ISS ESG KPI

Biodiversity

- ✓ The issuer aligns with the Equator Principles and therefore ensures biodiversity management during operation.
- ✓ All assets have a responsible site selection in place.

Labour, Health & Safety

- ✓ All 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).

Waste management & Pollution Prevention

- There is no or limited information available to what extent eligible projects are covered by a certified environmental management system in line with relevant international standards (ISO 14001, EMAS or equivalent).

Dialogue with local communities

- ✓ All assets are located in Poland, a member state of the European Union where Environmental Impact Assessments are mandatory for infrastructural projects. Dialogue with local communities is part of the Environmental Impact Assessment.

Sustainability labels / certificates

- ✓ All eligible assets have or will obtained a (or an equivalent of a) BREEAM “Very Good”, DGNB “Gold”, LEED “Gold”, HQE “excellent” certificate or better certification. For residential buildings, the issuer has set the following thresholds: For Single-family: PE ≤ 95 kWh/m²year (TC 2017 or year of construction 2017); for Multi-family: PE ≤ 85 kWh/m²year (TC 2017 or year of construction 2017).

Users’ safety

- ✓ For all assets, policies and measures are in place to ensure buildings’ users safety.

Water management

- ✓ For all eligible projects, measures are in place to reduce water consumption.

DISCLAIMER

1. Validity of the SPO: As long as no material changes are made to the Green Bond framework.
2. ISS ESG 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: Methodology

ISS ESG Green KPIs

The ISS ESG 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 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. 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.

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

Environmental and social risks assessment methodology

ISS ESG 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 ESG or that the information provided did not fulfil the requirements of the ISS ESG Green Bond KPIs.

The evaluation was carried out using information and documents provided to ISS ESG 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, ISS ESG identifies the extent to which ING’s Green bond contributes to related SDGs.

ANNEX 2: ISS ESG Corporate Rating Methodology

The following pages contain methodology description of the ISS ESG Corporate Rating.

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

ESG Corporate Rating - The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed 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 as well as information from reputable 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.

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.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

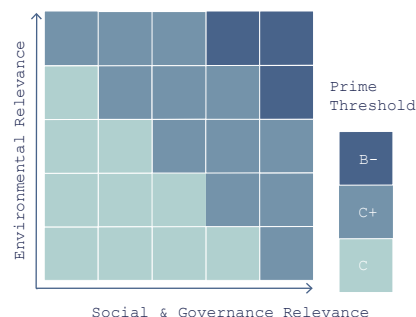
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating 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 analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG 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 ESG Corporate Rating 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.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

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 categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 3: Quality management processes

SCOPE

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

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Green Bond Principles
- ISS ESG KPI set

ISSUER'S RESPONSIBILITY

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

- Framework
- Asset pool / Eligibility criteria
- Documentation of ESG risks management at the asset 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. 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 Second Party Opinion of the Green bond to be issued by ING based on ISS ESG methodology and in line with the ICMA Green Bond Principles.

The engagement with ING took place from April until November 2021.

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, professional competence and due care, professional behaviour 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 ISS ESG 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.

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/>

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