



Verification of the Sustainability Quality of the Green Bond Portfolio for the ING Green Bond Programme

31 October 2018

Aim and Scope of this Second Party Opinion

ING commissioned ISS-oekom to assist with its Green Bond Programme by assessing the sustainable added value of a portfolio, from which assets for Green Bonds will be chosen. The assessment of the portfolio was conducted using the criteria and indicators of the Green Bond KPIs developed by ISS-oekom.

ISS-oekom's mandate included the following services:

- Definition of Green Bond KPIs ("ISS-oekom Green Bond KPIs") containing a clear description of eligible asset categories and the social and environmental criteria assigned to each category for evaluating the sustainability-related performance of the assets (re-) financed through the proceeds of the bond.
- Analysis of the alignment of the Green Bond to be issued against ICMA's Green Bond Principles.
- Evaluation of compliance of the Green Bond with the ISS-oekom Green Bond KPIs.
- Review and classification of ING's sustainability performance on the basis of the ISS-oekom Corporate Rating

Overall Evaluation of the Green Bond Portfolio

ISS-oekom's overall evaluation of the Green Bond Portfolio by ING is positive:

- ING has defined a formal concept for its Green Bond Programme 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 (Part I of this Second Party Opinion).
- The overall sustainability quality in terms of sustainability benefits and risk avoidance and minimisation is good. (Part II of this Second Party Opinion).
- The issuer itself shows a good sustainability performance (Part III of this Second Party Opinion).

Certain aspects could still add to the overall quality of the asset pool: more specific selection or performance criteria would be recommended for the renewable energy assets, in particular regarding environmental aspects of construction and operation.

ING has provided ISS-oekom with detailed information describing eligibility criteria for the assets to be included in its Green Bonds, the processes of selecting eligible assets, the management of proceeds and the future reporting to investors. Details are given in the following.

1) Use of Proceeds

ING intends to allocate the net proceeds of the Green Bonds to a loan portfolio of new and existing loans to the following categories. The eligible loans are to be funded in whole or in part by an allocation of the bond proceeds. The use of proceeds categories can be summarized as follows:

- **Renewable energy:** defined as the financing or refinancing for the production, transmission, appliances, acquisition and products of renewable energy; as well as the connection of renewable energy production units to the electricity grid and the transportation through the network. Renewable energy sources can include:
 - a) On- and offshore wind energy
 - b) Solar energy
 - c) Small scale hydropower (20MW or under), or run-of-river projects

- **Green buildings:** defined as the financing or refinancing buildings which meet regional, national or internationally recognized regulations, standards or certifications:
 - a) Commercial real estate:
 - i. Commercial buildings with an Energy Performance Certificate label “A” in The Netherlands
 - ii. New or existing commercial buildings belonging to top 15% low carbon buildings in the region (f.e. Germany or Belgium)
 - iii. Refurbished Commercial buildings with an improved energy efficiency of at least 30%
 - iv. New, existing or refurbished commercial buildings which received at least one or more of the following classifications: LEED “Gold” and above, BREEAM “Excellent”, HQE “Excellent”, DGNB “Gold” and above, or equivalent or higher level of certification.
 - b) Residential real estate:
 - i. Residential buildings with an Energy Performance Certificate label “A” in The Netherlands
 - ii. New or existing residential buildings belonging to top 15% low carbon buildings in the region (f.e. Germany or Belgium)
 - iii. Refurbished Residential buildings with an improved energy efficiency of at least 30%.

- **Clean transportation:** defined as the financing or refinancing electric, hybrid, public, rail, non-motorised, multi-modal transportation, infrastructure for clean energy vehicles and reduction of harmful emissions

- **Pollution prevention and control:** defined as the financing or refinancing reduction of air emissions, greenhouse gas control, soil remediation, waste prevention, waste reduction, waste recycling and energy/emission-efficient waste to energy

- **Sustainable water management:** defined as the financing or refinancing sustainable infrastructure for clean and/or drinking water, wastewater treatment, sustainable urban drainage systems and river training and other forms of flooding mitigation

Here are described the allocation percentages for the first issuance:

Asset Category	Share of Portfolio
1. Renewable energy	65%
1.1 On and offshore wind	50%
1.2 Solar Power	15%
1.3 Hydro Power	0%
2. Green buildings	35%
3. Clean Transportation	0%
4. Pollution prevention and control	0%
5. Sustainable water management	0%
Total	100%

2) Process for Project Evaluation and Selection

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.

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. The Green Bond Committee will meet at least annually and will manage any future updates to the Framework, including expansions to the list of Eligible Categories, and oversee its implementation.

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. These eligibility criteria and minimum requirements and ESG related matters are continuously developed and renewed in its external and internal policy frameworks.

3) Management of Proceeds

The Green bond proceeds will be managed by ING in a portfolio approach.

ING intends to allocate the proceeds from the Green Bonds to a Eligible Green Loan Portfolio, selected in accordance with the use of proceeds criteria and evaluation and selection process presented above.

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.

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.

4) Reporting

ING will make and keep readily available reporting on the allocation of net proceeds to the Eligible Green Loan Portfolio after a year from the issuance of the applicable Green Bonds, to be renewed annually until full allocation of the respective Green Bond net proceeds.

ING intends to report the allocation of the Use of Proceeds to the Eligible Green Loan Portfolio at least at the category level and on an aggregated basis for all of the ING's green bonds and other potential green funding outstanding.

ING intends to align the reporting with the portfolio approach described in "Green Bonds- working towards a Harmonized Framework for Impact Reporting (December 2015)" .

Allocation Reporting

The allocation report will provide, for each Eligible category:

- 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, ING may on a best effort basis report yearly and until full allocation on climate benefits associated to the eligible loans in line with the harmonized impact reporting framework ; i.e. :

- For Renewable Energy eligible loans on:
 - Total installed capacity in MWh
 - Annual avoided emissions in kttons of CO2 equivalent
- For Green Buildings eligible loans on:
 - Estimated ex-ante annual energy consumption in KWh/m2
 - Estimated annual avoided emissions in tons of CO2 equivalent
- For other categories ING may provide impact indicators whenever practicable

1) ISS-oekom Green Bond KPIs

The ISS-oekom 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 Programme. 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 Green Bond can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the Green Bond and which can also be used for reporting. Details on the individual criteria and indicators for the categories can be found in Annex 1 „ISS-oekom Green Bond KPIs“.

2) Evaluation of the Assets Financed by the Green Bond**Method**

ISS-oekom has evaluated whether the assets included in the Green Bond match the categories and criteria listed in 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 (e.g. information on credit guidelines). Further, national legislation and standards, depending on the asset location, were drawn on to complement the information provided by ING.

Findings

A. Renewable energy

A.1. Wind Power (onshore and offshore) (Aligned with SDG Goal 7 – Renewable Energy)

Sustainability Risks and Benefits of the Project Category

The environmental benefits of wind power generation projects comprise the contribution to climate protection and to the transition towards a low-carbon economy. Further benefits are less environmental degradation and pollution (e.g. through resource extraction, releases of waste streams to water or soil) in comparison to fossil fuel or nuclear power plants. From a social perspective, the transition from fossil fuels to wind power lowers negative human rights impacts of oil, gas and coal production (e.g. land-use conflicts, resettlement). In addition – different from fossil fuels combustion - wind power does not negatively impact air quality.

However, the construction and operation of wind power plants can result in negative environmental impacts (e.g. noise and other negative impacts on biodiversity) and impacts on local communities. Further risks include potentially poor working conditions during construction and maintenance of power plants (especially with respect to worker safety) as well as in the production processes of wind power equipment. As the construction of these plants requires large amounts of raw materials and equipment, life cycle aspects are an important factor when assessing the overall environmental footprint of related projects.

Most of the wind power projects selected for the Green Bond are located in countries with high level of social and environmental legislation.

- 1. Site selection
 - ✓ According to ING's ESR policies, 100% of the assets in the portfolio are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
 - For some offshore plants however, the cable corridor connecting the offshore plant to the onshore grid, passes through protected areas.
 - ✓ According to ING's selection process, 100% of the assets underwent environmental impact assessments at the planning stage.
- 2. Community dialogue
 - ✓ For 80 wind onshore plants, more than 50% of the assets have measures to ensure community dialogue (e.g. community advisory panels and dialogue platforms).
 - For 8 wind offshore plants, community dialogue is not applicable.
- 3. Environmental aspects of construction and operation
 - ✓ All assets are required according to ING's ESR Policies, to have minimum environmental mitigation measures in place during construction and operation.

- However, no specific information is available on measures that meet high environmental standards during the construction phase (e.g noise mitigation, minimization of environmental impact during construction work).
- No specific information is available on specific measures to protect habitat and wildlife during operation of the power plant (e.g avifauna monitoring).
- 4. Working conditions during construction and maintenance work
 - ✓ 85 out of 88 assets provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions). For the remaining 3 assets, health and safety standards are not sufficient.

Controversy Assessment

A controversy assessment on the assets revealed a controversy in one wind farm.

After trees were cut down in works related to the construction of a wind farm, local animal population was affected, resulting in biodiversity loss. An NGO condemned the incident, but the wind farm General Manager denied the animals were harmed due to the vegetation clearance. No further investigation occurred.

A.2. Solar Power (PV) (Aligned with SDG Goal 7 – Renewable Energy)

Sustainability risks and benefits of the project category

The environmental benefits of solar power comprise climate protection and the transition towards a low carbon economy. Further benefits are less environmental intervention (e.g. resource extraction, releases of waste streams to water or soil) and less need for cooling water in comparison to fossil fuel or nuclear power plants. From a social perspective, the transition from fossil fuels to solar power lowers negative human rights impacts of oil, gas and coal production (e.g. land-use conflicts, resettlement). In addition – different from fossil fuels combustion – solar power does not impact air quality.

With respect to potential risks, the manufacturing of solar panels in developing countries such as China can have negative social and environmental impacts. As the production of solar panels requires scarce raw materials and as the panels contain hazardous substances, aspects such as recyclability, management of hazardous substances and conversion efficiency are relevant to evaluate the overall environmental performance of related projects. However, in comparison with other renewable energy sources, social and environmental risks related to solar power are deemed to be low. Most assets selected for the Green Bond are located in a highly regulated and developed country.

- 1. Site selection (not applicable for PV roof systems):
 - ✓ According to ING's ESR policies, 100% of the assets in the portfolio are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- 2. Supply chain standards
 - More than 50% of solar modules in the portfolio are produced by manufacturers with low labour and health and safety standards.
- 3. Environmental aspects of PV plants
 - No information is available on solar modules with a conversion efficiency of at least 15%.
 - ✓ For more than 50% of solar modules in the portfolio, high environmental standards regarding take back & recycling is guaranteed.
 - No information is available on high standards regarding the reduction or elimination of toxic substances in solar modules (e.g. in line with RoHS requirements or other relevant standards).
- 4. Working conditions during construction and maintenance work
 - ✓ 27 out of 29 assets provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions). For the remaining 2 assets, labour, health and safety standards are not sufficient.

Controversy Assessment

A controversy assessment on the assets revealed a controversy on one solar park.

A worker was struck and killed by an hydraulic pile driver while installing supports for solar panels at a PV plant. Investigations are still ongoing.

B. Green Buildings (Aligned with SDG Goal 11 – Sustainable Cities and Communities)

Sustainability Benefits and Risks of the Asset Category

Green buildings are beneficial from an environmental point of view as they contribute to climate protection through optimised energy efficiency and air quality. Further, green buildings help to conserve natural resources and reduce environmental impact through the reduction of waste and wastewater. From a social point of view, green buildings can improve occupant health and comfort.

At the same time, there are sustainability risks to be taken into account. Possible social risks stem from working conditions at construction sites, integration of new buildings into the social context and the safety of building users. Environmental risks stem from impacts on biodiversity at the planning stage, as well as from poor resource efficiency during construction phase and at the use stage. All assets selected for the Green Bond are located in the Netherlands, a highly-regulated and developed country.

- ✓ **Prerequisite for Green Buildings:** All projects underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency. All buildings selected for the Green Bond have an EPC label A and are part of the top 15% of the Dutch market.
- 1. Site selection
 - ✓ According to ING's ESR policies, protected areas and sites of high environmental value are excluded from financing.
 - However, no information on policies on brownfield site development is available.
 - ✓ Over 50% of the assets are located within 1 km from one or more modalities of public transport.
- 2. Construction standards
 - ✓ 100% of assets provide for high labour and health and safety standards (e.g. ILO core conventions).
 - No information is available on assets that provide for sustainable procurement regarding building materials (e.g. recycled materials, third-party certification of wood based materials).
- 3. Water use minimisation in buildings
 - No information is available on assets that provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).
- 4. Safety of building users
 - ✓ 100% of assets provide for measures to ensure operational safety, according to the Dutch Building Decree (e.g. emergency exits, fire sprinklers, fire alarm systems).
- 5. Sustainability labels / Certificates

- No information is available on which assets obtained a (or an equivalent of a) BREEAM “Very Good”, DGNB „Silver / Gold“¹, LEED “Gold”, HQE „excellent“ certificate or better certification.

Controversy Assessment

Due to the portfolio size, no controversy assessment was carried out on the assets. According to ING's ESR and REF policies, controversial activities (e.g. human rights violation) are excluded from financing.

¹ With effect from 1 July 2015, DGNB updated its certification scheme, now ranging from “Bronze” to “Platinum”: The “Bronze” certificate will be replaced by “Silver”, “Silver” by “Gold” and “Gold” by “Platinum” for new certifications with immediate effect. “Bronze” will only be used for existing buildings in the future. The evaluation system and the assessment methodology remain unchanged.

Part III – Assessment of ING’s Sustainability Performance

In the ISS-oekom Corporate Rating with a rating scale from A+ (excellent) to D- (poor), ING was awarded a score of C and classified as “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 thus all meet the basic requirements for sustainable investments.



As of 31.10.2018, this rating puts ING in place 26 out of 246 companies rated by ISS-oekom in the Commercial Banks & Capital Markets sector.

In this sector, ISS-oekom has identified the following issues as the key challenges facing companies in term of sustainability management:

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

In all five of these key issues, ING achieved a rating that was above the average for the sector. A very significant outperformance was achieved in “Sustainable investment criteria.

The company has a significant controversy level. A very severe controversy relating to the financing of controversial environment practices has been revealed. Another severe controversy relating to a business malpractice has been revealed. However, in comparison to the sector, ING’s controversy level is comparatively low.

Details on ING’s rating can be found in Annex 2 “ING rating results”.

A handwritten signature in blue ink, appearing to be "J. G. ...", written over a faint circular stamp.

ISS-oekom

Munich, 31 October 2018

Disclaimer

1. 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.
2. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS-oekom in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
3. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond, but refers exclusively to the social and environmental criteria mentioned above.
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About ISS-oekom

ISS-oekom is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries with regard to their environmental and social performance. ISS-oekom has extensive experience as a partner to institutional investors and financial service providers, identifying issuers of securities and bonds which are distinguished by their responsible management of social and environmental issues. More than 100 asset managers and asset owners routinely draw on the rating agency's research in their investment decision-making. ISS-oekom's analyses therefore currently influence the management of assets valued at over 600 billion euros.

As part of our Green 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 verify the compliance with the criteria in the selection of projects and draw up an independent second party opinion so that investors are as well informed as possible about the quality of the loan from a sustainability point of view.

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Annexes

- Annex 1: ISS-oekom Green Bond KPIs
- Annex 2: ISS-oekom Corporate Rating of ING

Annex 1: ISS-oekom Green Bond KPIs

ISS-oekom Green Bond KPIs

The ISS-oekom 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 Green Bond can be clearly identified and described.

The sustainability criteria are complemented by specific indicators, which enable quantitative measurement of the sustainability performance of the Green Bond and which can be used for comprehensive reporting.

Use of Proceeds

- A. Wind Power
- B. Solar Power (PV)
- C. Green Buildings

Sustainability Criteria and Quantitative Indicators for Use of Proceeds

A. Wind power

1. Site selection

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).
- Percentage of assets that underwent environmental impact assessments at the planning stage.

2. Community dialogue

- Percentage of assets that feature community dialogue as an integral part of the planning process (e.g. sound information of communities, community advisory panels and committees, surveys and dialogue platforms, grievance mechanisms and compensation schemes).

3. Environmental aspects of construction and operation

- Percentage of assets that meet high environmental standards during the construction phase (e.g. noise mitigation, minimisation of environmental impact during construction work).
- Percentage of assets that provide for measures to protect habitat and wildlife during operation of the power plant (e.g. measures to protect birds and bats).

4. Working conditions during construction and maintenance work

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy Assessment

Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

B. Solar Power (PV)

1. Site Selection (not applicable for PV roof systems):

- Percentage of assets that are not located in key biodiversity areas (Ramsar sites, IUCN protected areas I-IV).

2. Supply chain standards

- Percentage of assets that provide for high labour and health and safety standards in the supply chain of solar modules (e.g. ILO core conventions).

3. Environmental aspects of solar power plants

- Percentage of assets that feature a conversion efficiency of at least 15%.
- Percentage of assets that provide for high environmental standards regarding take-back and recycling of solar modules at end-of-life stage (e.g. in line with WEEE requirements).
- Percentage of assets that provide for high standards regarding the reduction or elimination of toxic substances within solar panels (e.g. in line with RoHS requirements or other relevant standards).

4. Working conditions during construction and maintenance work

- Percentage of assets that provide for high labour and health and safety standards for construction and maintenance work (e.g. ILO core conventions).

Controversy Assessment

Assessment of controversial assets (e.g. due to labour rights violations, adverse biodiversity impacts).

C. Green Buildings

Prerequisite for Green Buildings: All projects underwent an appropriate and detailed selection process that ensures good standards regarding energy efficiency.

1. Site selection

- Percentage of assets for which a policy on responsible site selection is in place (e.g. brownfield development, exclusion of protected areas and sites of high environmental value).

- Percentage of assets located within a maximum of 1 km from one or more modalities of public transport.

2. Construction standards

- Percentage of assets that provide for high labour and health and safety standards (e.g. ILO core conventions).
- Percentage of assets that provide for sustainable procurement regarding building materials (e.g. recycled materials, third-party certification of wood based materials).

3. Water use minimisation in buildings

- Percentage of assets that provide for measures to reduce water consumption (e.g. water metering, high-efficiency fixtures and fittings, rainwater harvesting).

4. Safety of building users

- Percentage of assets that provide for measures to ensure operational safety (e.g. emergency exits, fire sprinklers, fire alarm systems).

5. Sustainability labels / Certificates

- Percentage of assets that obtained a (or an equivalent of a) BREEAM “Very Good”, DGNB „Silver / Gold“², LEED “Gold”, HQE „excellent“ certificate or better certification.

Controversy Assessment

Assessment of controversial assets (e.g. labour rights violations, insufficient community dialogue).

² With effect from 1 July 2015, DGNB updated its certification scheme, now ranging from “Bronze” to “Platinum”: The “Bronze” certificate will be replaced by “Silver”, “Silver” by “Gold” and “Gold” by “Platinum” for new certifications with immediate effect. “Bronze” will only be used for existing buildings in the future. The evaluation system and the assessment methodology remain unchanged.

ISS-oekom Corporate Rating

ING Groep N.V.

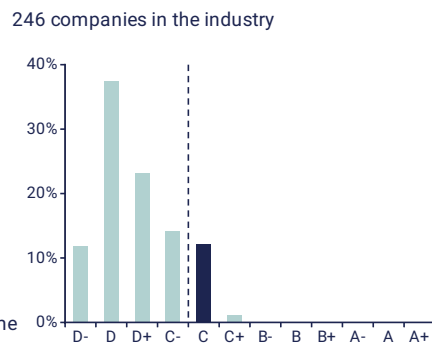
Industry	Financials/Commercial Banks & Capital Markets	Status	Prime
Country	Netherlands	Rating	C
ISIN	NL0011821202	Prime Threshold	C



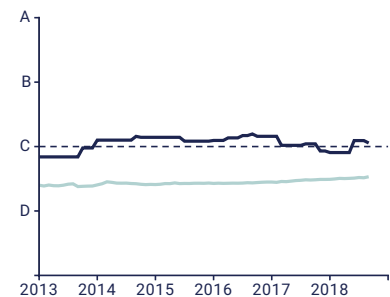
Industry Leaders

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

Distribution of Ratings



Rating History



Key Issue Performance

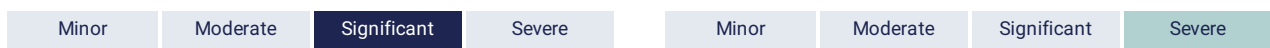


Strengths and Weaknesses

- + reasonable integration of environmental and social aspects into the lending business
- + reasonable range of sustainable investment products and services
- + programmes regarding financial services to companies/projects with high environmental benefit
- + detailed and comprehensive code of conduct covering important aspects of business ethics
- no substantiated implementation of a strategy on offshore banking activities and tax compliance of clients
- no evident integration of environmental and social aspects into the credit rating process with regard to private clients

Controversy Monitor

Company		Industry	
Controversy Score	-12	Maximum Controversy Score	-46
Controversy Level	Significant	Controversy Risk	Severe



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Please note that all data in this report relates to the point in time at which the report was generated.
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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.

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.

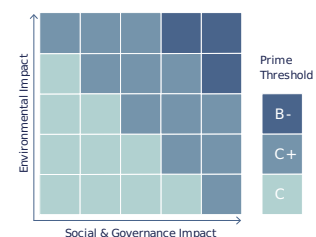
For better classification, the scores are assigned different levels: minor, moderate, significant and severe. The industry level relates to the average controversy score.

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 dimensions of the ISS-oekom Corporate Rating, the Social & Governance 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.

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).

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.

Strengths & Weaknesses - Overview of selected strengths and weaknesses of a company with regard to the key issues of the industry from a sustainability point of view.