

A close-up photograph of a green electric vehicle's charging port. A green charging cable is plugged into the port, and a black protective cap is visible below it. The vehicle's body is a vibrant green, and a white roof section is visible at the top. In the background, another green vehicle is partially visible.

# Sustainability @ING

**Sandra Schoonhoven, Head of Sustainability**

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**Where can we make the biggest impact while addressing the biggest challenges? We think that's in two areas**

### **Climate action**

Aligning with global climate goals and growing green business



### **Financial health**

Steer our customers and community towards improved financial health





# ING's approach to climate change

**Climate action** and **climate risk** are two sides of the same coin

1. **Climate action:** We address the **impact of ING's business on climate change with the Terra approach**, committing to align our portfolio with the climate goals of the Paris agreement
2. **Climate risk:** The **climate risk assessment** addresses the **impact of climate change on ING's business**



# Our climate strategy

*Ambition: Steer our business towards the well-below 2°C goal of the Paris Agreement*

## Improving our own footprint

- Reduce: 78% CO2e reduction of our buildings
- Remain: 100% renewable energy and 100% climate neutral

## Empowering our clients

- Steer lending to well-below 2°C goal
- Grow our sustainable business

## Contributing to society

- Making Terra open source
- Leading product/service innovation
- Contributing to global policy

Our targets





# Our biggest impact on climate lies in what we finance and what we don't finance

## What we finance



**Sustainable Improvement Loans** reduce interest rates for clients whose sustainability ratings improve



**Green bonds** raise money to finance various projects and activities, environmentally-friendly projects, such as renewable energy, sustainable buildings and clean transportation.



**Sustainable Investments by ING** in best in class sustainable companies, such as those pioneering new circular economy business models.



**Mortgages, personal loans, and other services** supporting retail customers to reduce their costs and improve the energy efficiency of their homes.

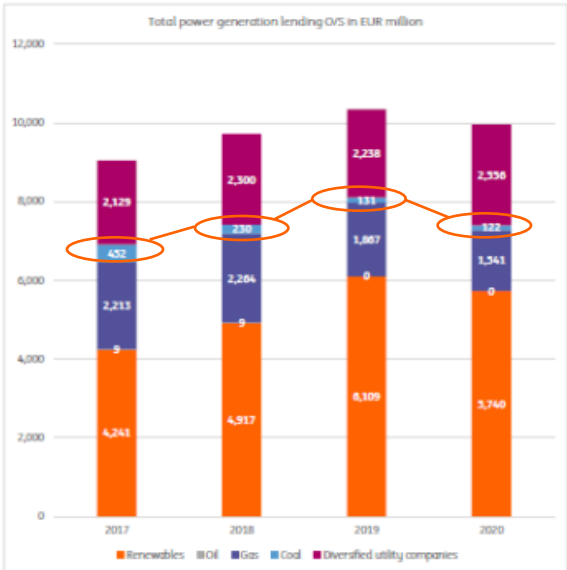


**Green Loans** supporting companies to make investments with a positive effect on nature and the environment



**Sustainable Investing** is also made available to retail customers who want to make investments in sustainable shares, bonds and investment funds

## What we don't finance



### ING ends new coal financing, continues to reduce coal portfolio

ING has decided to end our financing of new coal-fired power plants and thermal coal mines worldwide, effective immediately. ING also won't finance any new clients whose business is over 50 percent reliant on operating coal-fired power plants or thermal coal mines. As part of our responsibility to existing clients, we will honour standing commitments.



# Terra defines how we measure our impact

## And steer on our commitment to align with Paris Agreement goals

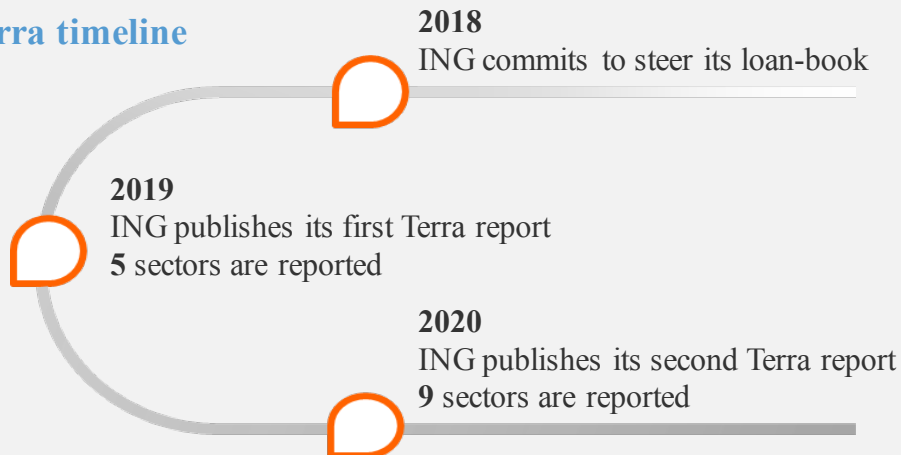
### Objective

Steer our loan book towards the goals of the Paris Agreement to keep global warming well below 2 degrees and ideally 1.5 degrees compared to preindustrial levels.

### Ambition level

Contribute to a net-zero CO<sub>2</sub> economy by 2070 and net-zero GHG emissions by the end of the century.

### Terra timeline



### Key concepts

- Focus on the value chain part that generates most impact (9 sectors in scope, covering sectors responsible for 75% of global GHG emissions)
- Toolbox approach: apply the best-fit methodology for each sector
- Prioritize asset-level data (the impact our clients make is driven by the ships, types of energy, buildings they own or operate)



### What Terra is

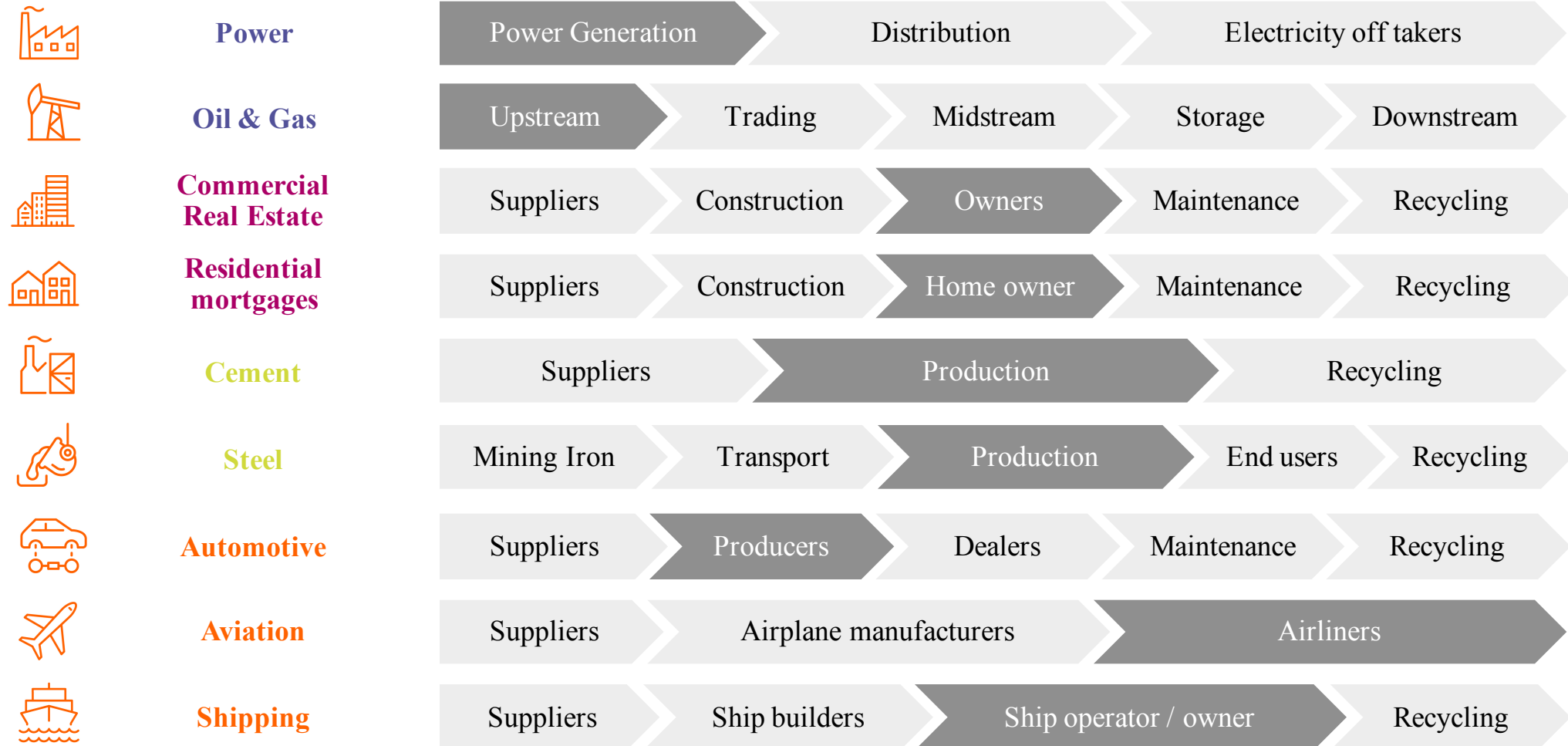
- An approach that applies the 80-20 rule to focus on the technology shifts needed to meet global climate goals.
- A means to engage with clients on their (forward-looking) strategy both from an alignment and risk perspective
- An approach that allows target-setting at portfolio level

### What Terra isn't

- A financed emissions approach covering the entire loanbook
- Only about reporting, it's about driving strategy.
- A risk tool – though there are some opportunities for synergy



# Focus on main driver of emissions in value chain



# Theory of change: scaling our impact

- Sharing of insights contributes to standard setting
- Joining forces with peers results in supported methodologies
- Building a coalition of the willing amplifies our voice
- Being open drives action inside and outside the bank



PRINCIPLES FOR  
RESPONSIBLE  
BANKING

Collective Commitment  
to Climate Action





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# Transition comes with risks

Rapid energy transition will have a positive impact on climate change but also lead to risks

Any transition comes with risks and opportunities. – just like we expect to see coming from the energy transition. What we expect to see are risks and opportunities coming from the transition itself as well from the climate change happening on the ground. These risks are usually clustered around **transition risk** and **physical risks**. We expect to see these risks translate into financial risks.

## Transition Risk

- Risks from **policy, legal, technology** and market changes occurring in the shift to a lower-carbon economy. This could result in **stranded assets** and/or markets by the **loss of value** of assets that are no longer part of a more sustainable world.

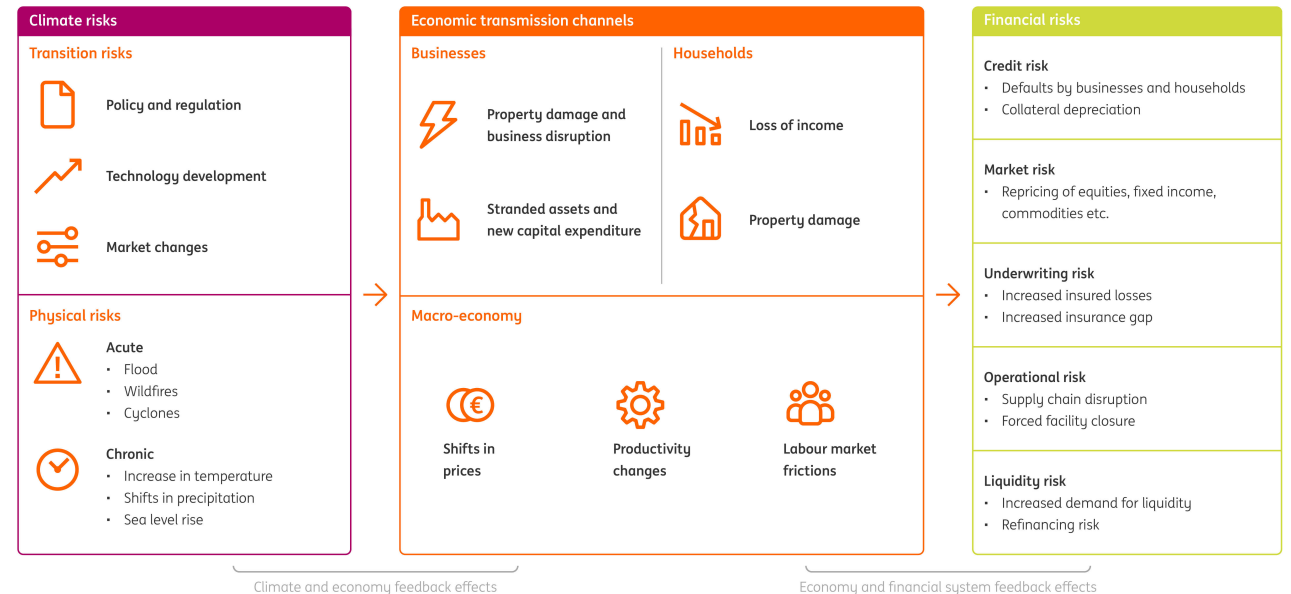
## Physical Risk

- These risks can be event-driven (**acute**) such as increased severity of extreme weather events (e.g. cyclones, droughts, floods and fires) or relate to longer term (i.e. **chronic**) shifts in precipitation and temperature and increased variability in weather patterns (e.g. sea level rise).

## How climate risks translate to financial risks

### Climate risks to financial risks

Source: Adapted from NGFS Climate Scenarios for central banks and supervisors, June 2020







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