

A photograph of a young child with light brown hair, wearing a dark blue shirt with white polka dots and orange pants, reaching up with their right hand to touch a silver door handle. The door is made of light-colored wood panels, and the surrounding walls are covered in dark, textured stone or marble. The scene is captured from a high angle, looking down at the child.

Sustainability@ING

Our way towards the leading transition bank

Jürgen von der Lehr
Head of Strategy & Sustainability, ING Germany

September 22nd 2022

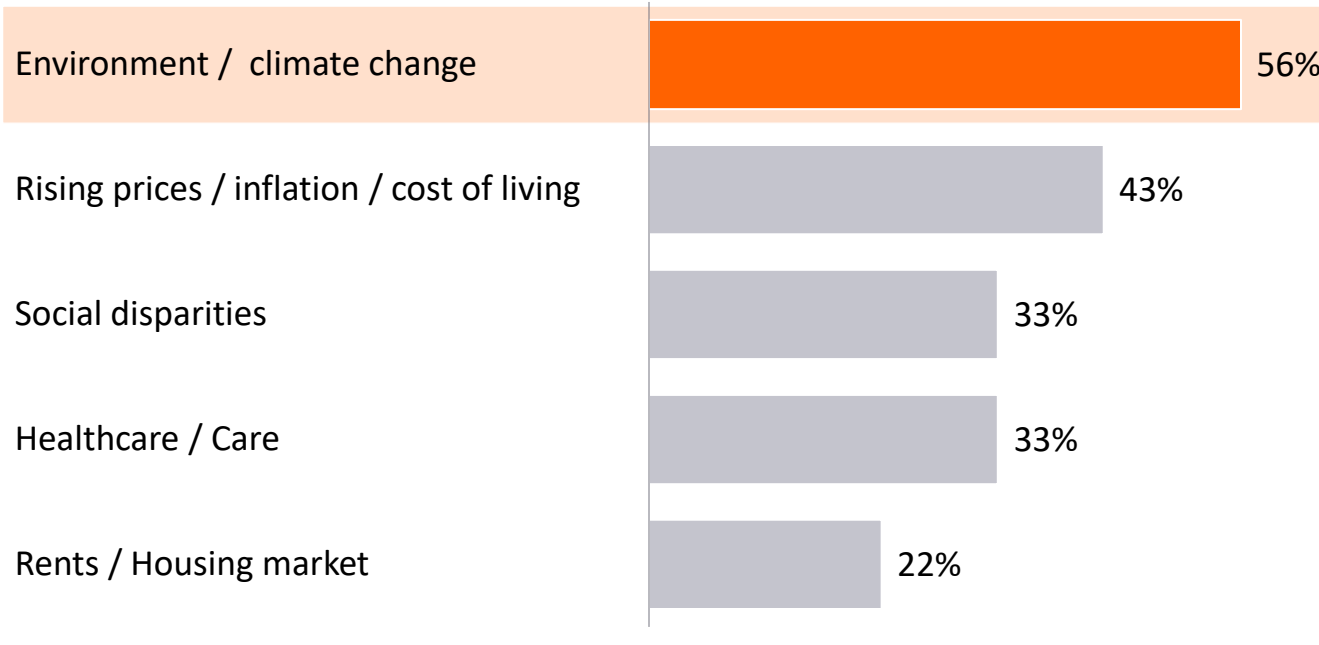


do your thing

German society is very concerned & demanding ...

Sustainability is the key concern of German banking customers...

Key concerns of German banking customers in August 2022



Increasing
number of
protests



Source: Survey of private customers of banks in August 2022; n=2,500

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...also due to ever increasing tangibility



Flood
2021

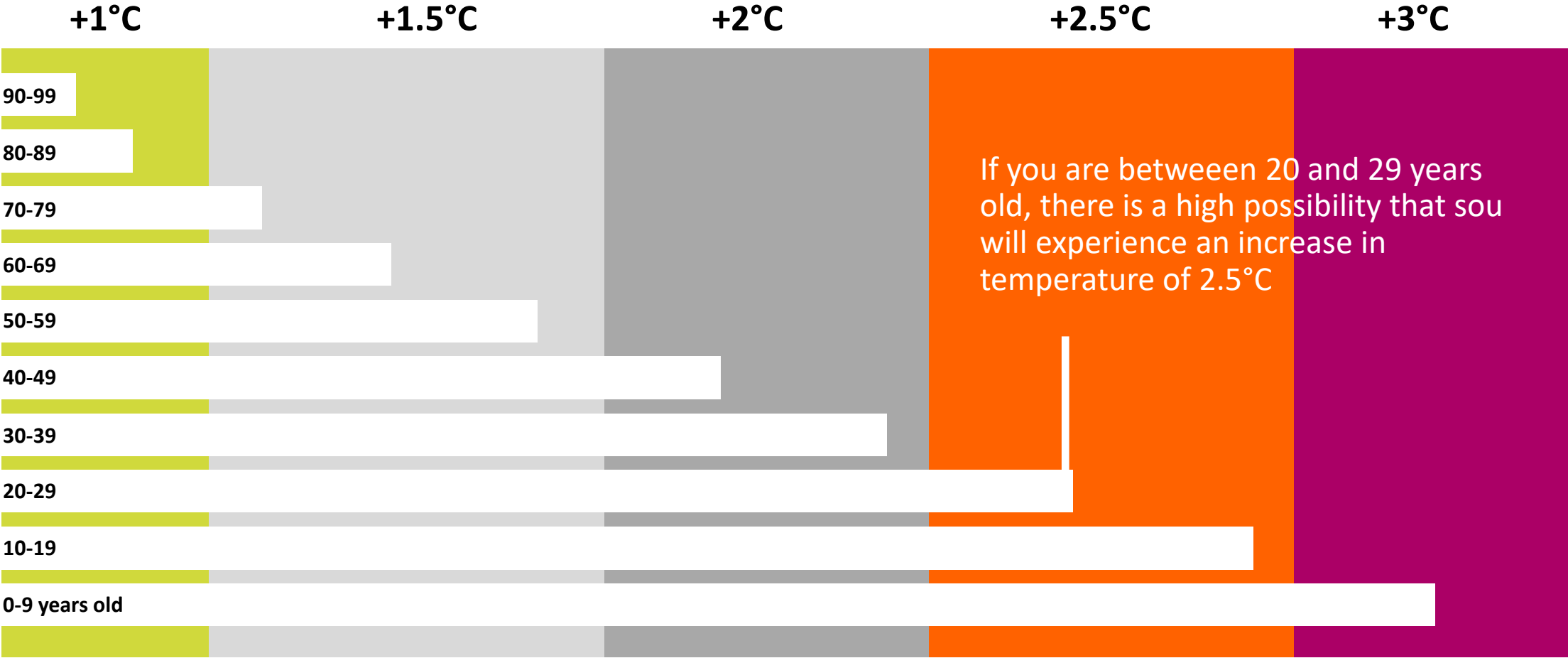


Draught
2022



Dying forests
ongoing

... as we all will experience an increase in temperature

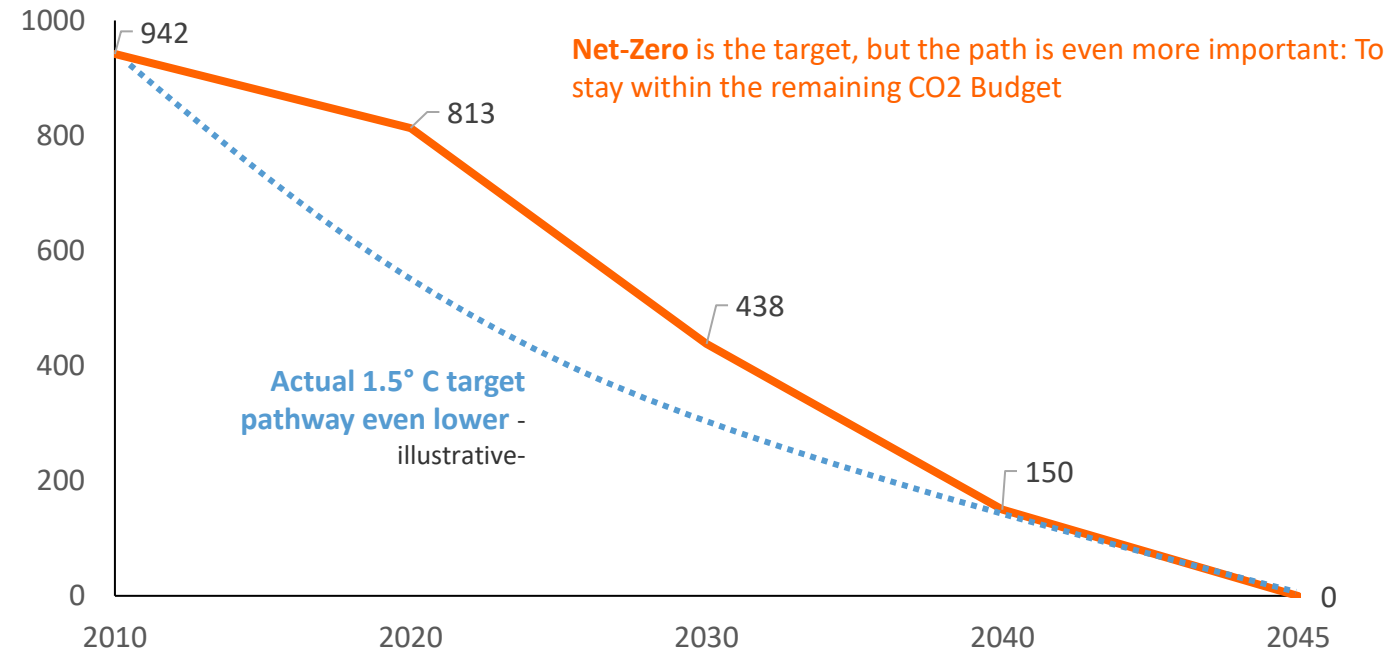


Source: Hans Hack – erstellt mit Datawrapper

Unfortunately, there is still a long way to go in Germany ...

Germany's path to net-zero paved with challenges

CO2 equivalents in mln tons



+3% Increase in CO2 Emissions by Germany Households since 2010

-1.5% Decrease in CO2 Emissions in manufacturing sector since 2010



240 bn € yearly invest

needed in Germany to fund the Net-Zero journey until 2045

Where we can play a role

>25%

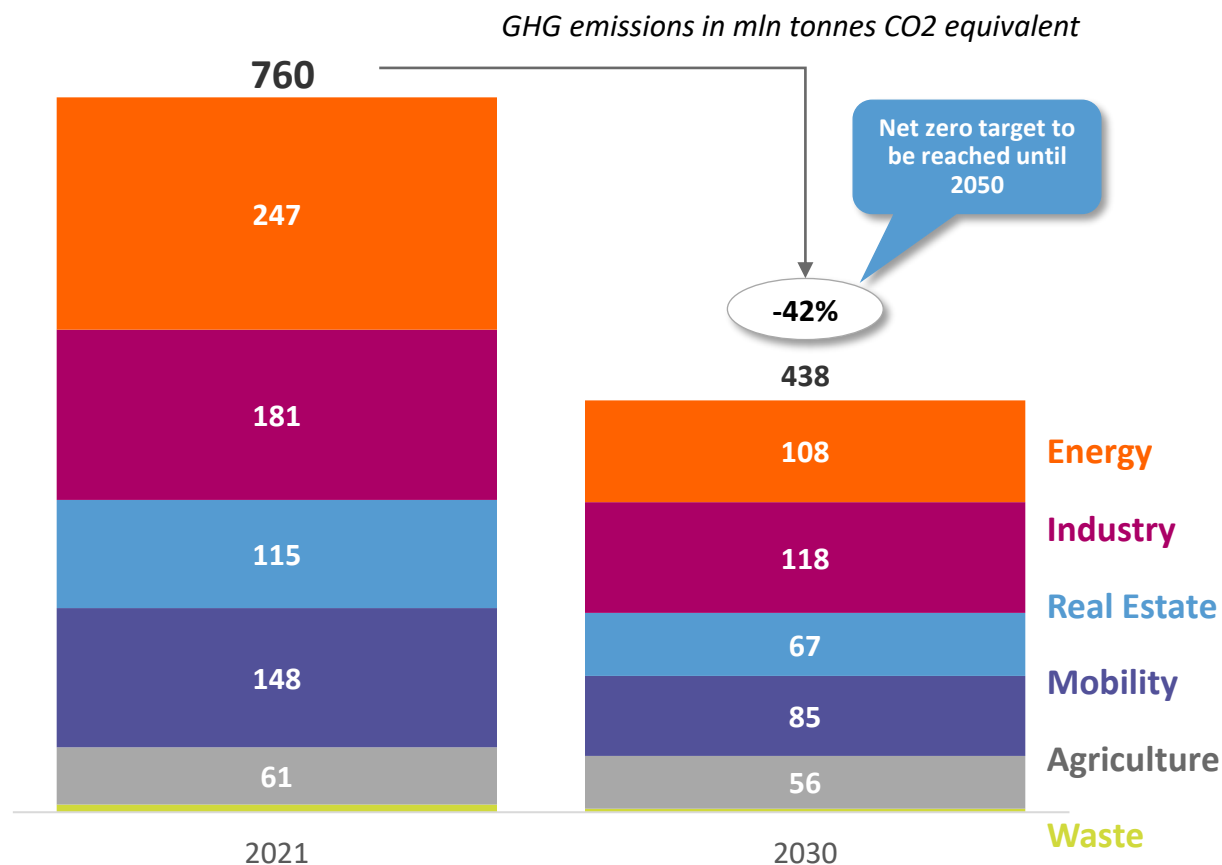
estimated annual growth of transition finance revenues until 2025+

Source: Umweltbundesamt | McKinsey Report October 2021: Net-zero Germany: Chances and challenges on the path to climate neutrality by 2045

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... and for us as a bank: We need to push hard as well

Sector GHG Intensity baseline & target



Our major impact lies within the sectors...

ENERGY, INDUSTRY, REAL ESTATE & MOBILITY...

...within Wholesale Banking

Within Retail Banking, our...

MORTGAGES BUSINESS

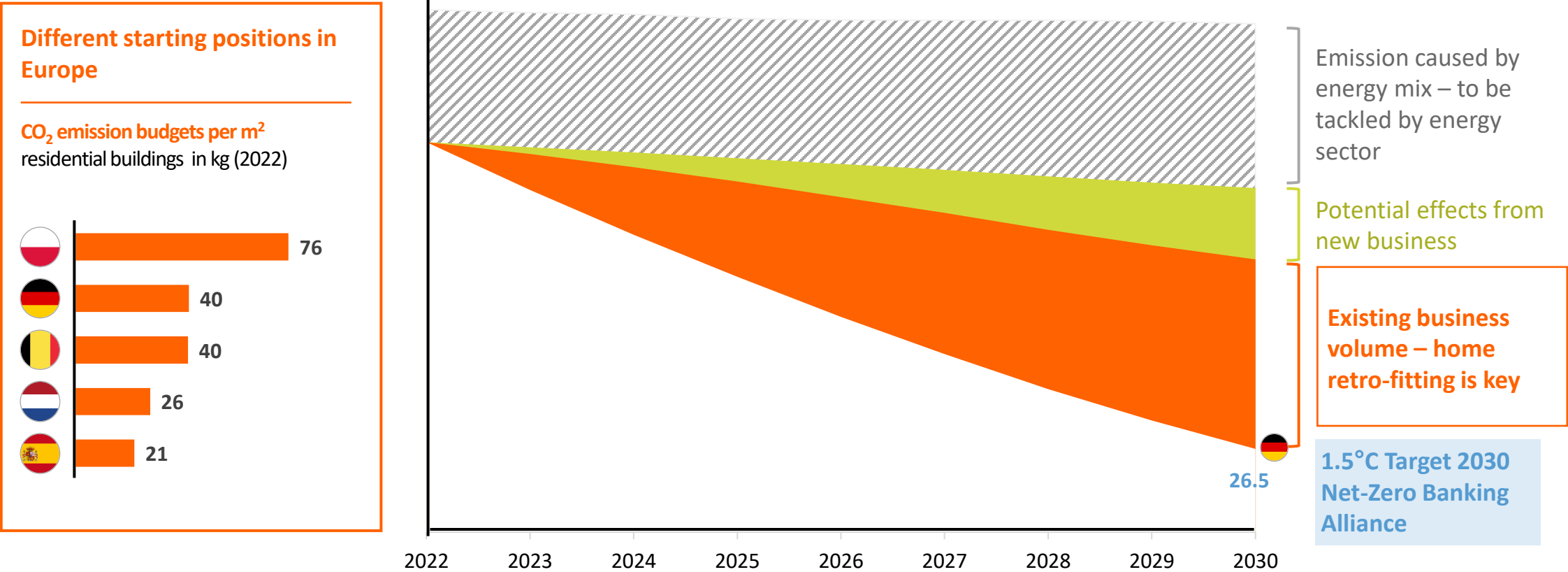
...is the major impact driver

Source: Umweltbundesamt excl. LULUCF; Materiality Analysis on our portfolio shows the ratio of our lending portfolio with positive/negative impact across environmental KPIs; * Split of our Lending Exposure (outstanding) based on the definition of the Umweltbundesamt; **excl. general purpose consumer loans; ***excl. 15% in non material sectors

Exemplary deep dive: Mortgage portfolios of banks are key to master the transition towards net zero

ING Germany portfolio: starting position and potential effects to reach 1.5 °C target

kg CO₂ emission per m² calculated by Residential Real Estate steering tool (2022 and forecast)



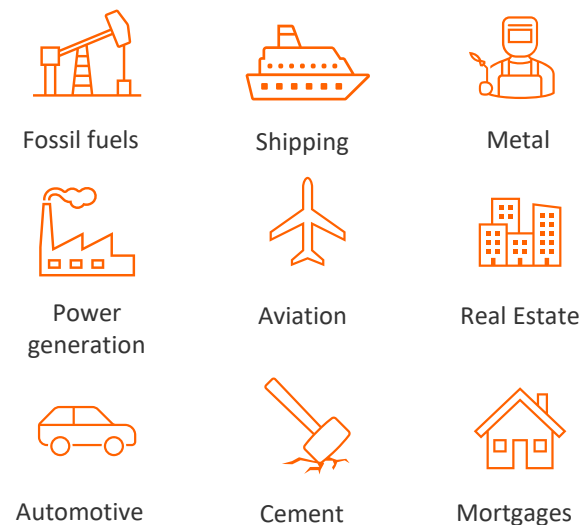
Source: Own materiality analysis

Our Terra approach will help us to support transition of all relevant industries

Our Terra Approach



We start where our biggest impact lies...



... and apply our key principles

- Sector-based
- Science-based scenarios
- Asset-level data
- Client-focused
- One target per sector
- Best-fit methodology per sector
- Future oriented steering

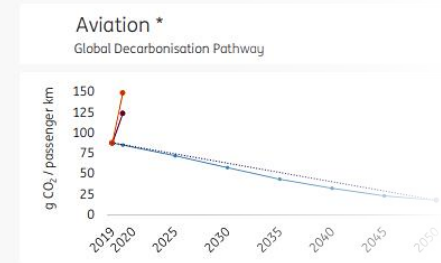
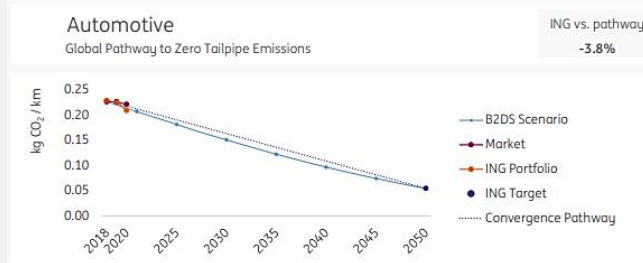
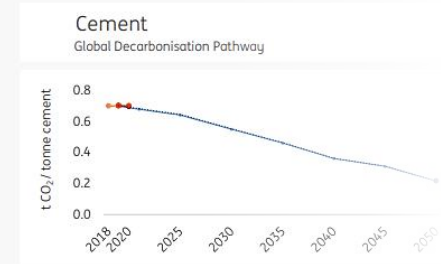
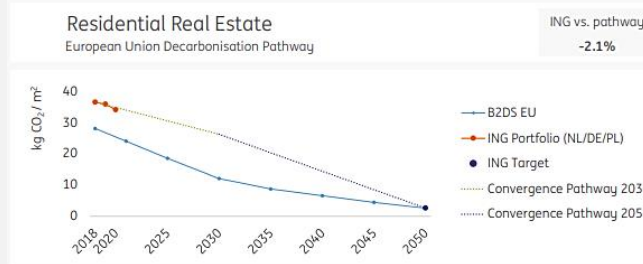
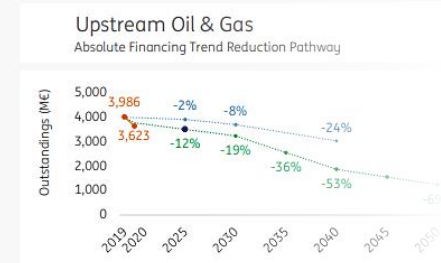
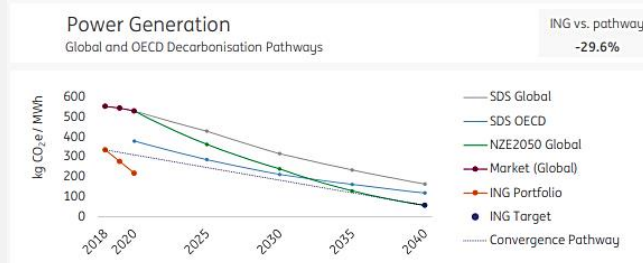
Source: ING Climate Report 2021

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We continuously track and report our progress

The Climate Alignment Dashboard







Portfolio view - Outstanding as of year-end



Our key task: Lowering the hurdles for our private and corporate customers

Customers face enormous hurdles ... ING can lower many of them

Top 5 hurdles of German banking customers (avg. scale 1-5)

Individuals...	... expect difficulties in realization	3.8	
	... no transparency about funding programs	3.5	
	... cannot estimate costs and benefits	3.4	
	... costs and monthly burden too high	3.3	
	... lack of advice on necessary measures	3.2	
Businesses...	... struggle with changing legal frameworks	3.4	
	... cannot estimate costs and benefits	3.2	
	... no transparency about funding programs	3.1	
	... workload in the company too high	3	
	... depreciation/amortization periods too long	2.8	



of banking customers in Germany expect their banks to make sustainability a key priority

Source: Survey Private & Corporate clients; n=2,100; 07-08/22



Immediate ING support possible

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... which ING can provide to clients as it plays to its strengths



ING brand in GER

ING stands for trust, reliance and innovation



Sector expertise

The WB has one of the strongest networks with in-depth sector expertise



Sustainable Finance frontrunner

Strong growth in sustainable deals: +131% yoy (08/2022)

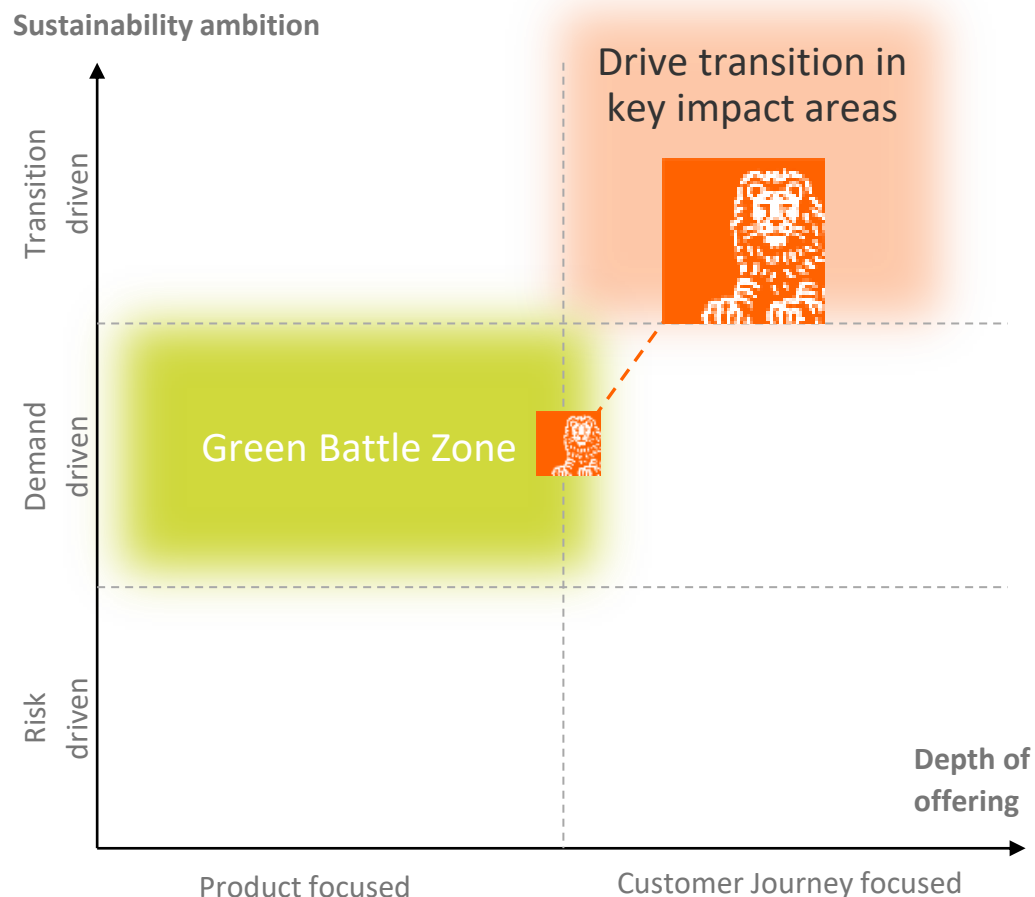


People

Level of commitment to ESG above market average; magnet for ESG talents from different organizations

In order to lower our clients' hurdles, we will transform ourselves into a transition bank

Our Ambition



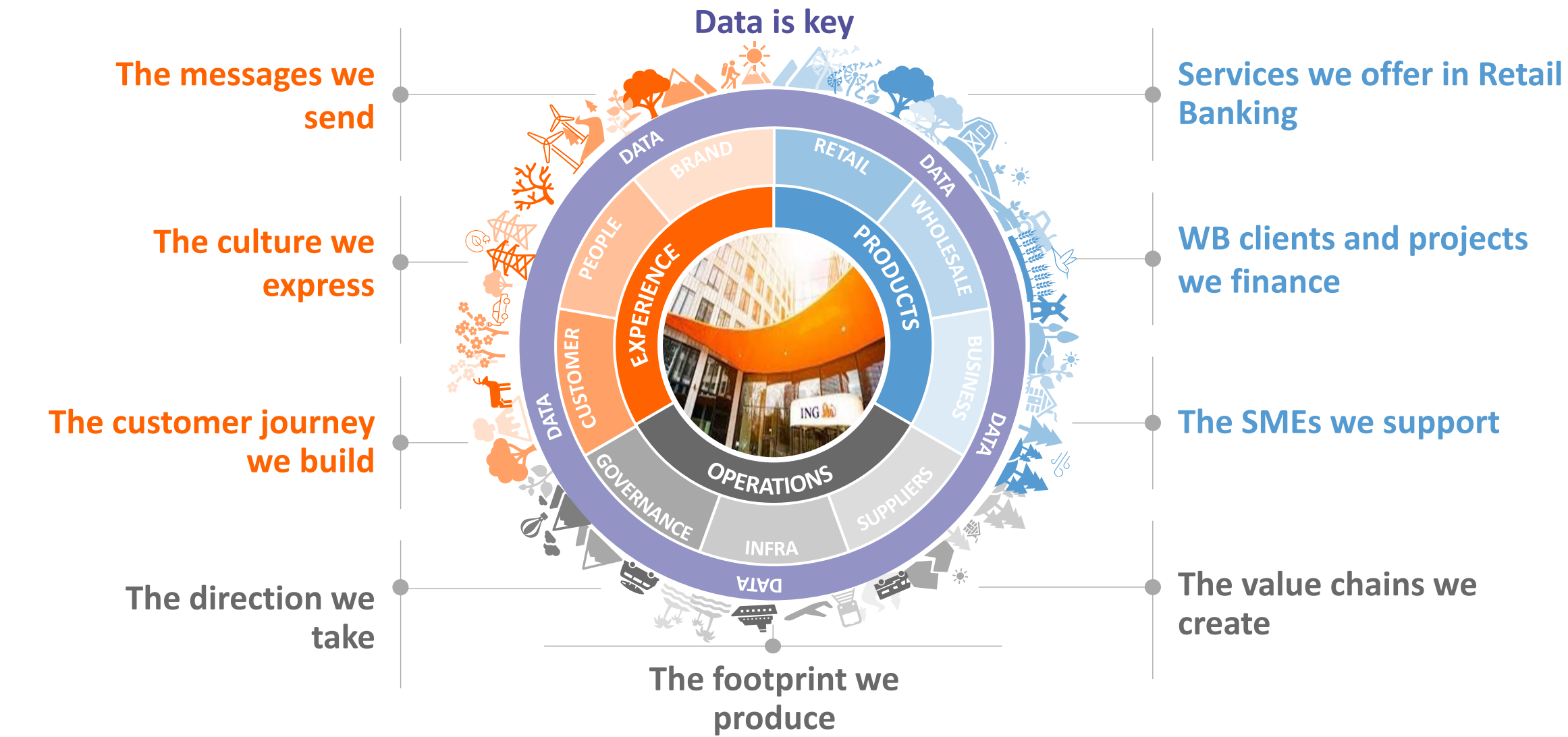
What is in it for us

- **Transition to net zero is most complex technological and social transformation** to be mastered short-term
- Private individuals and businesses alike face a **lot of hurdles**
- We have the greatest impact by **financing and engage with clients** while having the power to **change sectors as well as enabling the broader economic shift**
- This is our change to **intensify our relationship with clients and play a key role in society**

**Most important,
this is our chance to strengthen
our position at the center of society.**

Source: Expert based strategic assessment

In order to become a leading transition bank, we are carrying sustainability to the entire bank



The major building blocks towards a sustainable bank



DIRECTION	STAKEHOLDERS	STEERING	COLLABORATION
Positioning and strategy	Employee empowerment	Data & impact management	Group-wide standards and initiatives
Thought leadership & regulatory radar	Customer empowerment	Project portfolio management	Implementation support
1 st line for Sustainability	Engagement and partnerships	Transparency and reporting	ESG Delivery Squad

COUNCIL STRUCTURE

Permanent:

- ESG Officer
- Leads

Guests:

- Thought Leaders
- Workers Council

- Translation of sustainability strategy into initiatives and priorities
- Tracking and monitoring of KPIs and progress
- Open discussion on roadblocks and impediments
- Knowledge exchange & networking

- Monthly

Comprehensive update in Board Meeting based on results from SDC on a monthly basis

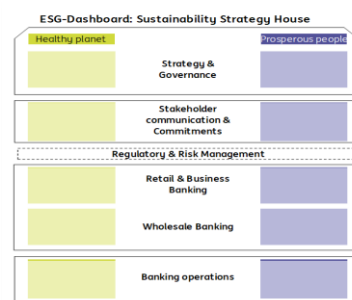
The Sustainability Decision Council is a format...

... that is chaired by the Sustainability Team

... whose members are Leads

... where he/she can discuss progress and roadblocks in the execution of the sustainability strategy openly

... that is used as input for the Board update



Key regulatory projects

- ECB Guide
- EBA Prud. Disclo.
- BaFin-Merkblatt
- Taxonomy Reg.
- SFDR
- MIFID2/IDD
- Lieferketten-gesetz
- NFRD/ CSRD

GOVERNANCE

We establish an effective **ESG office** to drive execution, operationalize impact, and support delivery units

STEERING

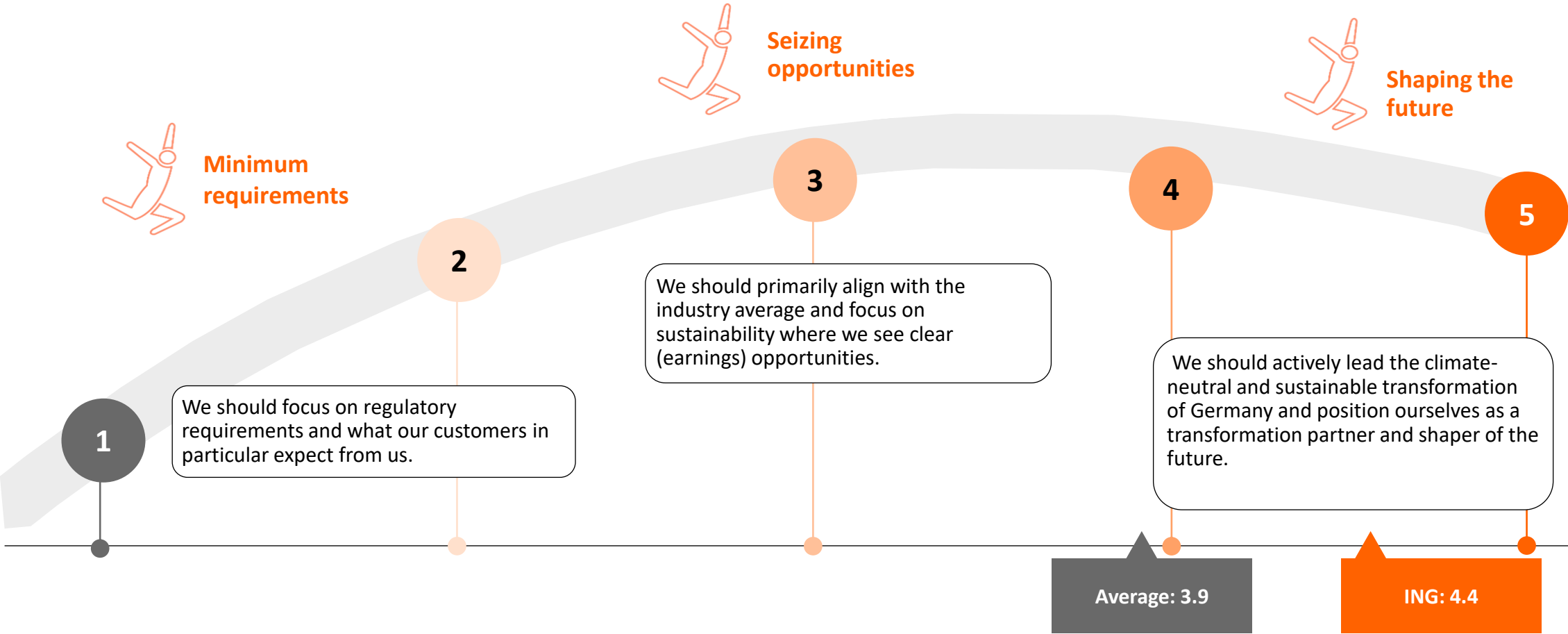
At our **Sustainability Decision Council**, we discuss priorities, measures and KPIs – covering all stakeholders

TRACKING

With our **ESG Dashboard** we monitor our progress in achieving our ambitions along our Sustainability Strategy House

Our strength: Our people are fully into it!

We asked our people what our future sustainability ambition should be...



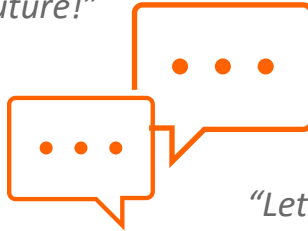
Source: ING survey of executives and employees, July-August 2022, n=1.430

However, we will invest further in our people

Our mobilization concept considers our employees' individual levels of experience with sustainability

*"The transformation is
a unique opportunity!
Let's shape the future!"*

*"Our bank should
definitely take on
more responsibility!"*



*"I feel good.
I have a safe job."*

*"Let's focus on what
we do to make
money."*



Our Purpose is to...

- ... give sustainability a **major role in everyday life**
- ... have a **sound knowledge of sustainability and sustainable finance**
- ... **actively engage** by ourselves to **make change happen** and to **mobilize others**



INSPIRE

Get people **energized about sustainability** so that they become sustainability **ambassadors within their teams**



ENGAGE

Motivate employees to **actively engage** in sustainability **with their own ideas, delivery power, and individual skills**



EDUCATE

Provide **targeted/ specific knowledge about sustainability and sustainable finance** – incl. scientific, economic, regulatory & cultural topics



EMPOWER

Give employees the **tools to implement their ideas and mobilize others** for sustainability

But we also face some external challenges

We initiated many activities to serve client needs and to contribute to our society's challenge...

1. Get ING ready for the future
2. Lower hurdles for our clients
3. Reduce our own footprint

... but there are also some...

CHALLENGES

Roadmap and key priorities for upcoming months



Mobilize our people – they are extremely motivated and will be the multiplier of the transition



Integrating sustainability risks into risk governance **while protecting the bank from greenwashing accusations**



Launch of green family of Retail products – **and optimize for impact**



In Wholesale we build on a strong reputation and **we need to take initiative to protect our market position as leading transition bank**



To ensure an effective transition of ING, we set up a dedicated ESG office - focusing on setting direction & on enabling the transition



Measuring impact based on data to **align our portfolio with the 1.5°C targets set out in the Net-Zero Banking Alliance**



do your thing