

# ING BANK N.V. (SINGAPORE BRANCH)

## SUSTAINABLE FINANCE SEEKS ENVIRONMENTAL AND SOCIAL RETURNS BEYOND FINANCIAL RETURNS

ING Group is an international bank serving around 38.4 million customers, corporate clients and financial institutions in over 40 countries. Its purpose is to empower people to stay a step ahead, in life and in business. ING began operating in Singapore in 1987 as the regional headquarters and in 2019 had 592 employees in Singapore.

ING Wholesale Banking Singapore is the largest of the group's branches in Asia to provide specialised lending, tailored corporate finance, debt and equity market solutions, payments and cash management and trade and treasury services.

### CONTRIBUTING TO ENVIRONMENTAL, ECONOMIC AND SOCIAL PROGRESS

ING does not have an extensive carbon footprint or use much energy. Its business operations have been climate neutral since 2007, and the Group is expected to outperform its ambitious 2020 climate commitments. Its new, upgraded targets now include:

- Procuring 100% renewable electricity by 2020 for all buildings ING operates worldwide
- Remaining carbon neutral by offsetting carbon emissions
- Reducing CO<sub>2</sub> emissions from buildings and data centers by 80% compared to 2014, by end-2022, and by 90% by end-2030
- Reducing CO<sub>2</sub> emissions from business travel by airplane and car by 25% compared to 2014 by end-2022

Progress in sustainability is tracked and reported through internal reporting mechanisms, external rating agencies and sustainability indices.

But ING's ambitions do not end at reducing its already modest environmental footprint: the Group makes its biggest impact through a three-pronged approach to financing, which supports clients in transitioning to sustainable businesses and which facilitates and finances a societal shift towards sustainability.

### THE THREE-PRONGED APPROACH TO FINANCING SUSTAINABILITY

- ING finances flow more towards renewables, energy-efficiency equipment, and other green and sustainable projects

- The Group does not lend to coal-fired power plants or borrowers or projects with unsatisfactory ESG standards

- ING has made a commitment to steer its EUR 600 billion loan portfolio to align with the Paris Climate Agreement

### MEETING THE GOALS OF THE PARIS AGREEMENT

To steer its lending portfolio towards the two-degrees goals of the Paris Agreement, ING with 2 Degrees Investing Initiative co-created the 'Terra Approach' to track its portfolio against these goals. Since its adoption, ING has focused on sectors in its loan book that are responsible for most greenhouse gas emissions to measure and benchmark whether its lending in those sectors contributes to climate resilience.





## EMBEDDING SUSTAINABILITY THROUGHOUT THE ORGANISATION

ING Sustainable Finance teams in Singapore, the Netherlands, the United States and other strategically important countries drive and support clients to adopt sustainable products and to further embed ESG improvements. In Asia Pacific, more than 100 colleagues are involved in these work streams and engagement, actively looking out for sustainable finance opportunities

Globally, ING's deal count for sustainable debt products is growing: in 2018, the number of ING's green, social and sustainable bond deals increased by 91%; in 2019, it grew by 130%. The Group's Sustainable Finance teams globally are a key differentiator for the bank, enabling it to support clients looking to future-proof their businesses.

## ING LABS: 'THINK FORWARD' STRATEGY AT WORK

New banking services and business models are developed by ING Labs, an initiative that generates

disruptive ideas to tackle emerging needs of clients and brings these ideas to market with minimum viable products.

Here, too, sustainability is a core focus. For instance, a tool produced by ING Labs in collaboration with Vattenfall allows individuals to quickly check the different energy measures available to make their homes more energy efficient and sustainable. Using data from public sources in providing these solutions, the tool also provides insights on costs associated with each measure and the financing options available to the user.

ING also shares its knowledge as sustainability coordinator for Singapore Management University's Advanced Certificate in Sustainability and Sustainable Businesses course.

## PARTNERING FOR SUSTAINABILITY

ING provides guidance to the International Capital Markets Association (ICMA) on the development of market standards as well as in the mapping and aligning

of different industry taxonomies. It engages in a similar capacity with the Loan Market Association/Asia Pacific Loan Market Association (LMA/ALMA), the Asia Securities Industry & Financial Markets Association (ASIFMA) and government bodies such as Enterprise Singapore and regulators such as the Monetary Authority of Singapore

## SUSTAINABILITY LINKED LOANS

In 2017, ING pioneered the first sustainability linked loan (SLL) with Royal Philips. These loans link interest rates to the sustainability performance (ratings or targets) of a company. ING has since been involved with more than 75 SLLs globally, contributing to the mainstreaming of the financing instrument to the extent that in 2019, SLLs totalled more than USD 130 billion globally.

With Quadria capital, a Singapore-based private equity sponsor, ING structured a world's first sustainability linked capital call facility, in which the interest was tagged to ESG performance of the portfolio companies of Quadria Capital Fund II. This incentivised Quadria Capital to influence ESG improvements in its portfolio companies

