

ING

ING: Sustainability Pioneer Transforming the Financial Value Chain

ING is a global bank with over 57,000 employees serving around 37 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. Its products include savings, payments, investments, loans and mortgages. For the company's Wholesale Banking clients, it provides specialised lending, tailored corporate finance, debt and equity market solutions, payments & cash management and trade and treasury services. ING began operating in Singapore in 1987 as the regional headquarters, with ING Singapore being the largest WB branch in Asia Pacific.

DRAWING CLEAR GREEN BOUNDARIES

ING believes that lenders like itself make the biggest impact through financing. Hence, it remains committed to finance sustainable initiatives and not pollutive ones with unsatisfactory ESG standards. In certain cases, the group also makes interest savings or refinancing contingent on material ESG improvements made by the borrower. The group believes that it can support its clients in transitioning to a sustainable business and to facilitate and finance society's shift towards sustainability.

CONSOLIDATED CLIMATE CHANGE PLANS

In building a sustainable future for its customers, society and the environment, ING focuses on climate action, stakeholder

partnership and collaboration, measuring risks, finance health and empowering employees. In 2021, ING released an integrated climate report, providing an overview of every element within its climate action approach and how it plans to meet the challenge of reaching net-zero greenhouse gas emissions by 2050.

TRIGGERING TECHNOLOGICAL SHIFTS

The "Terra Approach"

ING developed the "Terra approach" as an innovative and accurate way to measure its portfolio. The approach ensures that each sector's own transition pathway for a low-carbon future is considered and that the clients' assets are measured accurately to track their impact.



To keep the rise of global temperatures to below 1.5 degrees Celsius, Terra measures the needed shift in technology against the actual and prospective technology clients use, revealing what ING needs to shift. Applying it to ING's sectors of focus will allow it to identify clients that are leading the transition to a low-carbon economy and those that need ING's help the most.

New technologies for sustainable activities

The value-add of ING is also to provide capital to organisations to utilise funding to develop new technologies that contribute to sustainability. In 2021, ING's financing method to make inland shipping in the Netherlands more sustainable with a pay-per-use structure for renewable batteries, Zero Emissions Services (ZES), was recognised by the International Association of Ports and Harbours (IAPH) with a sustainability award in the climate and energy category.

To further increase the speed and impact of its innovation, ING merged its innovation activities into one business area called ING Neo, which reports directly to the chief executive officer. This includes the company's banking and platform activities in Retail Banking, Wholesale Banking innovation, the chief innovation office, ING Labs and its investment vehicle ING Ventures.



MANAGING THE FINANCIAL VALUE CHAIN

Financing the transition

As green bonds and loans form an integral part of ING’s sustainable finance strategy to fund specific green and sustainable projects, the group has designed a Green Bond Framework and has issued multiple green bonds.

As the first bank to link financing to a company’s sustainability progress, ING supports its customers through advisory by analysing their capital structures and investment and divestment needs to meet the climate ambitions, regulatory requirements and investors’ appetite. For the group, incentivising customers to achieve green milestones is a great way of innovative solutions that can help companies transition to a low-carbon business model.

With its Terra approach, ING pioneered the first sustainability linked loan (SLL) in 2017 with Royal Philips. The sustainability linked loan is a loan instrument which links the interest rates to the sustainability performance of the company. This broadened sustainable finance tremendously beyond a small selected group of eligible green bond issuers and green borrowers. With the SLL, any borrower who is motivated to improve its sustainability performance could qualify for it.

VALUE CHAIN PARTNERSHIP INITIATIVES

Engaging organisations

ING is actively involved in engagement with many organizations such as ICMA, IMA and ASIFMA, to develop and to standardize guidelines in the sustainable finance market to further incentivize companies in issuing sustainable debt. This standardisation of guidelines would provide corporations with a clear direction on the requirements and green classification of their business, incentivising them to issue sustainable debt products to improve their sustainability efforts.



Government partnerships

ING is also engaging with government agencies to develop sustainability in different countries. Particularly in Singapore, the ING Sustainable Finance team has partnered with Enterprise Singapore and Monetary Authority of Singapore to discuss sustainability and sustainable finance.

Globally, the company is also a founding member of the Equator Principles, which serves as a common baseline and risk management framework for financial institutions to identify, assess and manage environmental and social risks when financing projects.

DELIVERING ON ESG AND MONETARY GOALS

Through capital raising in the debt capital markets, ING is able to empower other corporates to provide positive environmental and social impact. For example, it helped First REIT, is Singapore’s first healthcare real estate investment trust, issue a social bond in January 2022. The first healthcare social bond in Singapore the use of proceeds focused on financing existing assets or future investments into healthcare and related facilities for the general population of Indonesia or other countries with a below average number of hospital beds per 1000 people.

In addition, in 2021, ING acted as a Joint Green Structuring Advisor in the first ever sustainability-linked revolving credit facility (RCF) for Vena Energy, a leading independent power producer of renewable energy in Asia Pacific. The three-year RCF was structured as a sustainability-linked loan and includes key performance indicators (KPIs) related to ESG goals.

ASEAN/SG PROJECTS

The ING’s Sustainable Finance flagship initiatives and products in Singapore/ASEAN are its sustainable debt products and advisory services. ING has recently also become a signatory to the Silk Alliance along with 11 leading cross-supply chain stakeholders to develop Green Corridor Cluster beginning with intra-Asia container trade. This is in line with Singapore’s efforts to create green maritime corridors.



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