



# ING Statement on principal adverse impacts of investment decisions on sustainability factors

## (For Financial Market Participants (FMP))

### Summary

The present report is the statement on principal adverse impacts of investment decisions on sustainability factors (2022) issued by ING Luxembourg S.A., a public limited liability company organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 26, Place de la Gare, L-1616 Luxembourg, and registered with the Luxembourg Trade and Companies Register under number B 6041 with LEI number 549300BT51N3KAXDPP56, (hereinafter referred as “ING Luxembourg”, “We” or “the Bank”), for the provision of investment management services.

The aim of the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (hereinafter referred as “SFDR”) is to provide more transparency on sustainability related information within the financial markets. With this document, We are disclosing about the adverse impacts of our managed portfolios on sustainability factors<sup>1</sup>.

ING Luxembourg believes that investing goes together with responsibility for the consequences thereof. Not merely the financial consequences, but also the ones influencing the society. By being conscious of Environmental, Social and Governance (ESG) aspects, We are better able to manage risks and opportunities, and contribute to a more sustainable economy making investments decisions that are both beneficial for investors and society alike.

In order to limit the negative impact on sustainability factors, ING Luxembourg assesses the Principle Adverse Impacts (hereinafter referred as “PAIs”) of its investments on sustainability factors via three ESG integration tools: exclusions, best-in-class and engagement. Next to this, We indicate which international standards We endorse.

ING Group classifies financial products into four different categories, according to the respective investment approach (traditional, responsible, sustainable and impact). This product classification methodology is also used at ING Luxembourg. The management of PAIs depends on the investment approach chosen for the portfolio. Currently, we only offer traditional mandates. However, based on the offering that we are looking to develop, we will

---

<sup>1</sup> According to SFDR, sustainability factors include environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023



also explain in this report how PAIs will be managed for responsible, sustainable and impact mandates.

We consider PAIs of investment decisions on sustainability factors. On the one hand, for those products governed by the “traditional investment approach”, we take principle adverse impacts into account to a limited extent. This means that the Principle Adverse Impacts that We deem most harmful are taken into consideration for the assessment of the investment instrument, however it is not mandatory to exclude all instruments that do not fulfil our requirements for this specific type of mandate.

On the other hand, for those financial products<sup>2</sup> that are governed by the “responsible, sustainable or impact investment approach”, We exclude investment instruments<sup>3</sup> that do not take into consideration the Principle Adverse Impacts indicators that We deem most relevant, as detailed further on in this report.

## Description of principal adverse impacts (PAIs)

As of 2022 We will measure the indicators below to assess our impact on the PAIs:

- **Climate and other environment-related indicators:**

1. GHG emissions
2. Carbon footprint
3. GHG intensity of investee companies
4. Exposure to companies active in the fossil fuel sector
5. Share of non-renewable energy consumption and production
6. Energy consumption intensity per high impact climate sector
7. Activities negatively affecting biodiversity sensitive areas
8. Emissions to water
9. Hazardous waste ratio

---

<sup>2</sup> When we use the term financial product in this document, we make reference to ING portfolios.

<sup>3</sup> When we use the term financial/investment instrument in this document, we make reference to ING portfolios’ underlying (i.e. equity, bonds, funds etc.).



- Social and employee, respect for human rights, anti-corruption and anti-bribery matters:

10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises

11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises

12. Unadjusted gender pay gap

13. Board gender diversity

14. Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)

- Indicators applicable to investments in sovereigns and supra-nationals:

15. GHG intensity

16. Investee countries subject to social violations

- Optional indicators ING takes into account:

17. Investments in companies without carbon emission reduction initiatives

18. Average income inequality score

## Data collection of the PAIs

This first reporting on principal adverse impact on entity level was done in 2023 on the data of 2022. Dates of collection of PAI's are the following: 31 March, 30 June, 30 September and 31 December of each year. The data to report are the 18 indicators as described here above. After each data collection, figures are analysed trying to reduce the identified principal adverse impacts for the future. The actions to be taken and the targets will be defined once more data is available in the market.

The average per PAI of the 4 calculations will be disclosed on our dedicated website for SFDR ([link](#)) at the latest on June 30th each year.

Currently We take principal adverse impacts into account via the tools set out below. This methodology is subject to change due to upcoming regulations.

- Exposure to companies that have violated the principles of the United Nations Global Compact and the guidelines of the Organisation for Economic Cooperation and Development (OECD) for multinational corporation.

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)

ING Luxembourg, Société Anonyme  
26, Place de la Gare L-2965 Luxembourg

R.C.S. Luxembourg B. 6041 Phone + 352 44 99 1  
VAT LU 11082217

www.ing.lu  
BIC: CELLLULL

CL23071/3

- Exposure to controversial weapons (antipersonnel mines, cluster munition, chemical weapons and biological weapons).
- Exposure to companies who produce electricity via coal power plant or who are involved in mining of coal.
- Exposure to companies that produce tobacco.
- Exposure to companies that are involved in weapons, oil, non-conventional gas, nuclear power, pornography, gambling, fur and alcohol (just for our sustainable investment approach).
- Greenhouse gas emissions (just for our sustainable investment approach).

In our portfolios We limit our exposures to these activities. We do this with regard to our individual lines, but also engage with asset managers with regard to the investment funds in our portfolios to improve our exposure.

### Table of the 18 Principal Adverse Impact indicators:

PAI	PAI indicator	PAI explanation	Impact Year 2022	Measures taken and measures planned for the next reference period and objectives set
1. GHG emissions	GHG Scope 1 in tonnes of CO2e	Direct emissions: These are emissions from sources owned or controlled by the company directly, as well as emissions produced from on-site process chemistry.	63605.84	<b>Exclusions</b> For the Responsible, Sustainable and Impact investing approaches, ING Luxembourg excludes companies with a very negative impact on the climate such as companies producing electricity from coal-fired power plants or involved in the extraction of coal. For the Sustainable and Impact investing approaches, more companies are excluded due to their impact on the environment (such as those involved in oil, nonconventional gas, and nuclear energy).
	GHG Scope 2 in tonnes of CO2e	These are emissions from purchased or acquired electricity, steam, heat and cooling consumed by the industrial site. They are indirect as the emissions themselves occur at the point of generation.	13261.97	
	GHG Scope 3 in tonnes of CO2e	Other indirect emissions: This includes all other indirect emissions that are a consequence of the activities of the company, but occur from sources not owned or controlled by the company.	424495.02	

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)

PAI	PAI indicator	PAI explanation	Impact Year 2022	Measures taken and measures planned for the next reference period and objectives set
2. Carbon footprint	Carbon Footprint 1&2 in tonnes of CO2e/mio EUR	Carbon Footprint	91.31	<p><b>Investment selection (Sustainability Awareness Scoring)</b>            ING Luxembourg also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicators 2, 3, and 4 are considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><b>Exclusions</b>            For the Responsible, Sustainable and Impact investing approaches, ING Luxembourg excludes companies with a very negative impact on the climate such as companies producing electricity from coal-fired power plants or involved in the extraction of coal. For the Sustainable and Impact investing approaches, more companies are excluded due to their impact on the environment (such as those involved in oil, nonconventional gas, and nuclear energy).</p>
	Carbon Footprint 1&2&3 in tonnes of CO2e/mio EUR		595.17	
3. GHG intensity of investee companies	Carbon intensity 1&2 in tonnes of CO2e/mio EUR	GHG intensity of investee companies	153.45	
	Carbon intensity 1&2&3 in tonnes of CO2e/mio EUR		932.05	
4. Exposure to companies active in the fossil fuel sector	Fossil fuel level of involvement in %	Share of investments in companies active in the fossil fuel sector	4.22	
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption in %	Share of non-renewable energy consumption and energy generation of investee companies from non-renewable energy sources compared to renewable sources, expressed as a percentage of total energy sources	63.74	
	Share of non-renewable energy production in %		28.52	

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)

PAI	PAI indicator	PAI explanation	Impact Year 2022	Measures taken and measures planned for the next reference period and objectives set
6. Energy consumption intensity per high impact climate sector	Energy Consumption Intensity Agriculture, Forestry & Fishing	Energy consumption of investee companies, in GWh per million euros of revenues, by sector with major climate effects	6.31	<b>Investment selection (Sustainability Awareness Scoring)</b> ING Luxembourg also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicator 6 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.
	Energy Consumption Intensity Mining & Quarrying		2.76	
	Energy Consumption Intensity Manufacturing		29.23	
	Energy Consumption Intensity Electricity, gas, steam and air conditioning supply		4.16	
	Energy Consumption Intensity Water supply; sewerage; waste management and remediation activities		0.65	
	Energy Consumption Intensity Construction		0.15	
	Energy Consumption Intensity Wholesale and retail trade; repair of motor vehicles and motorcycles		1.37	
	Energy Consumption Intensity Transporting and storages		2.24	
	Energy Consumption Intensity Accommodation and food service activities		0.56	

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)

PAI	PAI indicator	PAI explanation	Impact Year 2022	Measures taken and measures planned for the next reference period and objectives set
7. Activities negatively affecting biodiversity-sensitive areas	Activities negatively affecting Biodiversity Areas. % of eligible involved	Proportion of investments in companies with branches/activities in or near biodiversity-sensitive areas where their activities have a negative impact on those areas	9.05	<p><b>Investment selection (Sustainability Awareness Scoring)</b> ING Luxembourg also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicator 7 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><b>Active shareholding (engagement/voting)</b> ING Group engages in dialogue with companies in its investment portfolios and votes at shareholders' meetings. One of the themes on which ING Luxembourg focuses is deforestation. For more information on how we vote, see our voting guidelines.</p> <p><b>Exclusions</b> Companies that have a negative impact on biodiversity sensitive areas can be excluded based on controversy screening.</p>
8. Emissions to water	Emissions to Water. In tonnes of CO2e / mio EUR	Emissions generated by investee companies to water in metric tons per million euros of investment, expressed as a weighted average	0.19	<p><b>Investment selection (Sustainability Awareness Scoring)</b> ING Luxembourg also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicators 8 and 9 are considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p>
9. Hazardous waste and radioactive waster ratio	Hazardous Waste production in tonnes / mio EUR	Hazardous and radioactive produced by investee companies, in metric tons per million euros of investment, expressed as a weighted average	6.28	

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)

PAI	PAI indicator	PAI explanation	Impact Year 2022	Measures taken and measures planned for the next reference period and objectives set
10. Violations of UN Global Compact principles and Organisation for Economic	Breach of UN Global Compact Principles & OECD Guidelines for Multinational Enterprises in %	Share of investments in companies involved in violations of the principles of the UN Global Compact or of the OECD Guidelines for Multinational Enterprises	0.59	<p>ING became a signatory of the United Nations Global Compact in 2006, and still support the Global Compact's 10 principles governing the private sector's responsibilities in the areas of Human Rights, Labour, Environment &amp; Anti-Corruption.</p> <p><b>Investment selection (Sustainability Awareness Scoring)</b> ING Luxembourg also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicator 10 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><b>Exclusions</b> Breaches of the principles of the UN Global Compact or of the OECD Guidelines for Multinational Enterprises are related to controversy screening. For the Sustainable and impact investment strategies, ING Luxembourg does not invest in companies involved in serious or very serious controversial activities or products. For Responsible investment strategies, ING Luxembourg does not invest in companies involved in very serious controversial activities or products. The classification of the controversial activity or product (into serious or very serious) is determined by an external data provider.</p>
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Lack of Processes & Compliance Mechanisms to Monitor Compliance with UN Global Compact Principles & OECD Guidelines for MNEs in %	Share of investments in companies without a policy to monitor compliance with the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises or without complaints handling arrangements to address violations of those UN Principles or OECD Guidelines.	34.71	<p><b>Investment selection (Sustainability Awareness Scoring)</b> ING Luxembourg also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicator 11 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p>

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)



PAI	PAI indicator	PAI explanation	Impact Year 2022	Measures taken and measures planned for the next reference period and objectives set
12. Unadjusted gender pay gap	Unadjusted Gender Pay Gap Percentage of Male Employees Gross Hourly Earnings	Average unadjusted pay gap between men and women in investee companies	16.57	<p><b>Investment selection (Sustainability Awareness Scoring)</b> ING Luxembourg also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. PAI indicators 12 and 13 are considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><b>Active shareholding (engagement/voting)</b> ING Group engages in dialogue with companies in its investment portfolios and votes at shareholders' meetings. One of the themes on which ING Group focuses is the future of work. An important aspect of this theme is gender equality. For more information on how we vote, see our voting guidelines : <a href="http://www.ing.lu/responsible-investment-guidelines-by-ing-luxembourg.pdf">www.ing.lu/responsible-investment-guidelines-by-ing-luxembourg.pdf</a></p>
13. Board gender diversity	Board Gender Diversity Percentage of Female Board Members	Average ratio of female and male members of the board of directors of investee companies expressed as a percentage of all members of the board	36.32	
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Controversial Weapons-Evidence of Activity	Share of investments in companies involved in the production or sale of controversial weapons	0.00	<p><b>Exclusions</b> ING Luxembourg does not invest for the investment strategies it manages in companies involved in the production or sale of controversial weapons.</p>
15. GHG intensity (Indicators for investments in governments and supranational institutions)	Carbon Emissions Intensity of investee country	GHG intensity of countries in which we are invested	0.24	<p><b>Investment selection (Sustainability Awareness Scoring)</b> ING Luxembourg also includes non-financial aspects for its Sustainable and Impact investing approaches in the assessment of governments. Progress on climate policy is part of this. The Environmental Performance Index is used for this purpose. For its Impact investing approach, ING Luxembourg invests exclusively in green, social and sustainability bonds.</p>

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)

PAI	PAI indicator	PAI explanation	Impact Year 2022	Measures taken and measures planned for the next reference period and objectives set
16. Investee countries subject to social violations (Indicators for investments in governments and supranational institutions)	Investee countries subject to social violations	Number of countries invested in with violations of social rights (absolute number and relative number divided by all the countries in which we are invested) as referred to in international treaties and agreements, principles of the United Nations and, where appropriate, national law	32.72%	<b>Exclusions</b> ING Luxembourg excludes from direct investments countries that seriously violate social rights.
Additional PAI	Investments In Companies Without Carbon Emission Reduction Initiatives	Share of investments companies with no initiatives for reducing carbon emissions aiming for accession to the Paris Accord	28.90	<b>Investment selection (Sustainability Awareness Scoring)</b> ING Luxembourg also includes non-financial aspects in the assessment of companies. These are translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, the 30% of companies with the worst score are excluded from investment. The PAI indicator on Emissions is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.
Additional PAI	Average score for income inequality	Income distribution and economic inequality among participants in each economy, including a quantitative indicator.	57.83	<b>Investment selection (Sustainability Awareness Scoring)</b> ING Luxembourg also includes non-financial aspects for its Sustainable and Impact investing approaches in the assessment of governments and only selects countries that score above average on this PAI. In addition, social policy is part of the selection method. The Social Progress Index is used for this purpose. Countries implementing the death penalty are also excluded for these investment strategies. For its Impact investment strategy, ING Luxembourg invests exclusively in green, social and sustainability bonds.

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)

## Annual comment on results and targets

As this report is the first one since the SFDR regulation comes in law, the data quality was a major stake for Financial Market Participants but also for the companies which have to deliver an important amount of new data. In addition, comparison with the past year is impossible for this first exercise.

If the data coverage is globally satisfactory for most of the PAIs, We clearly see some improvement areas on certain Adverse Impact measures. Share of non-renewable energy consumption, energy consumption intensity per high impact climate sector or unadjusted Gender Pay Gap data availability is still very low and companies will need to disclose more information in 2023.

At ING Luxembourg level, all our discretionary mandates are classified as Article 6 SFDR products<sup>4</sup> (without official ESG characteristics). Nevertheless, We have anticipated the regulation since 3 years by converging our standard offer of mandate toward our internal Responsible approach.

This long-term convergence allowed us to limit the Principal Adverse Impacts of our direct investments (“direct lines”).

Even though We managed to switch a significant part of our traditional investment funds or trackers on Article 8 or 9 SFDR funds, We are still not able to avoid some residual impacts mainly brought by the ETFs following traditional indices (without any exclusion). That was the case for Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises for example.

Looking forward, and as long as We keep all our discretionary mandates as Article 6 SFDR products, it will be hard to improve those PAIs indicators knowing that a lot of asset managers have backtracked on their greenification processes in front of the important regulatory constraints imposed by the SFDR regulation.

On the positive side, We could benefit from two trends:

- Companies engagement toward more sustainability, disclosing better results with less Adverse Impact on direct or indirect investments. The data availability and quality should and must improve looking forward.
- Client demand for Sustainable mandates: the launch of an Article 8 (sustainable) mandate range could allow ING Luxembourg to serve its client base with investment solutions more adapted to their ESG preferences.

---

<sup>4</sup> Explanation of Articles 6, 8 and 9 products is available under the section « Disclosure obligations at product level » ([www.ing.lu/sfdr](http://www.ing.lu/sfdr))

## Description of policies to identify and prioritize principal adverse impacts

The current screening of the instruments on PAIs is done in the ING Investment Office by our sustainable investment analysts and fund analysts.

We categorize each instrument as part of our traditional, responsible or sustainable investment approach by using the PAIs. Via this internal classification system, the portfolio manager can easily identify and prioritize investments with regard to PAIs. Investments that have a low adverse impact are categorized in our sustainable investment approach. Investments that have a medium adverse impact are categorized in our responsible investment approach. Investments that have high adverse impacts are categorized in our traditional investment approach. This does not mean that a traditional portfolio only includes instruments of the traditional investment approach, but rather the other way around: instruments of the traditional investment approach can only be included in traditional portfolios but instruments of the responsible and sustainable investment approach can and will also be included in the traditional portfolios.

Currently some funds of the traditional investment approach, such as index funds or ETFs, can be part of non-traditional portfolios. Those funds will be analysed on principal adverse impacts and the aim is to reduce the number of those funds in our non-traditional portfolios.

When We make use of externally managed funds in our portfolios, We use ESG Fund surveys to assess how PAIs are taken into account by the external manager and will categorize the funds accordingly.

ING has two policies that are related to the identification of principal adverse impacts and that in the ends leads to the aforementioned categorization.

### 1. Global Environmental and social risk management policy

On a global level, ING developed an Environmental and social risk management policy. Based on this policy, a set of companies are excluded from our investment range because of their activities or conduct. This policy can be found here: [www.ing.com/Sustainability/ESR](http://www.ing.com/Sustainability/ESR)

### 2. Responsible investment guidelines

How We further take principal adverse impacts into account depends on the investment approach followed, which is described in the Responsible Investment Guidelines. In our sustainable investment approach, avoiding PAIs has a higher priority than in our responsible



investment approach, which puts higher priority on avoiding adverse impacts than our traditional investment approach does.

When investing responsibly, ING's aim is not to invest in companies whose services, products or conduct come at the expense of people, the environment or society. For this reason, ING assesses the companies against Sustainability data in terms of their activities and conduct before We invest in a company. Due to product development, or in the wake of a takeover, the product offer of a company could change.

Therefore, ING checks the data for all companies in the portfolios on an annual basis to determine whether the companies still satisfy the Responsible Investment Guidelines requirements. When We make use of investment funds, the ESG Fund surveys help us to understand the ESG characteristics of these funds. A complete list of the data sources ING uses can be found in Annex I.

After the assessment of these two policies, there remains a margin of error with regard to the identification of PAIs. This error exists because of the use of third-party data, which could be imperfect. The Global environmental and social risk management policy is not designed for the investment field and might not align perfectly. When We use externally managed assets We invest in those products closest to our own policy, but this almost never exactly matches for the full hundred percent. We are aware of these margins of error and always aim to limit them.

The Responsible Investment Guidelines can be found on our website [www.ing.lu/sfdr](http://www.ing.lu/sfdr).

## Engagement policies

ING Luxembourg does not engage directly with the companies it invests in, the engagement and voting is done at Group level. This means that the ING Group using its shareholder rights, holds companies accountable for their responsibility to create long-term value for all stakeholders. In this way ING contributes to responsible entrepreneurship and good corporate governance.

The ING Group enters into dialogue with companies and votes at shareholder meetings of the companies in which it holds shares. In this way it contributes to a system of good corporate governance and brings the interests of its investors directly to the attention of the companies. In the case the ING Group makes use of third-party investment managers, it relies on their voting and engagement policies.

ING's engagement focuses on the three themes below, which are aligned with the sustainability goals of ING Group:

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)

ING Luxembourg, Société Anonyme  
26, Place de la Gare L-2965 Luxembourg

R.C.S. Luxembourg B. 6041 Phone + 352 44 99 1  
VAT LU 11082217

www.ing.lu  
BIC: CELLLULL

CL23071/3



1. The future of work: this engagement theme targets companies in blue-collar and white-collar sectors that are exposed to a high risk of automation and demographic changes. This engagement is focused on the “social” side.
2. Responsible cleantech: This engagement aims to encourage and enable the cleantech industry to grow in a more responsible manner, the growing supply of cleantech products also entails environmental and social challenges within the various processes across the value chain. This engagement is focused on the “environmental and social” side.
3. Living wage: this engagement aims to improve the payment of a living wage in the supply chain of the garment, and agri-food and retail value chains. This engagement is focused on the “social” side.

You can find more information on engagement in the ING Group [Engagement guidelines](#).

## References to international standards

As part of the ING Group, ING Luxembourg is part of many initiatives regarding international standards. The following standards are explicitly applicable for ING's investment activities:

- United Nations Global Compact (UNGC): the UNGC is a non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. The UN Global Compact is a principle-based framework for businesses, stating ten principles in the areas of human rights, labour, the environment and anti-corruption. At ING, We expect the companies We invest in to follow these principles. We divest from companies from our internally managed portfolios that are seen as offenders of the Global Compact Guidelines, and intend to report on that in our periodic reporting.
- United Nations-backed Principles for Responsible Investment (PRI): the PRI provides six principles that offer a menu of possible actions for incorporating ESG issues into investment practices. We also recognize that applying these Principles may better align investors with broader objectives of society. We integrate these principles in our investment approaches and encourage our suppliers to do the same. We will each year report to the PRI, which is publicly available.

We do not use forward looking climate scenarios. Our portfolios are diversified portfolios that take environmental aspects as well as social and governance aspects into account. Furthermore, the forward-looking climate scenarios are still full of uncertainties and only provide a narrow view of the future. We follow the developments in this field and take these scenarios into consideration once the data is more accurate and more relevant.

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)

ING Luxembourg, Société Anonyme  
26, Place de la Gare L-2965 Luxembourg

R.C.S. Luxembourg B. 6041 Phone + 352 44 99 1  
VAT LU 11082217

www.ing.lu  
BIC: CELLLULL

CL23071/3

## Annex I: data sources

For the execution of the Sustainable Top-down Investment Process We need several reliable data. Below you find the list of data and the sources we use at ING Group level and ING Luxembourg level.

Investment step	Indicator	Source
<b>Outlook</b>	All kinds	BofA Securities, Credit Suisse, Goldman Sachs, Bloomberg, CreditSights, UBS, Standard & Poor's, Moody's, Fitch, ING FM, Citi, J.P. Morgan, Refinitiv Datastream, Sustainalytics and/or Reuters Metastock
<b>Asset-allocation</b>	All kinds	BofA Securities, Credit Suisse, Goldman Sachs, Bloomberg, CreditSights, UBS, Standard & Poor's, Moody's, Fitch, ING FM, Citi, J.P. Morgan, Refinitiv Datastream, Sustainalytics and/or Reuters Metastock
<b>Sub-asset allocation</b>	Exclusion of high risk sectors	Sustainalytics (Product involvement); Morningstar Direct
<b>Investment selection</b>	Quality of management	ING Non-financial indicator, Sustainalytics (ESG Risk rating, ESG Score); Morningstar Direct
	Exclusion of risky conduct	ING Controversy score, Sustainalytics (Controversies), Bloomberg, Factset, news sources
	Preference for sustainable activities	Sustainalytics (Sustainable product), Bloomberg, Factset
	Investment funds assessment	ING Non-financial indicator score, ING Fund survey
	Sovereign assessment	ING Non-financial indicator score, Yale University, Transparency, Amnesty, ICRC, UNOG, SPI
<b>Return and risk management</b>	(adverse) impact measurement	Sustainalytics, Factset, Morningstar Direct
	Carbon footprint	Sustainalytics Carbon emissions
<b>Improvement</b>	Voting	Sustainalytics
	Engagement	Sustainalytics, Platform Living Wage Financials

ING Statement on principal adverse impacts of investment decisions on sustainability factors – latest version dated June 2023

Under the supervision of the Commission de Surveillance du Secteur Financier (CSSF)