

June 2023

Principal Adverse Impact Statement for Financial Market Participant (FMP)

External statement

Summary

Principal adverse sustainability impacts report¹ 2022 is prepared according to the Sustainable Finance Disclosure Regulation (EU) 2019/2088 (hereinafter referred as "SFDR") with the aim to provide more transparency on sustainability related information within the financial markets. This reports consolidates the 2022 principal adverse sustainability impacts of the financial products² managed by ING Solutions Investment Management 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 162705 with LEI number 549300RGYP2I13ZXF02, (hereinafter referred as "ISIM", "we" or "the Management Company"), for the provision of investment management services.

ISIM 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 mitigate the adverse impact on sustainability factors, ISIM assesses the Principle Adverse Impacts (hereinafter referred as "PAIs") of its investments on sustainability factors through three ESG integration tools: exclusions, active shareholding (engagement/voting) and investment selection (Sustainability Awareness Scoring).

For each product, ISIM defines the ESG investing approach that is applied (Traditional, Responsible, Sustainable, Impact or Pension).

ISIM considers the principal adverse sustainability impacts for the products that fall under the Responsible investing approach, the Sustainable investing approach, the Impact investing approach, and Pension investing approach. For financial products covered by the Traditional investing approach, we take into account only the legally required exclusions.

ISIM has committed to measure all 16 mandatory principle adverse impacts as well as two additional, which we believe are important for the planet and the society. For 2022, ISIM had no investment for which PAIs related to real estate assets were applicable.

Climate and other environment-related indicators:

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

¹ This document may be available in English and in other languages depending on the countries where the funds' marketing is performed. In case of discrepancies the English version shall prevail.

² When we use the term financial products in this document, we make reference to ISIM funds.

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 ISIM takes into account:

17. Investments in companies without carbon emission reduction initiatives

18. Average human rights performance

Data collection of the PAIs

This report on principal adverse impacts on sustainability factors at entity level was done in 2023 based on data related to year 2022.

This first report on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

Dates of collection of PAI's: 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 will be analysed trying to reduce the identified principal adverse impacts for the future. The actions to be taken 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](#) at the latest on June 30th each year.

For this first report, data related to the 18 indicators and reported in the below table are based on portfolios of financial products as of 31 March, 30 June, 30 September and 31 December 2022 on which, for each of them, PAIs data available as of 31 December 2022 have been applied. The decision behind this approach relies on the fact that quality of available PAIs data has been weak during the whole year 2022 but has improved over time.

PAIs (except PAI 1) are expressed as a ratio of "current value of all investments" or as a proportion of EUR Millions invested into all investments. In accordance with "Questions and answers (Q&A) on the SFDR Delegated Regulation (Commission Delegated Regulation (EU) 2022/1288)" dated 17 November 2022, and in consideration of further guidance provided by points 25, 26 and 27 of "Joint Consultation Paper dated 12 April 2023" issued by "Joint Committee of the European Supervisory Authorities", ISIM has considered, for the purpose of calculations of all PAIs (except PAI 1), all direct and indirect investments made in all its financial products, which are funding investee companies or sovereigns. Consequently, the same denominator applied across all the PAIs (except PAI 1), although arguably this may introduce inconsistency between the numerator and denominator.

Description of principal adverse impacts (PAIs) - Table of the 18 Principal Adverse Impact indicators for 2022

INDICATORS APPLICABLE TO INVESTMENTS IN INVESTEE COMPANIES					
Adverse sustainability indicator	Metric	Impact 2022	Impact 2021	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	948.028 tCO ₂ e	N/A	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Exclusions</p> <p>For the Responsible, Sustainable and Impact investing approaches, ISIM excluded 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 climate (such as those involved in oil, nonconventional gas, and nuclear energy).</p> <p><u>PENSION APPROACH</u> Voting, thematic engagement.</p>
		Scope 2 GHG emissions	278.077 tCO ₂ e	N/A	
		Scope 3 GHG emissions	8.397.058 tCO ₂ e	N/A	
		Total GHG emissions	9.623.163 tCO ₂ e	N/A	

	2. Carbon footprint	Carbon Footprint 1&2 in tonnes of CO ₂ e/mio EUR	37,77 tCO ₂ e/MEur	N/A	<p>The amount of specified emissions (in tons) divided by the amount invested (in euros) known as the carbon footprint of a portfolio. Carbon Footprint for scope 1 and 2 in tonnes of CO₂e/mio EUR</p>	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 2 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p>Exclusions</p> <p>For the Responsible, Sustainable and Impact investing approaches, ISIM excluded 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 climate (such as those involved in oil, nonconventional gas, and nuclear energy).</p> <p><u>PENSION APPROACH</u> Voting, thematic engagement.</p>
		Carbon Footprint 1&2&3 in tonnes of CO ₂ e/mio EUR	299,23 tCO ₂ e/MEur	N/A	<p>The amount of specified emissions (in tons) divided by the amount invested (in euros) known as the carbon footprint of a portfolio. Carbon Footprint for scope 1, 2 and 3 in tonnes of CO₂e/mio EUR</p>	

	3. GHG intensity of investee companies	GHG intensity 1&2 in tonnes of CO ₂ e/mio EUR	87,28 tCO ₂ e/MEur	N/A	GHG intensity of investee companies for scopes 1 and 2	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u></p> <p>Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 3 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p>Exclusions</p> <p>For the Responsible, Sustainable and Impact investing approaches, ISIM excluded 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 climate (such as those involved in oil, nonconventional gas, and nuclear energy).</p> <p><u>PENSION APPROACH</u></p> <p>Voting, thematic engagement.</p>
		GHG intensity 1&2&3 in tonnes of CO ₂ e/mio EUR	560,17 tCO ₂ e/MEur	N/A	GHG intensity of investee companies for scopes 1,2 and 3	

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	4,38 %	N/A	Share of investments in companies active in the fossil fuel sector	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u></p> <p>Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 4 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p>Exclusions</p> <p>For the Responsible, Sustainable and Impact investing approaches, ISIM excluded 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 climate (such as those involved in oil, nonconventional gas, and nuclear energy).</p> <p><u>PENSION APPROACH</u></p> <p>Restrictions (e.g., related to the mining of thermal coal)</p>
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	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	<p><i>Share of non-renewable energy consumption:</i></p> <p>28,58 %</p> <p><i>Share of non-renewable energy production:</i></p> <p>3,12%</p>	N/A	<p>Share of non-renewable energy consumption and energy generation of investee companies compared to renewable sources, expressed as a percentage of total energy sources</p>	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u></p> <p>Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 5 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p>Active shareholding (engagement/voting)</p> <p>ISIM engages in dialogue with companies in its investment portfolios and votes at shareholders' meetings. One of the themes on which ISIM focuses on the dialogue is responsible clean technology. Where we make use of external asset managers, we rely on their voting policy and engagement. For more information on how we vote, see our voting guidelines.</p> <p><u>PENSION APPROACH</u></p> <p>Voting, thematic engagement.</p>
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	2,11 GWh/MEur	N/A	<p>Energy consumption of investee companies, in GWh per million euros of revenues, by sector with major climate effects</p>	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u></p> <p>Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 6 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><u>PENSION APPROACH</u></p> <p>Thematic engagement</p>

Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	5,53 %	N/A	Proportion of investments in companies with branches/activities in or near biodiversity-sensitive areas where their activities have a negative impact on those areas	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u></p> <p>Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 7 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p>Active shareholding (engagement/voting)</p> <p>ISIM engages in dialogue with companies in its investment portfolios and votes at shareholders' meetings. One of the themes on which ISIM focuses is deforestation. For more information on how we vote, see our voting guidelines.</p> <p>Exclusions</p> <p>Companies that have a negative impact on biodiversity sensitive areas can be excluded based on controversy screening.</p> <p><u>PENSION APPROACH</u></p> <p>Engagement related to activities in palm oil production and distribution.</p>
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Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0,09 t/MEur	N/A	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 8 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><u>PENSION APPROACH</u> Thematic engagement (Water Management)</p>
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	2,88 t/MEur	N/A	Hazardous and radioactive produced by investee companies, in metric tons per million euros of investment, expressed as a weighted average	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 9 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><u>PENSION APPROACH</u> Controversy engagement.</p>

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0,50 %	N/A	Share of investments in companies involved in violations of the principles of the UN Global Compact or of the OECD Guidelines for Multinational Enterprises	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 10 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p>Exclusions</p> <p>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, ISIM does not invest in companies involved in serious or very serious controversial activities or products. For Responsible investment strategies, ISIM 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> <p><u>PENSION APPROACH</u> Voting, controversy engagement, restrictions (when engagement is not or no longer considered feasible).</p>
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	<p>11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises</p>	<p>Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises</p>	<p>42,70 %</p>	<p>N/A</p>	<p>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.</p>	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM also included non-financial aspects in the assessment of companies. These were translated into an indicator score, namely the Sustainability Awareness Scoring. For the Sustainable and Impact investing approaches, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 11 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><u>PENSION APPROACH</u> Internationally accepted standards of corporate behaviour – the guidelines/principles developed by the UN Global Compact, the International Corporate Governance Network (ICGN) and the OECD – are used as the starting point for the engagement, in the two ways outlined below:</p> <ul style="list-style-type: none"> - Controversy engagement focuses on companies that severely and structurally breach norms-based criteria in the areas of governance, human rights, labour, environment, and bribery and corruption. - Thematic engagement focuses on different themes that have a material impact on society. These themes share objectives as defined by the Sustainable Development Goals (SDGs) and deal with material risks as defined by the World Economic Forum.
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	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	0,35 %	N/A	Average unadjusted pay gap between men and women in investee companies	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u></p> <p>Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM 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, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 12 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p>Active shareholding (engagement/voting)</p> <p>ISIM engages in dialogue with companies in its investment portfolios and votes at shareholders' meetings. One of the themes on which ISIM 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.</p> <p><u>PENSION APPROACH</u></p> <p>Voting and thematic engagement.</p>
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	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	22,75 %	N/A	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	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM 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, only companies that do not rank among the last 30% are included in the investment scope. PAI indicator 13 is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p>Active shareholding (engagement/voting)</p> <p>ISIM engages in dialogue with companies in its investment portfolios and votes at shareholders' meetings. One of the themes on which ISIM 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.</p> <p><u>PENSION APPROACH</u> Voting and thematic engagement.</p>
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0,00 %	N/A	Share of investments in companies involved in the production or sale of controversial weapons ³	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Exclusions</p> <p>ISIM does not invest for the investment strategies it manages in companies involved in the production or sale of controversial weapons.</p> <p><u>PENSION APPROACH</u> Exclusion.</p>

³ Figure reported in this table for PAI 14 relates to share investments in companies involved in the production or sale of controversial weapons as defined for the purpose of this report (i.e. anti-personnel mines, cluster munitions, chemical weapons and biological weapons). Please note that, while nuclear weapons are not included in this definition, ISIM also measures exposures of its financial products to these weapons as ISIM does not intend to finance the development, production, maintenance or trade of nuclear weapons. While ISIM has made no direct investment into companies involved in nuclear weapons, it has a share of investments involved in nuclear weapons of 0.21%, due to indirect exposure made by some underlying funds within its financial products.

INDICATORS APPLICABLE TO INVESTMENTS IN SOVEREIGNS AND SUPRANATIONALS

Environmental	15. GHG intensity	GHG intensity of investee countries	0,04 KtCO ₂ e/MEur	N/A	GHG intensity of countries in which we are invested	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM 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, ISIM invests exclusively in green, social and sustainability bonds.</p> <p><u>PENSION APPROACH</u> Restrictions.</p>
Social	16. Investee countries subject to social violations	Number of investee countries subject to social violations (absolute number and relative number divided by all investee countries), as referred to in international treaties and conventions, United Nations principles and, where applicable, national law	0,01 %	N/A	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	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Exclusions</p> <p>ISIM excludes from direct investments countries that seriously violate social rights.</p> <p><u>PENSION APPROACH</u> Restrictions.</p>

INDICATORS APPLICABLE TO INVESTMENT IN REAL ESTATE ASSETS

Fossil fuels	17. Exposure to fossil fuels through real estate assets	Share of investments in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels	N/A	N/A	N/A	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> ISIM does not invest directly in real estate in its investment strategies.</p> <p><u>PENSION APPROACH</u> ISIM does not invest directly in real estate in its investment strategies.</p>
Energy efficiency	18. Exposure to energy-inefficient real estate assets	Share of investments in energy-inefficient real estate assets	N/A	N/A	N/A	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> ISIM does not invest directly in real estate in its investment strategies.</p> <p><u>PENSION APPROACH</u> ISIM does not invest directly in real estate in its investment strategies.</p>

OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Emissions	Investments in companies with no initiatives for reducing carbon emissions	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	30,71 %	N/A	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u> Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM 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, only companies that do not rank among the last 30% are included in the investment scope. The PAI indicator on Emissions is considered in this score. For the Responsible investing approach, the indicator is considered in the overall assessment.</p> <p><u>PENSION APPROACH</u> Not considered (but calculated and included in ISIM's consolidated figure)</p>
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Social	Average score for income inequality	Income distribution and economic inequality among participants in each economy, including a quantitative indicator.	9,86	N/A	Income distribution and economic inequality among participants in each economy, including a quantitative indicator.	<p><u>RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES</u></p> <p>Investment selection (Sustainability Awareness Scoring)</p> <p>ISIM 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, ISIM invests exclusively in green, social and sustainability bonds.</p> <p><u>PENSION APPROACH</u></p> <p>Not considered (but calculated and included in ISIM's consolidated figure)</p>
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Annual comment on results and targets

As this report is the first one since the SFDR regulation came into force, (while the new « Corporate Sustainability Reporting Directive » (“CSRD”) is coming later next year), the data availability and the data quality is still very low as some figures related to investee companies or sovereigns/multinationals might be missing, or partially or totally based on estimates.

ISIM has managed to improve the sustainability level of its financial products, while, in addition, it has upgraded some of its Article 6 Funds to Article 8 Funds. At the ISIM level, as of 31 December 2022, most of our financial products⁴ are classified as Article 8 under SFDR. ISIM's Article 8 funds, which promotes E/S characteristics, but do not make any sustainable investments, are part of our Responsible approach. ISIM's Article 8 funds, which promotes E/S characteristics, and have a minimum proportion of sustainable investments, are part of our Sustainable approach. This positioning allowed us to limit the Principal Adverse Impacts of our investments. In 2023, ISIM has launched the new Article 9 Fund, which is part of the Impact approach.

With the improvement of the sustainability level of Article 8 Funds and the upgrades from Article 6 to Article 8 Funds, there is also an improvement on certain Principal Adverse Impact indicators, like the indicator for GHG emissions Scope 1, GHG intensity Scope 1 and GHG Footprint Scope 1.

The data availability related to some PAIs including share of non-renewable energy consumption, share of non-renewable energy production, activities negatively affecting biodiversity-sensitive areas, emissions to water, Hazardous waste and radioactive waste ratio, or unadjusted Gender Pay Gap is still very low, while the current reported numbers for all PAIs may significantly diverge in the future when more data will be available.

We managed to switch a significant part of investments of our funds into Article 8 or 9 underlying funds or direct investments which promotes E/S characteristics and/or are sustainable investments. Nevertheless, there are still some residual negative impacts mainly brought by some traditional investments.

Looking forward, ISIM expects that there will be an improvement of the Principle Adverse Impact Indicators due to the following factors:

- Additional upgrades of Article 6 to Article 8 funds within ISIM's funds range;
- Launch of an Article 9 fund;
- Investee companies' commitment towards more sustainability, which will result into less adverse impact from their activities;
- Increase of investments in companies and other funds that are aiming to improve their sustainability;
- More engagement from the Investment managers with the companies on sustainability topics;
- Improvement of the criteria for the assessment of sustainability.

⁴ Appendix 1: List of all financial products covered by this report

Description of policies to identify and prioritise principal adverse impacts on sustainability factors

With regards to its different ESG investing approaches, ISIM applies specific policies to identify and prioritise principal adverse impacts on sustainability factors.

RESPONSIBLE, SUSTAINABLE AND IMPACT INVESTING APPROACHES

ISIM has two policies related to the identification and prioritisation of the principal adverse impacts on sustainability:

1. Global Environmental and Social Risk Management Policy

ISIM as part of ING Group is following ING Global Environmental and Social Risk Management Policy. Based on this policy, a range of companies are excluded from investments due to their activities or behaviour. This policy can be found [here](#).

2. Responsible Investment Guidelines

How ISIM further considers the principal adverse impacts on sustainability depends on the investing approach described in the Responsible Investment Guidelines. ISIM distinguishes four types of investing approaches in these guidelines: Traditional, Responsible, Sustainable and Impact. In the Sustainable and Impact investing approaches, limiting adverse impacts on sustainability is a higher priority than in the Responsible investing approach. The Traditional investing approach does not consider adverse impacts on sustainability beyond regulatory requirements.

With the Responsible, Sustainable and Impact investment policies, ISIM limits adverse impacts on sustainability by means of exclusions, active shareholding and the selection of investments and financial products. More exclusions apply to the Sustainable and impact investment policies and greater priority is given to excluding companies with adverse impacts on sustainability in the selection of investments. Below is a brief explanation of the ESG integration tools. The active shareholding tool instrument is explained below in a separate section.

Exclusions

With Responsible and Sustainable investments, ISIM aims not to invest in companies whose services, products or behaviours are at the expense of people, the environment or society. That is why the Investment managers ('Investment Manager') with the delegated mandates from ISIM assesses companies on their activities and behaviour before investing in a company (via shares or corporate bonds for example). Companies may change over time, which is why Investment Manager checks the data of all companies in the portfolios every year to determine whether they still meet the requirements of the Responsible investment guidelines.

For the Responsible, Sustainable and Impact investing approaches, ISIM limits investments in companies that:

- have violated the principles of the UN Global Compact and the OECD's Guidelines for Multinational Enterprises.
- produce controversial weapons (anti-personnel landmines, cluster munitions, chemical weapons, and biological weapons).
- produce electricity from coal-fired power plants or are involved in the extraction of coal.
- manufacture tobacco products.
- are involved in weapons, oil, non-conventional gas, nuclear energy, adult entertainment, gambling, fur, or alcohol (only for our Sustainable, Pension and Impact investing approaches).

If companies generate more than 5% (and 30% for nuclear energy) of their revenue from production and 10% associated with service for these activities, they are not included in the investing approaches referred to above. In addition, ISIM applies criteria based on the behaviour that companies display.

Company selection (Sustainability Awareness Scoring)

Investment manager includes non-financial aspects for its Responsible, Sustainable and Impact investing approaches when assessing companies. These non-financial aspects are translated into an indicator score. For the Sustainable and Impact investing approaches, Investment Manager invests only in companies that do not rank among the last 30% in the investment scope. For the Responsible investing approaches, the indicator is considered in the overall assessment. The scores for adverse impacts on sustainability account for 40% of the weight when calculating this indicator. The Investment Manager also includes non-financial aspects for its Sustainable and Impact investing approaches in the assessment of governments. These non-financial aspects are also translated into an indicator score. This score is considered in the overall assessment.

Fund selection

The Investment Manager invests other funds such as investment funds, index funds or ETFs. The Investment Manager assesses the adverse impact on sustainability of financial products by comparing their relationship with the adverse impact of their investments following the approach defined by ISIM to dealing with adverse impact, as outlined above. To do this, Investment Manager sends an ESG fund survey to the managers of these products asking them how their product deals with subjects such as tobacco, coal, and UN Global compact violators.

ISIM has selected those topics because they are being considered as positively affecting the mitigation of adverse consequences. The responses to the survey allow the Investment Manager to categorise these funds into one of the four ESG approaches mentioned above based on the management of adverse impacts on sustainability.

ISIM sees two options for classification of adverse impacts. The fund manager of the other funds does not take any adverse impact into account, in which case Investment Manager will use this fund only for portfolios where the Traditional investing approach applies. Or the fund manager does consider adverse consequences, in which case the fund may be eligible for all investing approaches, depending on the level and degree of integration. If the fund manager meets some but not all the conditions, the Investment Manager may decide to initiate an engagement process in which the fund manager is asked to meet all the conditions within two years. Depending on the conditions that are not yet met, Investment Manager may decide to categorise these funds as funds that also consider adverse impacts on sustainability. If the engagement procedure is not successful, the fund is placed in a lower category.

An additional survey is launched to determine whether a fund manager takes account of the additional exclusions for the Sustainable and Impact investing approaches. The responses to this survey and the subsequent interview that Investment Manager has with the fund manager provide the Investment Manager with insight into the extent to which the fund manager is aware of the extent of adverse impact that companies or governments may have on social and environmental factors. Fund managers who are more considering this impact can be categorised as sustainability compliant. In addition to taking account of adverse impacts, we expect fund managers of Sustainable funds to meet other standards as well. These standards are described in the ISIM Responsible Investment Guidelines, which can be found at ing-isim.lu/ESG

A full list of the data sources that ISIM uses for portfolio asset allocation, monitoring and reporting purposes can be found in Appendix 1.

Following the assessment of the policies described above, a margin of error remains with respect to the identification and prioritisation of adverse impacts on sustainability. This margin of error exists using third-party data that can make an incorrect estimate. Human overall assessment also plays a role, which can be subjective. When using externally managed assets, we invest in those products that are closest to our own policies, but this almost never matches 100%. We are aware of these margins of error and always aim to limit them.

Engagement policy

As a shareholder, ISIM is engaged, in some cases, with the companies in which it invests. This means that, using our shareholder rights, we can hold companies accountable for their responsibility to create long-term value for all stakeholders. In this way we contribute to responsible entrepreneurship and good corporate governance.

We do this in various ways. The Investment Manager engages in dialogue with companies, and we vote at shareholders' meetings. In this way we contribute to a system of good governance and bring the interests of our investors directly to the attention of the companies. Where we make use of external asset managers, we rely on their voting policy and engagement. For more information on how we vote, see our voting guidelines.

Our engagement focuses on three themes, which are in line with ING Group's sustainability objectives:

1. The future of work: with this engagement theme, we want to make companies more aware of how automation, robotisation and demographic changes are changing the demand for the deployment of employees. In this context, we mainly focus on those companies that are strongly affected by these developments. This is a social engagement.
2. Responsible clean technology: With this theme, we want to make companies more aware of the environment and social challenges in the production chain. In doing so, we focus on those companies that make products that contribute to climate solutions. This engagement focuses on the environmental and social side.
3. Living wage: this theme is aimed at improving the payment of a living wage in the supply chain of the clothing, agri-food, and retail value chains. This engagement focuses on the social side.

More information about engagement can be found in the [ISIM Engagement Guidelines](#).

PENSION APPROACH

ISIM has developed and implemented stringent policies to identify, prioritise, and address principal adverse impacts. In this section a summary is provided of these policies, which are described in more detail in the Responsible Investment Guidelines - Pension Approach of ISIM.

ISIM has developed norms - based responsible investing criteria to which issuers need to adhere. These criteria are a reflection of relevant laws, our values, and internationally recognized standards such as the UN Global Compact principles and the OECD Guidelines for Multinational Enterprises. The criteria reflect the minimum requirements that the entities in which we invest need to fulfil and are periodically updated and revised. Detailed information on the criteria, rationale, and application can be found in the Responsible Investment Guidelines - Pension Approach of ISIM.

The Investment Manager creates the investable universe in general and in the event that there are strong indications that an issuer may have failed to meet any of our minimum requirements, the Investment Manager has to determine whether this constitutes a violation. This information on potential violations can come from the Investment Manager external ESG research or engagement providers, input from the Investment Manager own investment staff, or from other parties, such as NGOs or media sources.

The Investment Manager applies an engagement-led divestment approach and therefore first assess whether it is possible to engage with the company in question to mitigate the adverse impacts. If engagement is considered feasible, a formal engagement process must be started in order for the company to remain eligible for investment. The Investment Manager adheres to the centrally managed list of applicable restrictions of the investment universe. The exclusion list is available in the Responsible Investment Guidelines - Pension Approach of ISIM.

Exclusion list

Furthermore, for principal adverse impacts that do not constitute a violation of ISIM's norms-based responsible investing criteria, the Investment Manager aims to mitigate these impacts through its voting decisions and thematic engagement. This is further described in the following section, where we summarise our engagement policies.

Engagement policies

In our role as a global investor, we are able to drive beneficial change, which includes engaging with companies to mitigate the adverse impacts of our investments. The Investment Manager applies different methods to achieve this. The Investment Manager vote at the shareholder meetings and actively engages with companies both as a shareholder and as a bondholder on a range of issues where there is a change potential. Where possible, the Investment Manager collaborates with international organizations and with other institutional investors to strengthen the impact of our efforts.

Below we have provided a summary of our approach to engagement and voting in relation to principal adverse impacts. For more information on our engagement approach, please refer to our Engagement Policy.

Types of engagement

The Investment Manager conducts regular ESG dialogues with investee companies on ESG aspects which we believe have a material impact on their business. While in many cases this relates to adverse impacts on sustainability factors and may result in adverse impacts being mitigated, the key focus of such conversations is the financial value of the company. In order to structurally and systematically mitigate adverse impacts, the Investment Manager has designed and implemented two types of engagements:

1. Controversy engagement, focusing on severe and structural breaches of our norms-based criteria in the areas of governance, human rights, labour rights, environment, and bribery and corruption.
2. Thematic engagement, focusing on themes that have a material impact on society or the environment, and where we believe our engagement efforts can create positive change. These themes share objectives and risks as defined by the UN SDGs and World Economic Forum. The Investment Manager selects ESG-related engagement themes on relevant and material topics that offer scope to positively influence

corporate behaviour. Our thematic engagement efforts currently focus on three main themes: (i) corporate governance, (ii) natural resources and climate change, (iii) and decent work.

Internationally accepted standards of corporate behaviour, such as the guidelines and principles developed by the United Nations, the International Corporate Governance Network and the Organisation for Economic Cooperation and Development (OECD) are used as the starting point for these two engagement types.

Our engagement approach is tailor-made for each specific theme and each individual company. To ensure we can maximize our impact, the Investment Manager first carefully analyses a problem in detail to determine the engagement theme. The Investment Manager then identifies the value chain linked to that theme in order to select those companies with whom engagement is most needed and can be most effective. Before we contact our engagement candidates, we create a theme-specific methodology with objectives and milestones for each company.

The Investment Manager applies five mile-stones in order to keep track of progress. Through meetings and information-gathering the Investment Manager is supporting the company, follows progress and assess whether results are on track. If progress is insufficient or the company is unwilling to collaborate, the Investment Manager may take additional measures, for example by voting against board members or restricting investment.

Voting

Voting is one of the most effective ways for shareholders to express their opinions about the performance and strategy of company. It encourages companies to change for the better and it plays an important role in holding management accountable to shareholders.

Our voting activities are focused on three main issues: (i) board elections, (ii) sustainability shareholder resolutions, and (iii) the alignment of executive remuneration with company performance. We have a policy of actively voting in favour of proposals filed by shareholders that are related to significant material ESG issues that could impact the company. This often leads to voting against the board's recommendation.

Investment manager voting behaviour is as much as possible aligned with the engagement approach. When needed and possible, the Investment manager uses its voting rights to strengthen the engagements with companies.

References to international standards

ING Group endorses many initiatives relating to international standards. The following standards apply explicitly to ISIM's investment activities:

- United Nations Global Compact ('UNGC'). The UNGC is a non-binding agreement of the United Nations to encourage companies around the world to pursue sustainable and socially Responsible policies, and to report on their implementation. The UN Global Compact is a principles-based framework for companies that defines ten principles in the areas of human rights, labour, the environment, and anti-corruption. At ISIM, we expect the companies in which we invest to comply with these principles. If a company in which we invest does not comply with these principles, we will sell this position within a predetermined term.
- UN-backed Principles for Responsible Investment ('PRI'). The PRI provides six principles that offer a menu of possible actions to integrate ESG issues into investment practices. We also recognise that the application of these principles can better align investors with the wider objectives of society. We integrate these principles into our investing approaches and encourage our suppliers to do the same. We will report annually to the PRI, which is publicly accessible.

We do not use forward-looking climate scenarios. Our portfolios are globally diversified portfolios that consider environmental factors, but also social and governance factors. The forward-looking climate scenarios are still full of uncertainties and offer only a limited view of the future. We monitor developments in this area and will consider these scenarios as soon as the data is more accurate and relevant.

Historical comparison

The first historical comparison will be prepared in 2024 based on the data of 2023 compared with the data of 2022.

APPENDIX 1 – LIST OF ALL FUNDS AS OF 31/12/2022

ING FUND

Name of Sub-Fund	SFDR Classification (as of 31/12/2022)
ING Multi-Asset Income Fund Conservative	6
ING Multi-Asset Income Fund Moderate	6
ING Multi-Asset Income Fund Balanced	6
ING Multi-Asset Income Fund Active	6
ING Private Banking Optimal Selection Pure Bonds	8
ING Private Banking Optimal Selection Moderate	8
ING Private Banking Optimal Selection Balanced	8
ING Private Banking Optimal Selection Pure Equity	8
ING Sustainable Conservative	8
ING Sustainable Moderate	8
ING Sustainable Balanced	8
ING Sustainable Active	8
ING Sustainable Dynamic	8
ING Multi-Strategy Pure Bonds	8
ING Multi-Strategy Conservative	8
ING Multi-Strategy Moderate	8
ING Multi-Strategy Balanced	8
ING Multi-Strategy Active	8
ING Multi-Strategy Dynamic	8
ING Multi-Strategy Pure Equity	8

ING ARIA

Name of Sub-Fund	SFDR Classification (as of 31/12/2022)
Corporate +	6
Euro Short Duration Enhanced Return Bond Fund	6
ING Sustainable Bonds	8
Millésime Dynamique	6
Moderate Invest	6
Navido Patrimonial Dynamic	6
Flexible Strategic Allocation	6
ING Global Index Portfolio Very Defensive	8
ING Global Index Portfolio Defensive	8
ING Global Index Portfolio Balanced	8
ING Global Index Portfolio Dynamic	8
ING Global Index Portfolio Aggressive	8
Lion Conservative	8
Lion Moderate	8
Lion Balanced	8
Lion Dynamic	8
Lion Aggressive	8

ING PRIVATE INVESTMENT SICAV-SIF

Name of Sub-Fund	SFDR Classification (as of 31/12/2022)
Global	6
Lakshmi	6

ING (B) FUND

Name of Sub-Fund	SFDR Classification (as of 31/12/2022)
Index Portfolio Fund Moderated	6
Index Portfolio Fund Balanced	6
Index Portfolio Fund Dynamic	6

ING (B) COLLECT PORTFOLIO

Name of Sub-Fund	SFDR Classification (as of 31/12/2022)
ING Core Fund Moderate	8
ING Core Fund Balanced	8
Patrimonial	6
ING Stability Fund	8
ING Personal Portfolio Conservative	8
ING Personal Portfolio Moderate	8
ING Personal Portfolio Balanced	8
ING Personal Portfolio Active	8
ING Personal Portfolio Dynamic	8

ING SELECT FUND

Name of Sub-Fund	SFDR Classification (as of 31/12/2022)
Actueel Obligaties	8
Actueel Zeer Defensief	8
Actueel Defensief	8
Actueel Neutraal	8
Actueel Offensief	8
Actueel Zeer Offensief	8
Actueel Aandelen	8
Inkomen Zeer Defensief	8
Inkomen Defensief	8
Inkomen Neutraal	8
Inkomen Offensief	8
Inkomen Zeer Offensief	8
Duurzaam Zeer Defensief	8
Duurzaam Defensief	8
Duurzaam Neutraal	8
Duurzaam Offensief	8
Duurzaam Zeer Offensief	8
Duurzaam Aandelen	8
Index Zeer Defensief	8
Index Defensief	8
Index Neutraal	8
Index Offensief	8
Index Zeer Offensief	8

ING WORLD ICAV

Name of Sub-Fund	SFDR Classification (as of 31/12/2022)
ING WORLD FUND 20/80	8
ING WORLD FUND 30/70	8
ING WORLD FUND 40/60	8
ING WORLD FUND 50/50	8
ING WORLD FUND 65/35	8
ING WORLD FUND 80/20	8
ING WORLD FUND 100/0	8

STARFUND

Name of Sub-Fund	SFDR Classification (as of 31/12/2022)
Star Fund Balanced	8