



Responsible Investment Guidelines – Pension Approach

ING believes that investing should always involve a sense of responsibility. Because this means more than just financial responsibility, we also take non-financial information into account when selecting our investments. This benefits investors and society alike.

At ING Solutions Investment Management S.A. ('ISIM'), our aim is to offer our customers the best possible investment experience. We focus on positive long-term investment results (financial and non-financial), controlled risk with clear reporting and information for all customers.

These Responsible Investment Guidelines – Pension Approach detail how ESG considerations are integrated in every step of the investment solution process following our Pension approach.

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Sustainable investment

Environmental or Social (E/S) characteristics and sustainable investments

The Pension investing approach promotes environmental and/or social characteristics. ESG risks and opportunities are always considered when selecting investments, reflecting our investment beliefs, the organisation's values, relevant laws, and internationally recognised standards such as the UN Global Compact and the OECD Guidelines for Multinational Enterprises.

The objective of sustainable investments that follow the Pension investing approach is to contribute to improving sustainability across a variety of themes, including people, planet, and prosperity.

Our commitment to addressing environmental, social and governance risks is demonstrated by memberships of, among others, the UN Principles for Responsible Investment (PRI), the Climate Action 100+, Global Impact Investing Network (GIIN), and the International Corporate Governance Network (ICGN).

E/S characteristics

The invested companies in our fund range are evaluated on how they embed environmental and societal characteristics into their organization and how they conduct their business.

The ESG integration should lead to a selection of instruments that have a positive impact on the environment and society and excludes instruments that have a significant adverse impact on sustainability. This approach imposes the following restrictions on business activity and business conduct:

- Restrictions are applied to issuers involved in controversial activities and having controversial behaviours. This implies restrictive responsible investment criteria based on which restrictions (considering predetermined income thresholds as indicated below) are applied about investments in:
 - Development, production, or maintenance of controversial weapons (or the trade in these weapons) (0%).
 - Tobacco production (5%).
 - Coal mining (5%).
 - Oil sands (5%).
 - Gambling (5%).
 - Weapons (5%).
 - Adult entertainment (5%).
 - Special furs and leathers (5%).
 - Polar drilling (5%).
 - Shale oil and gas (5%).
- Restrictions are applied to issuers according to arms embargoes enacted by the United Nations Security Council and/or subject to a "call to action" on the Financial Action Task Force list.
- Investments are made in respect of the rules in terms of human and labour rights, environmental protection, and fight against corruption. To that end, an assessment to what extent issuers act in accordance with legislation and internationally recognized standards (including: the UN Guiding Principles on Business and Human Rights and the UN Global Compact) is performed.

Sustainable Investment at ING

Definition of Sustainable Investment (Art. 2.17 SFDR)



Article 2.17 SFDR: 'An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance.'

Our interpretation of 'Sustainable Investment 2.17'

ING Investment Office developed the ING approach based on market practices and our approach to sustainable investing. This approach is in line with our current sustainable investing practices and is supplemented by information on sustainable activities.

Sustainable Investments meet the following criteria and exclusions:

- **For direct investments in companies (equity or fixed income):**
 - Only companies with a good sustainability awareness scoring (Nfi score: '=', '+' or '+++').
 - Exclusion of companies with severe or very severe controversial conduct¹.
 - Exclusion of companies with revenues deriving, above a certain threshold, from activities with a high adverse impact (such as but not limited to Controversial weapons, nuclear power, Tobacco, Coal, Alcohol, Weapons, Gambling, Pornography, Oil and non-conventional gas, Fur);
 - Only companies that have sustainable activities or production models (based on criteria such as, but not limited to, minimum 5% of total revenue deriving from sustainable products or services), or alternatively in case of fixed income, corporate bonds with a green, social, climate or sustainable label.

Pass/fail test: either an investment in a company meets all the above criteria and exclusions (pass), or not (fail).

The result is binary: either an investment in a company is considered as a Sustainable Investment as a whole, or not at all.

The above criteria and exclusions rely on ING methodology and/or data primarily sourced and processed from Sustainalytics. Data from Sustainalytics may be prone to data revision, which may require further investigation if such revision suggests that criteria and exclusions may not be met anymore for some Sustainable Investments. These data are then further reviewed by ING/ISIM analysts, based on their own professional judgement and/or other data sources.

Following this data review, an investment in a company is still considered as a Sustainable Investment or not.

- **For direct investment in sovereigns or equivalents (fixed income):**
 - Only sovereigns (or equivalents) passing the sustainability awareness scoring assessment (based on criteria such as (i) higher scoring on E/S related indices and (ii) exclusions based on E/S factors).
 - Only bonds that have a green, social, climate or sustainable label.

¹ We exclude companies with adverse conduct based on ESG data from Sustainalytics and other public sources, combined with our own professional judgement. When we assess that the conduct of a company goes against the UN Global Compact principles, we exclude this company from our investments. For our Sustainable and Impact investing approaches we go a few steps further. We not only exclude companies that we assess with very severe controversial conduct (e.g. category 5 in the rating of Sustainalytics) but also with severe controversial conduct (e.g. category 4 and sometimes 3 in the rating of Sustainalytics). Further elaboration can be read here (document in Dutch, translation expected in the near future).

*Pass/fail test: either an investment in a sovereign meets all the above criteria and exclusions (pass), or not (fail).
The result is binary: either an investment in a sovereign is considered as a Sustainable Investment as a whole, or not at all.*

- **For investments in other funds:**

- Only sustainable investments identified as such by the asset managers of the other funds (or potentially by applying a different approach based on e.g., sustainability indicators performing look-through).
- Additional criteria deriving from Towards Sustainability label quality standards are considered for fund products following the Pension investing approach that have been granted with the label. (Please refer to the next section of these guidelines for additional details)

*Pass/fail test: either the underlying investment of another fund is identified as a sustainable investment (pass), or not (fail).
The result and the determination of Sustainable Investments for another fund therefore depend on its underlying proportion of sustainable investments.*

Enforcing sustainable objectives

At least 20% of the investments in the portfolio are committed to be Sustainable Investments (with a target of at least 25%), and all instruments should follow our Sustainable investing approach.

Within the Sustainable Investments we also consider the EU taxonomy alignment on the six environmental objectives.

Non-financial indicator (sustainability awareness scoring)

The Non-financial indicator (Nfi) is a sustainability awareness scoring for companies, developed in 2001 by ING. It shows how a company scores on its management of material environmental, social, and especially governance factors, compared with its sector peers. Managing these factors can limit their adverse impact.

To measure this, we look at three ESG aspects:

- The company's management of ESG Risks,
- its ESG risk momentum and
- the principal adverse impact indicators (PAI, as defined in the SFDR).

We use non-financial indicators in our Pension investing approach. Nfi scoring is applied not only as criteria to define a sustainable investment but to all direct investments in companies (excluding green or social corporate bonds), which must obtain a good sustainability awareness scoring (Nfi score: '=', '+' or '++').

Measuring sustainability

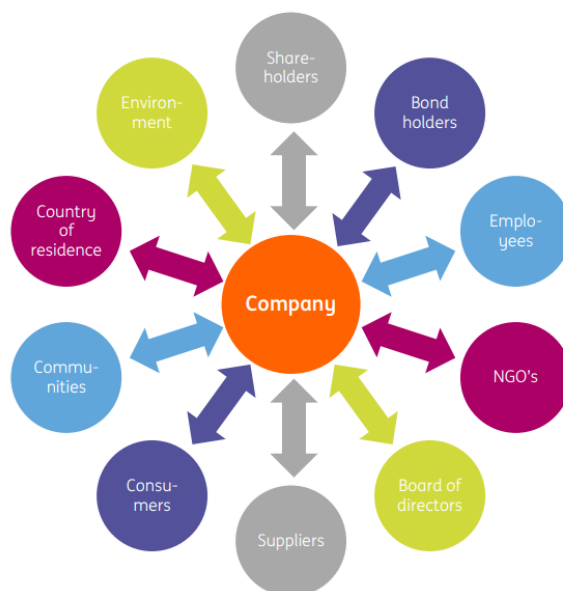
In recent decades, SRI has evolved from a strategy based on excluding certain unsustainable activities (such as weapons, tobacco, and fur) to a strategy that focuses on inclusion; investing in companies that contribute positively to sustainability. To measure that positive contribution, of course, you need data. In the early 2000s, investors still had to collect these data themselves, but later dedicated data providers became active. At ING, since the start, we have been using Sustainalytics (now part of Morningstar), one of the largest providers of sustainability data. We combine the data needed to measure sustainability into one metric, the Nfi. This score, amongst others, is used to select companies for our sustainability portfolios. Because sustainability is a concept that continuously develops; and at the Investment Office we want to determine autonomously how we assess sustainability. In this way, our investment decisions fit well with our client's expectations and the principles of the Investment Office. It must be noted that some companies don't have a complete ESG dataset available. In that case we'll make estimates.

Best-in-class approach

The Nfi provides insight on how a company takes its key stakeholders into account. If that awareness is high, then it's easier for the company to sense what is going on in society and respond to it. We therefore expect that a high level of sustainability awareness will translate into a lower risk profile for the company in the longer term. That company will be better able to respond to opportunities that arise. This assessment of sustainability awareness exists alongside our test for controversial behaviour or controversial products.

Sustainability awareness

To measure sustainability awareness, we look at the way in which the company takes account of its stakeholders. This includes not only shareholders and bondholders, but all parties with whom a company has direct or indirect interactions. The diagram below provides a sense of the wide variety of possible stakeholders.



The elements of the Nfi

To measure sustainability awareness, we look at **five elements**, shown in the diagram below.



1. **The ESG Risk Management score (40% weighting).** This score, compiled by Sustainalytics, measures the extent to which a company manages sustainability risks. For this, we look at six to nine key sustainability issues. These range from greenhouse gas emissions and corporate governance to employee relations. The topics used to measure ESG Risk Management may differ per company, as you can imagine a utility company has to deal with different ESG-issues than an employment agency. Given the large number of subjects that contribute to this score, we give this measurement the highest weight in the Nfi methodology.
2. **The ESG Momentum score (10% weighting).** This element looks at the development of a company's exposure to- and management of sustainability risks over the past twelve months. We believe it is important that companies do stay stationary and continue to develop their awareness of sustainability. In that case, we show our appreciation by means of a higher Nfi score. Moreover, research shows that "momentum" has a positive correlation with the company's share price.

3. The Sustainable product score (10% weighting). The score is related to the degree the company makes products that contribute positively to one of the Sustainable Development Goals (SDGs). These are seventeen goals initiated by the United Nations, to make improvements in the areas of planet, people, and prosperity. In the end, impactful products are an important vehicle for achieving those goals.

The fourth and fifth elements are both related to PAI indicators. These are indicators that reflect a company's (Principal Adverse Impact) on sustainability. These indicators were created by the European Union with the aim of creating transparency in the field of sustainability. And, to reduce the negative impact of companies. For example, a company may already have a good score on greenhouse gas emissions. That's great, but ultimately, we'd like to see those emissions disappear time over time. The PAI scores are the key indicator of that.

4. The Environmental PAI indicators (20% weighting).

This includes the following indicators:

- Carbon footprint (relative to enterprise value)
- Carbon intensity (relative to revenue)
- Exposure to revenues from fossil fuels
- Extent of consumption or production of renewable energy
- Intensity of energy use compared to sectors with high climate impact.
- Being active in biodiversity sensitive areas
- Amount of wastewater
- Amount of hazardous waste
- Greenhouse gas reduction policy

ISIM is monitoring the environmental footprint of the investments in the funds being transparent about the climate impact of our financial products. We are aware of the transition needed for a sustainable economy and we are following the initiatives of the investees to limit the global warming and align with Paris Agreement temperature targets.

5. The Social PAI indicators (20% weighting).

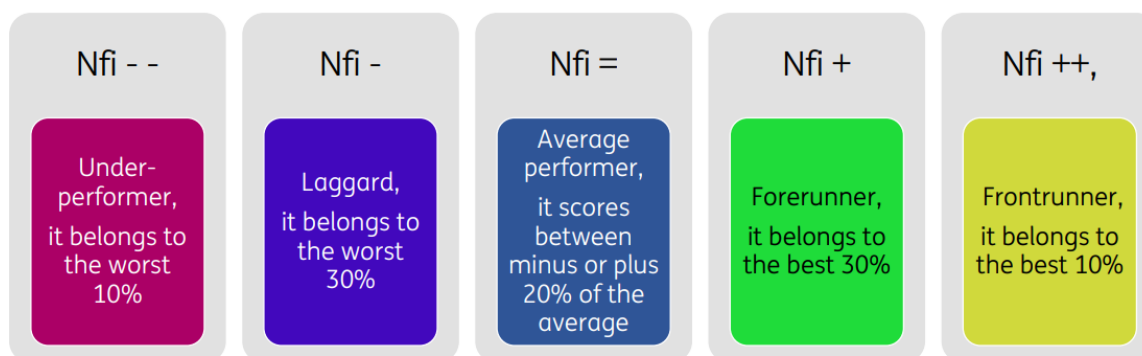
This group includes the following indicators:

- Processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises
- Violations of these principles of the Global Compact
- The gender pay gap
- Board gender diversity

The calculation method

Once we have determined which data, we need for each of the five elements, we calculate the individual score per indicator and per company.

- a) We determine the ranking between zero and one for each company per indicator. Companies that score the worst on an indicator get a zero. Companies that score the best get a 1. This is how each company determines where it stands in relation to other companies in its sector. We do this for all companies in all sectors.
- b) After this calculation, we add up the rankings for each indicator, per element, for each company and divide them by the number of indicators of each element. In this way we end up with a ranking for all companies for each of the five elements.
- c) As mentioned earlier, the four elements have their own specific weight. This leads to an overall score.
- d) We rank this score again so that we can classify all companies by sector into deciles.
- e) With these deciles we can classify companies into the categories that are distinctive for the Nfi. These can be found in the table below.



Five categories of sustainability: Nfi--, Nfi-, Nfi=, Nfi+ and Nfi++

Companies that can be selected for our sustainable portfolios are given Nfi grades of = (best 70%), + (best 30%) or ++ (best 10%). These companies take other stakeholders into account and limit adverse impacts. Companies that score mediocre are given Nfi grades of 'Nfi -' (worst 30%) or 'Nfi - -' (the worst 10%). Representational

Because we are comparing companies by sector, it is important that enough companies are represented within each sector. Therefore, we calculate the Nfi score for 5000 companies. This selection includes the following companies:

- All companies that we monitor as part of our equity and bond portfolios (approximately 600 companies)
- All Benelux companies of which we have sustainability data available (approximately 225)
- International companies that have a market capitalization of at least USD 2 billion, until we have 5000 in total.

For the Nfi, as already mentioned, we compare companies with other companies within the same sector. In fact, we should use the term 'industry'. In investing, we are usually talking about the eleven sectors of the official GICS classification, the Global Industry Classification System. However, a comparison within the official GICS sectors does not always provide a good result, as some sectors are very diverse. For example, in the industrial goods sector you will find both aircraft manufacturers and employment agencies. We instead use a fine-grained classification in which we group companies into 41 industry groups. That way we have groups of similar companies with sufficient size to do a representative ranking.

Sovereign issues

When investing in sovereigns (e.g., government bonds), we assess the robustness of the country that issues the bond and its institutions, based on the following ESG characteristics:

- Environmental:
 - Environmental Performance Index (EPI)
 - Carbon footprint
- Social:
 - Social Progress Index (SPI)
 - Exclude bonds issued by countries that carry out the death penalty
 - Signatory of at least one of two treaties: Ottawa Convention, and Convention on Cluster Munitions
 - Social violations (PAI)
 - Income inequality (PAI)
- Governance
 - Corruption Perception Index

Only sovereigns with an above-average score in all three indices and a positive rating on both social aspects are eligible as investments for our Pension investing approach.

Pension investing approach

This section provides an overview of the specific criteria that are applicable to the fund products following the Pension investing approach that have received the Towards Sustainability label. Hence, the Pension investing approach, on top of promoting environmental and/or social characteristics, is also articulated around four dimensions:

- Global norms
- Sector Criteria
- Best-in Class Approach
- Asset Class Criteria

Global norms

The Global Stewardship Team has developed a process for evaluating companies that have been identified by third party data providers as in violation of the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises (amongst other global norms), and/or companies which are applying poor governance practices.

The global norms are considered aligned with related frameworks including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organisation on Fundamental Principles and Rights at Work and the International Bill of Human Rights.

The process followed by our investment manager is defined on four primary steps:

1. **Identify:** multiple third-party data providers are leveraged to generate a list of potential violators of Global Norms.
2. **Review:** using the vendor generated list, each of the issues raised at the companies are evaluated, considering the external data providers' assessment as well as additional sources to create an assessment.
3. **Evaluate:** Using the results of the review, each company is assigned to one of three tiers:
 - Tier 1: the company is considered having an ongoing global norms violation with insufficient remediation.
 - Tier 2: the company may have had demonstrated a global norms violation, but some remediation has taken place OR there is a serious allegation of wrongdoing where the situation is still developing.
 - Tier 3: The company is not currently considered a global norm violator.
4. **Monitor:** We review the list on a semi-annual basis and seek to conduct ongoing monitoring to identify potential new issues.

Following the tiering process, our investment manager seeks to take appropriate stewardship actions related to the companies, for example seeking to engage with companies or take voting action as appropriate.

Sector criteria

These criteria refer to the below mentioned considered harmful activities, to the value chain as well as to the parent-subsidary relationships and to the governance of the business activities. The business criteria can consist of indicators to measure avoidance of harm as well as indicators to measure transition. The business criteria describe the requirements to be eligible.

Controversial weapons

Scope: Certain weapons are considered controversial due to their disproportionate and indiscriminate impact on the civilian population. This is the case for anti-personnel landmines, cluster munitions, biological weapons, chemical weapons, depleted uranium ammunitions, and white phosphorus weapons.

Business criteria:

- We may restrict companies that are involved in activities such as production, research and development, maintenance, system integration and testing of products or services that are considered dedicated and essential for the lethal use of

these type of weapons. In defining these weapons, we follow widely accepted international conventions or, where those are not available, our investment manager has developed our own criteria applying a precautionary principle.

- Separate criteria have been developed for **nuclear weapons** in addition to the criteria above since they have a different character from other weapon types. The ownership, production, proliferation, and use of nuclear weapons are strictly regulated and monitored via the Non-Proliferation Treaty (NPT) of 1968, and if necessary sanctioned by the international community. Our investment manager restricts on a firm- wide basis companies that are involved in nuclear weapon activities and that: (i) are domiciled in countries that are not a signatory to the NPT, or (ii) contribute to nuclear weapons programs of non-NATO member states.
- We may restrict companies that demonstrably engage in activities in making weapons, weapon systems, or related material or services available to (i) countries that are subject to a UN or EU arms embargo that is targeting the central government or (ii) non-state actors sanctioned by the UN or EU. Not in scope are companies that have such activities in relation to humanitarian missions or to (peacekeeping) military missions that have been commissioned by the international community. In our Pension investing approach, this restriction is applied via the Controversial Weapon Radar research, as well as Arms Trade research and Product Involvement screening of the Sustainability platform. In addition, we comply with the Belgian law banning any financing of companies involved in anti-personnel mines, submunition or depleted uranium via ISS Ethix screening.
- Controversial weapon involvement is subject to a zero-tolerance policy. For companies identified as involved as described above, the threshold is currently set at 0% of revenues.

Weapons

Scope: Manufacture of weapons or tailor-made components thereof and sale of weapons.

Business criteria:

- The company shall have a strategy to reduce the adverse impact of its activities and to increase its contributing activities, if applicable.
- The company shall have no activity of manufacturing or of manufacturing tailor-made components, using, repairing, putting up for sale, selling, distributing, importing, or exporting, storing, or transporting controversial or indiscriminate weapons such as: anti-personnel mines, submunitions, inert ammunition and armor containing depleted uranium or any other industrial uranium, weapons containing white phosphorus, biological, chemical, or nuclear weapons.
- The company shall derive less than 5% of its revenues from activities in scope.

Tobacco

Scope: Companies involved in the production or wholesale trading of tobacco products or providing dedicated equipment or services therefor.

Business criteria:

- The company shall have a strategy to reduce the adverse impact of its activities and to increase its contributing activities, if applicable.
- The company shall derive less than 5% of its revenues from activities in scope.

Coal

Scope: Companies involved in the exploration, mining, extraction, transportation, distribution or refining of thermal coal or providing dedicated equipment or services therefor.

Business criteria:

- The company shall have a strategy to reduce the adverse impact of its activities and to increase its contributing activities, if applicable.
- The company shall currently not be involved in coal exploration, and not be involved in the exploitation or development of new coal mines.
- The company's absolute production of or capacity for thermal coal-related products/services shall not be increasing.

The company shall meet at least one of the following criteria:

- Have a SBTi5 target set at well-below 2°C or 1.5°C or have a SBTi 'Business Ambition for 1.5°C' commitment.
- Have an annual thermal coal production less than 10Mt and derive less than 5% of its revenues from thermal coal-related activities.
- Have less than 10% of CapEx dedicated to thermal coal-related activities and not with the objective of increasing revenue.
- Have more than 50% of CapEx dedicated to contributing activities.

Among the above-mentioned criteria, the one considered is that the company shall derive less than 5% of its revenues from activities in scope. It is also worth noting that none of our investee companies are listed on the Global Coal Exit List (GCEL).

Unconventional oil & gas

Scope: Companies involved in the exploration or extraction of unconventional oil and gas or providing dedicated equipment or services therefor. This includes tar sands oil, coalbed methane, extra heavy oil, and Arctic oil & gas, as well as oil & gas from unconventional production methods such as fracking or ultra deep drilling.

Business criteria:

- The company shall have a strategy to reduce the adverse impact of its activities and to increase its contributing activities, if applicable.
- The company shall currently not be involved in exploration, and not be involved in exploitation or development of new unconventional oil or gas fields.
- The company's absolute production of or capacity for unconventional oil and gas-related products/services shall not be increasing.

The company shall meet at least one of the following criteria:

- Have a SBTi target set at well-below 2°C or 1.5°C or have a SBTi 'Business Ambition for 1.5°C' commitment.
- Derive less than 5% of its revenues from activities in scope.
- Derive less than 5% of its revenues from unconventional oil and gas-related activities.
- Have more than 50% of CapEx dedicated to contributing activities.

Among the above-mentioned criteria, the one considered is that the company shall derive less than 5% of its revenues from activities in scope. It is also worth noting that none of our investee companies are listed on the Global Oil and Gaz Exit List (GOGEL).

Conventional oil & gas

Scope: Companies involved in the exploration, extraction, refining and transportation of oil and gas or providing dedicated equipment or services therefor.

Business criteria:

- The company shall have a strategy to reduce the adverse impact of its activities and to increase its contributing activities, if applicable.
- The company shall currently not be involved in exploration, and not be involved in exploitation or development of new oil or gas fields.

The company shall meet at least one of the following criteria:

- Have a SBTi target set at well-below 2°C or 1.5°C or have a SBTi 'Business Ambition for 1.5°C' commitment.
- Have an emissions intensity aligned with 1.5°C target (e.g., TPI: 55,75 gCO₂e/MJ in 2023, or other science-based alignment assessment).
- Derive less than 5% of its revenues from activities in scope.
- Have less than 15% of CapEx dedicated to oil and gas-related activities and not with the objective of increasing revenue.
- Have more than 15% of CapEx dedicated to contributing activities.

Among the above-mentioned criteria, the one considered is that the company shall derive less than 5% of its revenues from activities in scope. It is also worth noting that none of our investee companies are listed on the Global Oil and Gaz Exit List (GOGEL).

Power generation

Scope: Companies involved in the generation of power/heat from non-renewable energy sources or providing dedicated equipment or services therefor.

Business criteria:

- The company shall have a strategy to reduce the adverse impact of its activities and to increase its contributing activities, if applicable.
- The company's absolute production of or capacity for coal- based or nuclear-based energy-related products/services shall not be structurally increasing.
- The company's absolute production of or capacity for con- tributing products/services shall be increasing.

The criteria mentioned below can temporary be ignored in case of national legal obligations in the context of energy provision security.

- The company shall currently not be involved in building new coal-fired power stations.
- The company's absolute production of or capacity for coal-based power shall not be structurally increasing and be less than 5 GW.

The company shall meet at least one of the following criteria:

- Have a SBTi target set at well-below 2°C or 1.5°C or have a SBTi 'Business Ambition for 1.5°C' commitment.
- Have a carbon intensity aligned with 1.5°C target (e.g., TPI: 0,348 tCO2e/MWh in 2023, or other science-based alignment assessment)
- Derive more than 50% of its revenues from contributing activities.
- Have more than 50% of CapEx dedicated to contributing activities.

Phased-out margin:

Companies not compliant with the business criteria are eligible for the phase-out margin. This phase out margin refers to a maximum percentage of total portfolio exposure that is set on 5% for 2022 and will decrease by 1 pp per year as of January 2023. Companies in this margin are subject to a best-in-class selection that selects from the 25% highest ESG-rated companies. Portfolios using the phase-out margin shall reduce it to 0% by 30 June 2025.

Grandfathering

Until 2025, electricity utilities with a carbon intensity lower than the annual thresholds below and that are not structurally increasing coal- or nuclear-based power generation capacity, are eligible:

	2023	2024	2025
Max gCO2/KWh	354	335	315

Best-in-class approach

The Best-in-Class approach (Nfi indicators) is performed through the calculation of specific non-financial indicators (Nfi) and is applicable **only to Equity and corporate bonds (excluding use-of-proceeds)**. Nfi provides insight on how a company takes its key stakeholders into account. If that awareness is high, then it's easier for the company to sense what is going on in society and respond to it. We therefore expect that a high level of sustainability awareness will translate into a lower risk profile for the company in the longer term. That company will be better able to respond to opportunities that arise. This assessment of sustainability awareness exists alongside our test for controversial behaviour or controversial products. The explanation of the Nfi indicators is available on page 6.

Asset class criteria

Sovereign bonds

Sovereign exposures are exposures to central governments, central banks, and supranational issuers. States that issue sovereign instruments are classified based on the income level of their economy, based on the classifications of the World Bank: low-income, lower middle-income, upper middle-income and high-income economies. Governance indicators are an appropriate measure for the fair and responsible allocation of proceeds by governments.

The strength of the governance of a State is measured using the 6 Worldwide Governance Indicators (WGI), established by the World Bank:

1. Voice and Accountability
2. Political Stability and Absence of Violence/Terrorism
3. Government Effectiveness
4. Regulatory Quality
5. Rule of Law
6. Control of Corruption

A State is eligible if both of the following conditions are met:

- The average of its scores on all 6 WGIs is at least -0.59
- It does not score less than -1.00 on a single WGI.

A sustainable financial product issued by an eligible state as mentioned above shall not finance (e.g., via sovereign issued instruments):

- States that have not ratified or have not implemented in equivalent national legislation:
 - the eight fundamental conventions identified in the International Labour Organisation's declaration on Fundamental Rights and Principles at Work
 - at least half of the 18 core International Human Rights Treaties
- States which are not party to:
 - the Paris Agreement
 - the UN Convention on Biological Diversity
 - the Nuclear Non-Proliferation Treaty
- States with particularly high military budgets (>4% GDP)
- States considered 'Jurisdictions with strategic AML/CFT deficiencies' by the FATF.
- States with less than 40/100 on the Transparency International Corruption Perception Index
- States qualified as 'Not free' by the Freedom House 'Freedom in the World'-survey.

Products can invest for reasons of diversification or (currency risk) hedging, in public debt instruments issued by core reserve (non-EURO) currency issuers that do not comply with the above requirements, to a maximum of 30% (in total) of the portfolio. This threshold may temporary be exceeded in the event of extraordinary market conditions.

Use of proceeds:

- Use-of-proceeds instruments issued by companies that fail the eligibility criteria can be eligible as long as the company has a strategy to reduce the adverse impact of its activities and tend to increase its contributing activities. A particular attention is given in the ESG due diligence process to these companies' overall transition efforts.
- The use of proceeds criteria does not apply to companies of sub-sector that are involved in the development, production, or maintenance of controversial weapons or the trade in these weapons. Controversial weapon involvement is subject to a zero-tolerance policy with a threshold currently set at 0% of revenues according to our ESG integration methodology.

- However, the use of proceeds assets can still be invested in sub-sectors where a 5% revenues threshold have been set according to our ESG integration methodology like for tobacco production, coal mining, oil sands, gambling, weapons, adult entertainment, special furs and leathers, polar drilling, shale oil and gas.

Other funds

Financial products following the Pension investing approach that are labelled with Towards Sustainability label and have other funds in their portfolios apply the following additional criteria:

- At least 90% of the other funds must meet the quality standard requirements of Towards Sustainability label:
 - other funds that have the Towards Sustainability label. These other funds can be considered meeting all the quality standard criteria requirements (on the level of the top-level portfolio).
 - other funds, for which third-party manager received a formal commitment by the managers of the underlying portfolios to be compliant with Towards Sustainability label quality standards. The manager remains however, fully accountable, and responsible for the underlying portfolio's compliance with these quality standards.
 - other fund in the form of index-based funds evaluated on Towards Sustainability label quality standards compliance using a look-through approach, if based on a solid regular monitoring and audit system. The look-through approach shall ensure that the composition of the indices is compliant with the exclusionary requirements of these quality standards.
 - To a maximum of 30% of other funds, (unlabelled) sovereign bonds portfolios that only invest in sovereign-issued instruments issued by States compliant with the criteria for high-income economies.
- The remainder of the other funds must be:
 - other funds that promote ESG characteristics, complying with Towards Sustainability label quality standards on Sustainable Investments, and considering principal adverse impacts on sustainability factors.
 - other funds in the form of money market funds being considered as cash-equivalent and that do not have to be evaluated if their only purpose is technical or for the hedging of risks “²

Disclaimer

This document describes the Responsible Investment Guidelines – Pension Approach determined by ING Solutions Investment Management S.A. ('ISIM') and to be followed *inter alia* by the managers of funds established by an ING Groep N.V. entity. The document has been compiled by ISIM and is applicable to all its funds and sub-funds but does not in any circumstances constitute an investment recommendation. The Responsible Investment Guidelines of ISIM and the cross-references to the respective websites have been compiled to provide an overview of how ESG criteria are used in the management of funds. Before making any investment decision, please carefully read the Key Investor Information Document (KIID) and prospectus of the relevant instrument. All documents can be found on <https://www.ing-isim.lu>

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² https://towardsustainability.be/public/TowardsSustainability_QSRevision2023_Final_20230630.pdf

Annex I: Additions

Although some of ING's portfolios deviate from the investment approaches described in the "Responsible Investment Guidelines" and these "Responsible Investment Guidelines - Pension Approach", all funds are based on one of ING's five investment approaches (Traditional, Responsible, Sustainable, Impact and Pension). This annex specifies where additional information on the principles of our investment approaches can be found.

- ING Solutions Investment Management ('ISIM') contributes to ING Group's environmental, sustainable and governance ambitions. To help achieve those ambitions, ISIM pays great attention to implementing the Responsible Investment Guidelines and the Responsible Investment Guidelines - Pension Approach in its fund management. Please refer to the following [webpage](#) for a clear overview of the approaches used for managing each type of fund.
- Additional information on the investment manager's methodology can be found on the relevant [website](#).
- Principal Adverse Impacts - the definitions and methodology relevant to the Pension approach can be found on our [webpage](#).
- More information regarding Towards Sustainability label can be found on their [website](#).



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