



Roadmap for reducing GHG emissions

ING Bank Śląski Group

Part 2

December 2024





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Introduction

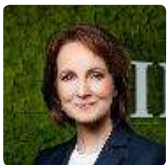
At ING Bank Śląski, part of the global ING Group, we are aware of the growing role of the financial sector in addressing climate change challenges. In line with the commitments made last year, we are continuing our efforts to reduce greenhouse gas emissions, integrating them into the Bank's overall strategy and sustainability priorities. Our aim is to support clients in the transition to more sustainable business models by adopting, in addition to a sectoral decarbonisation pathway approach, a so-called portfolio approach aimed at collaboration and dialogue with companies operating in the most carbon-intensive sectors of the economy and the bank's portfolio.

Unlike previous efforts, which focused on selected sectors, the current initiative involves engaging in dialogue with clients across a range of industries with high CO2 emissions. Inspired by the approach promoted by the Science Based Targets Initiative (SBTi), this approach aims not only to set emission reduction targets, but also to support clients in achieving them through long-term dialogue, partnerships and the provision of the necessary funding, tools and knowledge.



"We continue to take steps toward reducing our own carbon footprint while introducing a new plan to lower the carbon footprint of our portfolio. A key element of this plan is active dialogue with selected clients. We focus on collaborating with companies from the most carbon-intensive sectors. We are investing in the development of our advisors' expertise to equip them with the knowledge and tools necessary to support clients in transitioning to a path of sustainable development."

Brunon Bartkiewicz, President of the Management Board



"We embrace a dialogue-based approach, believing that partnership with our clients is key to a successful transformation toward sustainability. As a bank, our role extends beyond financing; we are dedicated to actively supporting our clients on their journey to decarbonisation. Our commitment involves continually sharing knowledge, collaboratively seeking optimal solutions, and developing strategies that benefit both our clients and society."

Joanna Erdman, Vice President of the Management Board





Summary of activities to date

Loan portfolio and own operations



Actions taken towards emission reduction in own operations

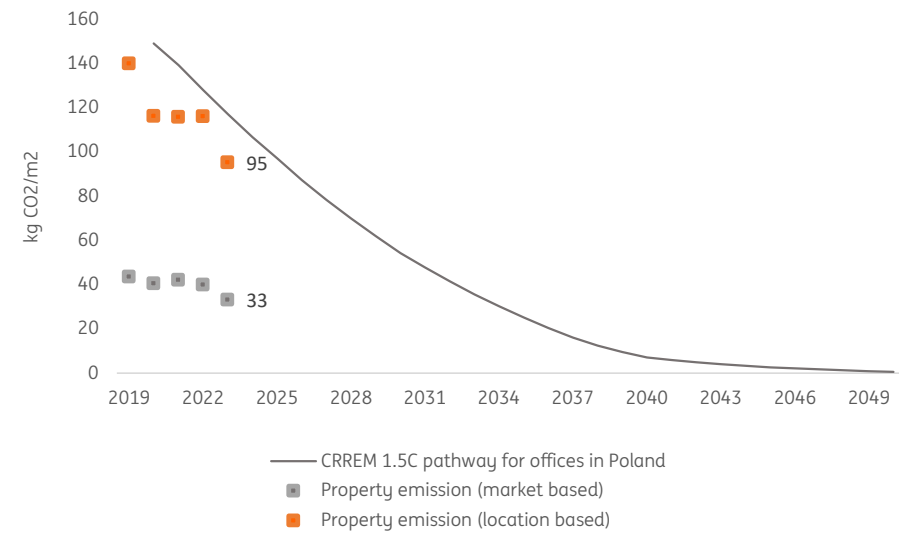


A self-managed approach to emissions reductions

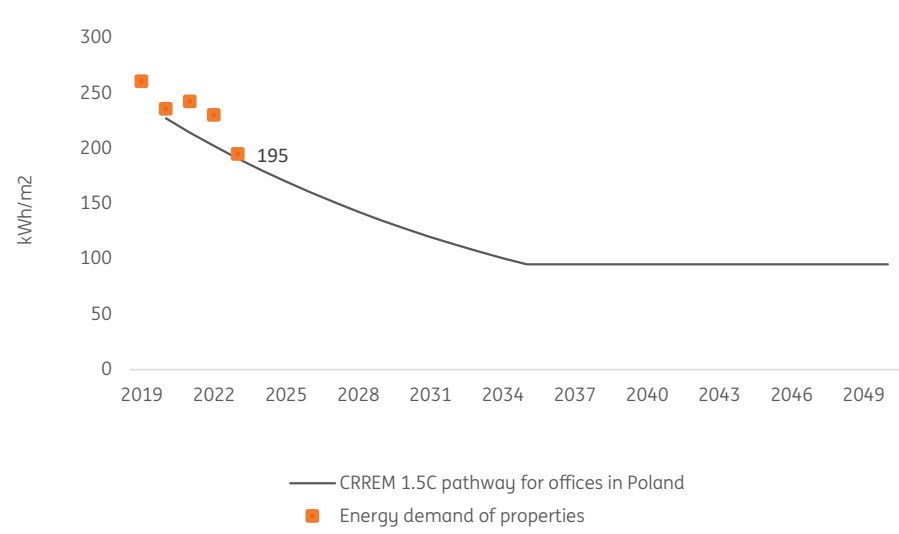
A long-term approach to reducing emissions in the own operations is part of the Bank's priority. Property and fleet are responsible for our Scope 1 and 2 emissions. That is why our approach focuses on these two areas. In order to meet the emission reduction targets, we have adopted a specific action plan. Below is a summary of the key initiatives we have implemented over the course of the year following the announcement of ING BSK's "[Roadmap for reducing GHG emissions](#)".

Emissions in the own operations

Office property emissions within ING BSK Group's own operations and CRREM path 1.5°C for Poland



Energy demand of office properties within ING BSK Group's own operations and CRREM path for Poland



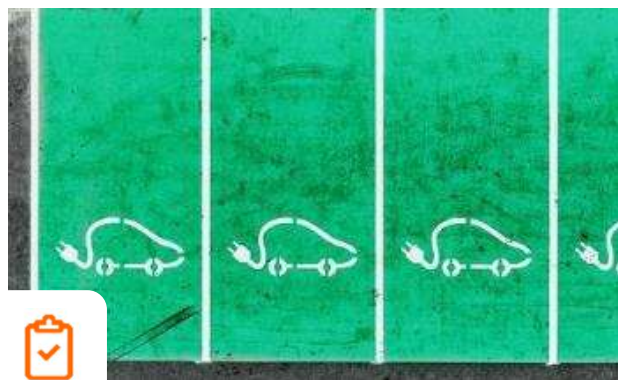
Actions taken in emission reduction plans in own operations



Property activities

Our property activities focused on:

- area optimisation – we reduced the area by 1855.72 m² (1.1%) between November 2023 and August 2024,
- further relocation and modernisation of facilities to improve energy efficiency,
- purchase of electricity for 2024 and 2025 derived from 100% RES,
- increasing the share of RES in electricity supplied by lessors,
- carrying out a CRREM analysis for buildings office buildings in Katowice at ul. Chorzowska 50 and ul. Sokolska 34.



Emission calculation methodology

In the „ING BSK’s Roadmap for reducing GHG emissions” document published in November 2023, the data presented in the CRREM charts included car park areas. The following assumptions have now been made for the emissions calculations:

- as the denominator, we have taken the sum of the usable area each month divided by 12,
- energy consumption attributed to common area was not included in one of the head office buildings as bank has no operational control over that space,
- the surface of the car parks and the surface and consumption from the Data Centre were excluded due to the different use of these areas,
- area and energy consumption of ING BSK Group companies was added.



Car fleet activities

We are consistently moving towards a low-emission vehicle fleet. In line with the Fleet Policy, currently 99.5% of our fleet is hybrid or electric. The remaining 0.5% (5 cars) is made up of petrol cars, which we will retain until the end of their lease contract.

Actions taken towards portfolio emission reduction



The first three sectors covered by the emission reduction plan

In the “ING BSK’s roadmap for reducing GHG emissions” document published in 2023, we committed to specific emission reduction measures for our portfolio of retail mortgage loans, commercial property finance loans and the power generation sector. For commercial and residential properties, we have adopted as a baseline a reduction path aligned with the ambitious scenario of limiting global warming to 1.5°C relative to the pre-industrial era. At the same time, we maintained our commitments in the energy sector to move away from financing high-emission non-renewable energy sources, i.e. hard coal and lignite, and redirect funds mainly to financing renewable energy sources.

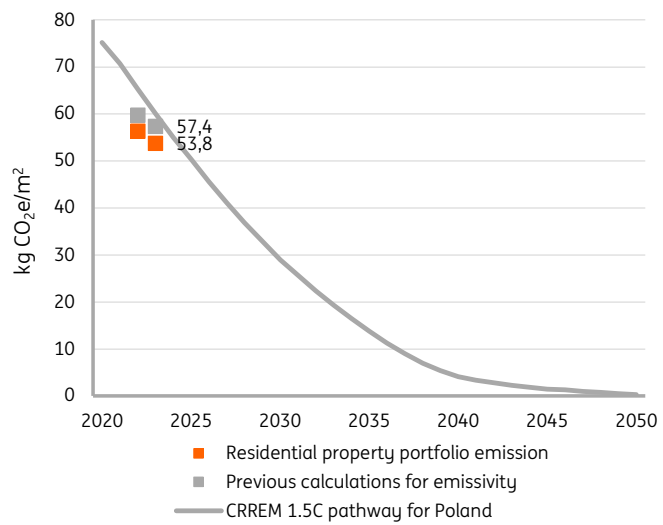
The first three areas covered by the reduction plan

Energy generation

Provision of financing of **PLN 5 billion** for renewable energy projects between 2024 and 2030 in the corporate segment

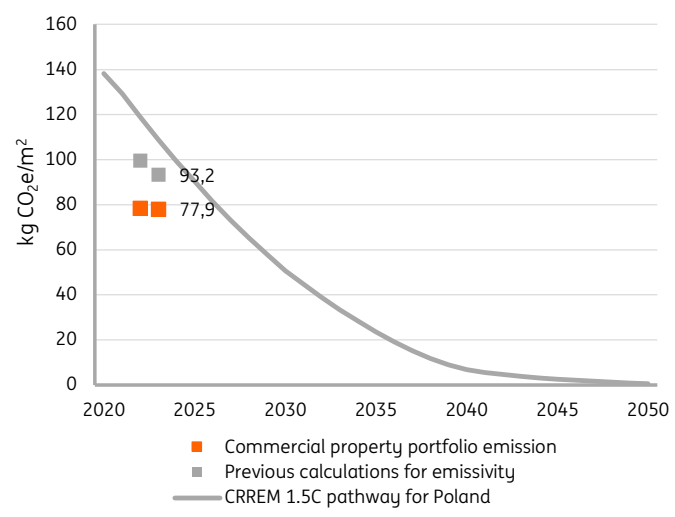
Residential properties

The update of the emission intensity of the residential property portfolio is due, among other things, to the inclusion of the LTV ratio in the calculation. See page 8 for details.

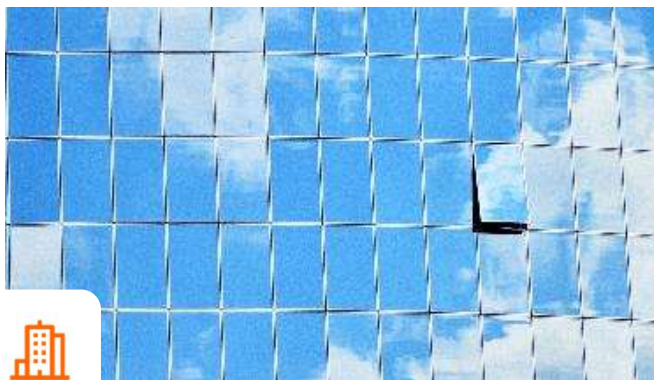


Commercial properties

The update of the emission intensity of the income-generating property portfolio results from the inclusion of the LTV ratio in the calculations. See page 8 for details.



Changes to the methodology for calculating property portfolio emissions



Changes to the methodology for calculating commercial property portfolio emissions

Compared to the data presented in the ING BSK's „Roadmap for reducing GHG emissions“ published last year, we recalculated the emissions intensity of 2022, keeping it as the base year. In order to fully comply with the PCAF guidelines, our emissions intensity calculations have been updated by additionally applying the LTV ratio. As a result of these changes, the value of the average emission intensity of the income-generating property for 2022 has decreased from 99,5 kg CO₂e / m² to 78.4 kg CO₂e / m² and for 2023 from 93,2 kg CO₂e / m² to 77,9 kg CO₂e / m².



Changes to the methodology for calculating residential property portfolio emissions

In relation to the data presented in the Integrated Annual Report for 2023, we recalculated the emission intensity for the years 2021–2023. To fully comply with the PCAF guidelines, our emission intensity calculations were updated by incorporating the Loan-to-Value (LTV) ratio and information on usable floor area. Furthermore, the number of properties in our portfolio for which we obtained energy performance certificates (EPCs) increased significantly.

One reason for the reduction in emissions compared to previous years is the higher share of newer buildings with lower energy consumption in our portfolio (23% in 2023 compared to 19% at the end of 2022). Additionally, the decrease in the share of high-emission energy sources, such as hard coal, in the energy consumption mix of households also contributed to lowering emissions across our residential real estate portfolio.

Actions taken towards portfolio emission reduction



Our client support plan – Actions taken on implementation

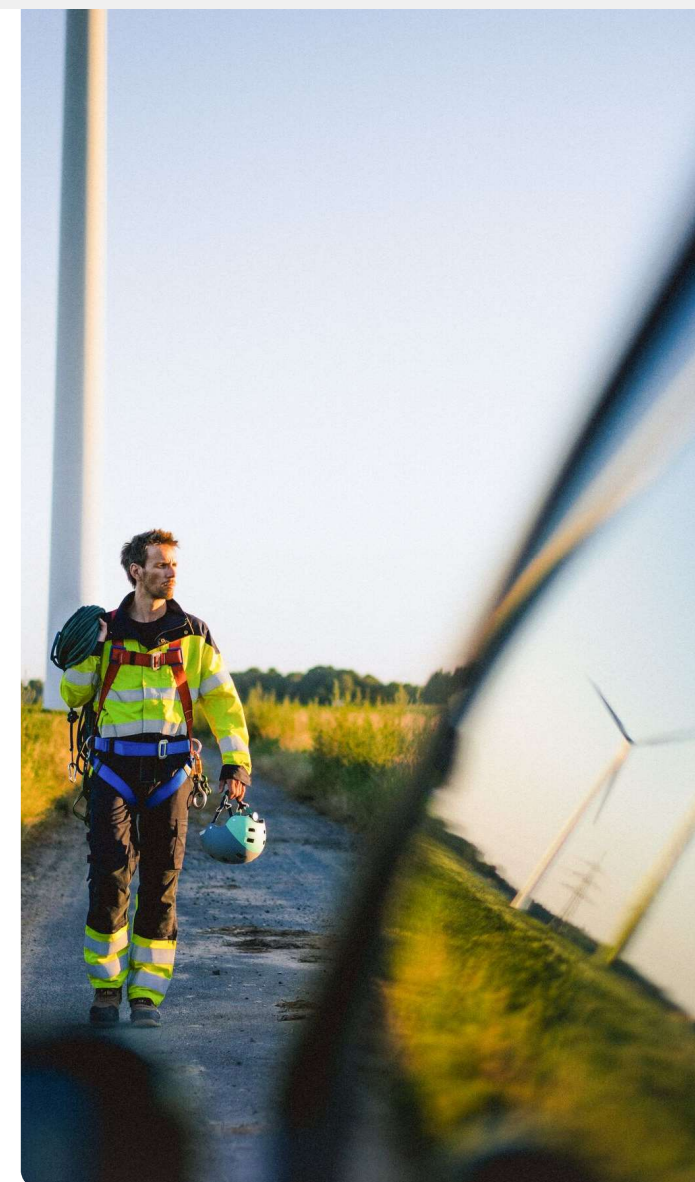
In order to meet the reduction targets, we have adopted a specific plan to support clients. Below and on the next slide is a summary of the key initiatives we have implemented over the first year following the announcement of ING BSK's "Roadmap for reducing GHG emissions". Those measures, especially in real estate portfolios, are only the beginning of our efforts. We plan to introduce additional solutions and initiatives in the future. We will present a detailed account of our Actions taken in the 2024 annual report.



Our activities in the power generation sector

- We continue to finance renewable energy projects such as wind farms and photovoltaic installations.
- We are moving away from financing: coal mines, coal-fired power plants, coal-fired thermal power plants, coal-fired district heating plants and from financing clients who trade in coal (including coal used by households), as well as clients who provide services or sell products dedicated exclusively to coal mining or coal-fired power generation. Services or products that may also be provided to other sectors are not subject to this stipulation.
- After 2025, we will not finance clients whose business is directly dependent on thermal coal to the extent of over 5%. Financing to those clients can be provided on condition that dedicated financing is provided for assets not related to coal mining or coal-fired power generation, and if the financing structure allows this to be documented. For new clients we follow a rule where our clients cannot have revenues generated from coal higher than 10% of total revenues and clients have to have a strategy to decrease their coal dependency to 5% (until end of 2025).

¹The degree of dependence of this activity is measured, in principle, by the amount of revenue generated from thermal coal. It does not apply to revenue from the sale of products and the provision of so-called general purpose services, which can be used in different sectors (e.g. security or accounting services). In addition, for companies in the electricity generation sector, we refer to installed generation capacity.



Actions taken towards portfolio emission reduction – real estate



Our activities in the residential and commercial property sector

1. Ongoing **monitoring of national policy developments** in the areas of residential, commercial property and grid emission reduction, including the level of alignment with EU requirements
2. Ongoing **monitoring of EU and government subsidy programmes** for property upgrades, including the provision of a freely accessible [browser](#) on the ING website with [programmes and subsidies](#). It is run by the National Climate Change Centre, which is part of the structures of the Institute of Environmental Protection – National Research Institute. The search engine includes both national and local programmes offering grants and support for companies
3. **Increasing the number of low-emission-intensity transactions and reducing the number of high-emission-intensity financed transactions** - by providing loans for energy-efficient buildings and renewable energy sources, including:
 - Mortgage loan for energy efficient home, Loan for Better, Mortgage loan for energy efficient home improvements for individual clients
4. **Working with property sector organisations** to coordinate emission reduction activities and to build awareness and knowledge, promote available financial support programmes, grants for thermo-modernisation, including e.g. the Energy Conservation Foundation, Globenergia:
 - Regular **expert publications** on energy efficiency and thermo-modernisation - e.g. a series of videos entitled. "[The most common questions about an energy-efficient home](#)" or a series of [articles on the topic of energy efficiency](#) in the company in cooperation with one of our partners.
5. Dedicated **education activities** for employees and clients in the areas of decarbonisation, energy efficiency, energy-saving solutions:
 - **Roundtables** with companies on climate competitiveness (based, inter alia, on a report by the Climate Strategies Poland Foundation, entitled "Reporting alone will not protect the climate". Decarbonising your business – Climate Competitiveness 2.0", of which the Bank is a partner), carbon emissions and how to reduce them, and how the banking sector can support businesses in 2024.
 - **Webinars for clients** with subject matter experts - e.g. [e.g. a meeting about an ecological loan with BGK's subsidy](#) in cooperation with the Energy Conservation Foundation or the webinar "[Facts and Myths about Energy-Efficient Buildings](#)", in which the Academy of Healthy Construction was a content partner
6. We have set up an **ESG Centre** in the Wholesale Banking Division, through which we comprehensively support clients in the decarbonisation process. At the same time, we have established a group of **ESG Ambassadors** in the Business Clients Division. Its aim is to create competitive advantages and business opportunities based on ESG. Also in the Retail Clients Division, a community of **ESG Promoters** has been established, where employees gain practical ESG knowledge, including in the area of energy efficiency
7. We carried out a survey "[Poles' attitude to thermo-modernisation](#)" to check their attitude to thermo-modernisation and their knowledge of the Energy Performance of Buildings Directive (EPBD)
8. Continuing to **obtain energy performance certificates** for properties financed by the Bank
9. Conducting **an assessment of the physical and transformation risks** associated with the loan portfolio and test the resilience of the loan portfolio to climate change
10. Analysing the tools available on the market and implementing solutions to support our clients in planning measures to improve the energy efficiency of their properties;

Introduction to cross-sectoral transformation plan



ING Bank Śląski Group's transformation plans and financed emissions

Financed emissions and climate risk

In our [2023 Annual Report](#), we calculated the carbon footprint for approx. 91% of the value of ING BSK Group's total asset portfolio. This carbon footprint covers all major asset classes that have a dedicated PCAF methodology, including government bonds, corporate loans, mortgage loans and emissions relating to financed commercial property or car leasing.

Calculating the emissions generated by the bank's loan portfolio is a key element of responsible climate risk management. In today's rapidly changing regulatory environment and in the face of increasing pressure from investors and the public, understanding and monitoring the emissions associated with bank-financed projects and businesses becomes essential.

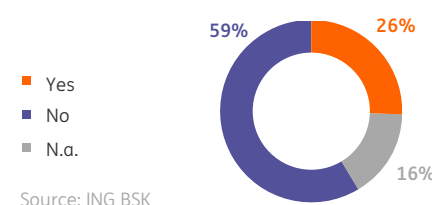
This type of data is not only a reflection of the bank's carbon footprint, but also allows the identification and management of the most material portfolio risks, such as potential losses from exposure to carbon-intensive sectors.

In part one of ING BSK Group's "Roadmap for reducing GHG emissions", published a year earlier, we took specific actions (under the so-called Stage 1), covering 26% of its assets responsible for 8% of financed emissions. Now, as part of our continued decarbonisation strategy, we are expanding this to include transformation plans for a further 2% of assets (known as Stage 2) accounting for 16% of Scope 3 category 15 emissions. 16% of assets responsible for 23% of financed emissions are excluded from decarbonisation efforts. This is the bank's investment portfolio consisting mainly of government bonds which, according to current guidelines, you don't require setting decarbonization goals.

The transformation plan presented is part of our business strategy and the commitments made therein. The targets and scope of our approach will be reviewed on a cyclical basis with the aim of increasing the proportion of assets covered by the presented reduction plan and adapting our decarbonisation efforts to the changing macroeconomic environment and regulatory environment.

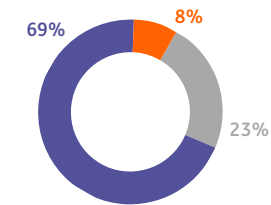
ING Bank Śląski Group's transformation plans and financed emissions

Stage 1 Portfolio coverage by local decarbonisation targets and priorities – % of Assets (2023)

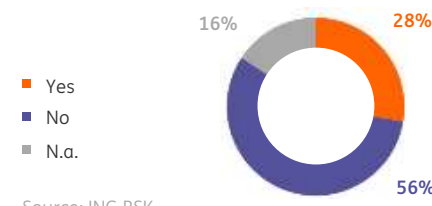


Source: ING BSK

Portfolio coverage by local decarbonisation targets and priorities – % of Emissions (2023)

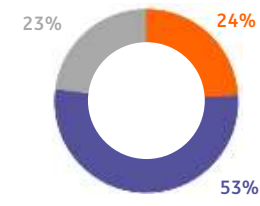


Stage 1 and 2 Portfolio coverage by local decarbonisation targets and priorities – % of Assets (2023)



Source: ING BSK

Portfolio coverage by local decarbonisation targets and priorities – % of Emissions (2023)



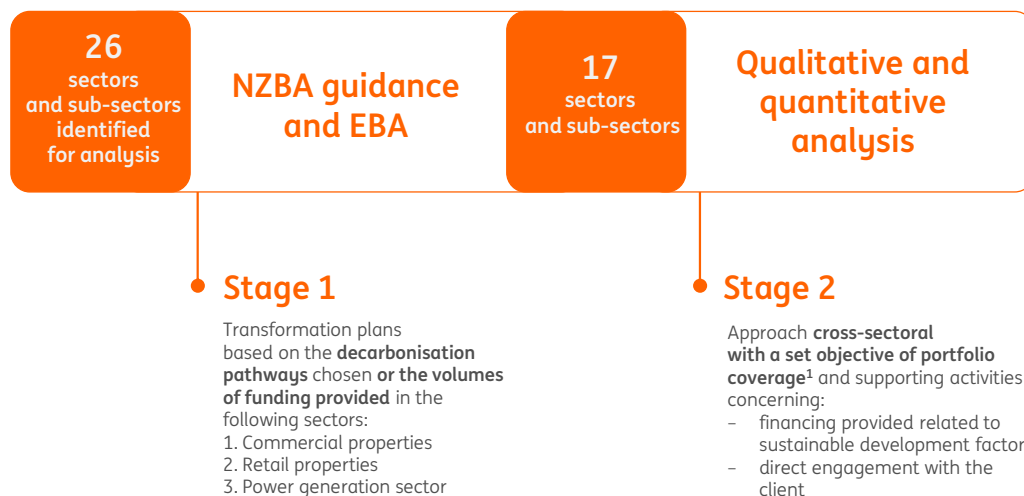
Identifying priority sectors and approaches to decarbonise the Bank's portfolio

When embarking on the development of transformation plans aimed at decarbonising the bank's loan portfolio, we analysed the portfolio in terms of carbon-intensive sectors according to the NZBA and the EBA, such as energy (power generation), oil (upstream), commercial and retail property, cement production, steel production, automotive (car manufacturers), aviation (airlines), logistics (ship operators/owners).

Based on our analysis, we selected 2 corporate sectors (commercial property and energy generation) and the retail property segment as the first to be decarbonised as part of the transformation plans being developed, prioritising them due to their GHG emissions and financial exposure in the portfolio. Other carbon-intensive sectors contribute little to nothing to our emissions and assets (car manufacturers, airlines, ship operators/owners).

We further analysed 17 sectors and subsectors taking into account the carbon intensity of each sector, the level of concentration of emissions and the availability of decarbonisation pathways under the NZBA/SBTi.

Taking into account client maturity, technology availability and data, we used an alternative approach to decarbonisation based on **cross-sectoral targets**, rather than sectoral decarbonisation pathways.



Cross-sector transformation plan. General assumptions

SMEs and mid-corporates



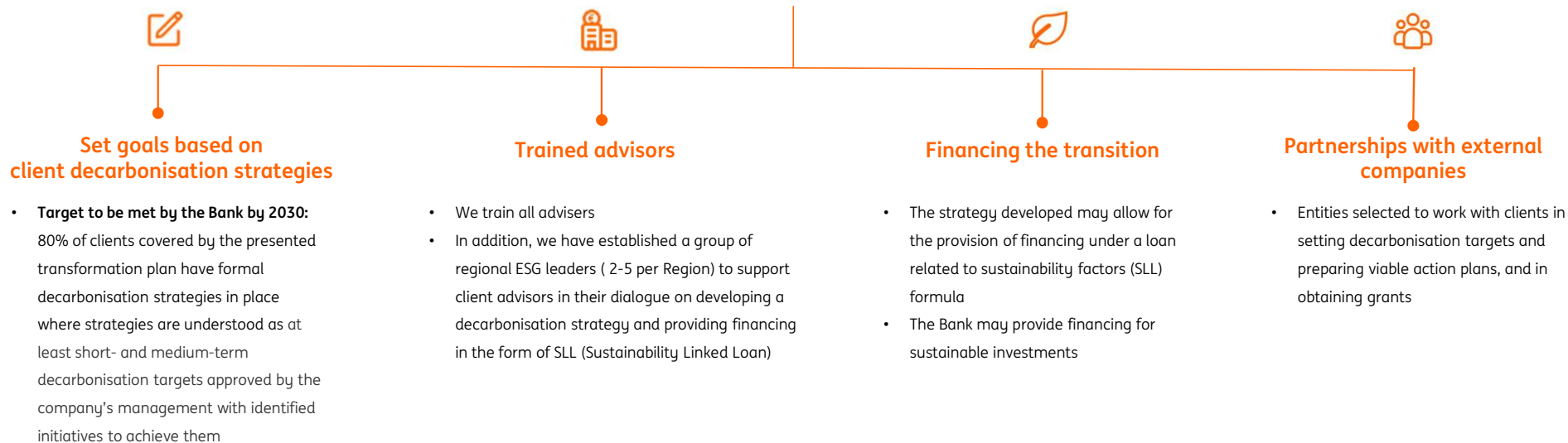
Introduction to the main points of the presented portfolio transformation plan

We have based our decarbonisation efforts on a comprehensive transformation plan aimed at reducing greenhouse gas emissions through active dialogue with a select group of mid-market clients whose operations are characterised by high levels of emissions and account for a significant proportion of our portfolio's emissions. This initiative focuses on supporting these clients in developing and implementation of a decarbonisation strategy.

The aim is for 80% of these clients to have the above strategies in place by 2030 where strategies are understood as at least short- and medium-term decarbonisation targets approved by the company's management with identified initiatives to achieve them. That is why we intensively train our advisors so that they can provide companies with the right support and knowledge in the field of sustainability. In addition, we have set up special teams of regional advisers, who are responsible for working closely with clients at the local level.

Decarbonisation

The so-called portfolio coverage approach



Supporting clients in implementing decarbonisation measures

As part of this initiative, we have also established partnerships with external companies that specialise in developing decarbonisation strategies. We want these companies to support our clients in developing ambitious yet realistic emission reduction plans tailored to the specific nature of their operations. A key element of these strategies are KPIs (Key Performance Indicators), which must be ambitious and measurable to ensure their effectiveness.

Once developed, these KPIs can be used as the basis for Sustainability Linked Loans (SLL, Sustainability Linked Loans).

A condition of such funding is the ability to follow the best practice guidelines of the [Loan Market Association \(LMA\)](#) to ensure high standards of risk management and environmental responsibility. With such a comprehensive approach, we will not only be able to support clients in their energy transition, but also actively contribute to global efforts to reduce climate change. This programme represents a significant step towards sustainable development, while strengthening the bank's relationship with clients and reinforcing our position as a leader in responsible financing.



Portfolio coverage approach

Science Based Targets initiative (SBTi) approach

The [Science Based Targets Initiative \(SBTi\)](#) approach to managing emissions in financial portfolios includes several methodologies, including so-called “portfolio coverage”. This approach is particularly relevant for financial institutions such as banks and investment firms that want to manage emissions related to their investment or loan portfolios.

The objective of “portfolio coverage” in the context of SBTi

The main objective of the portfolio coverage approach is to motivate institutions to financial institutions to include as much of their assets as possible in the process of setting and meeting emission reduction targets consistent with the SBTi initiative. In practice, this means that a financial institution commits to setting scientifically sound emission reduction targets for an increasing percentage of its assets over a specified period of time.

This approach is based on the idea that the greater the proportion of the portfolio covered by scientifically sound emission reduction targets, the greater the overall impact of the financial institution on global emission reductions will be.

Target of “portfolio coverage” in the context of ING BSK Group activities


ING BSK Group's approach focuses on managing emissions attributed to a selected group of clients. Using this approach, we are taking the first step towards ensuring that as much of our credit assets as possible contributed to the global effort to limit temperature rise to 1.5°C above pre-industrial levels.

- The portfolio coverage ratio recommended by SBTi measures the percentage of assets covered by reduction targets consistent with this initiative, i.e. SBTi and these targets have been approved by SBTi.
- The portfolio coverage ratio chosen by ING Bank Śląski measures the percentage of assets of a predefined group of clients covered by reduction targets understood as formalised decarbonisation strategies adopted by the client's management or board. Strategies are understood as at least short- and medium-term decarbonisation targets approved by the company's management with identified initiatives to achieve them.

Expected effects of a portfolio coverage approach




Expected effects

The expected outcomes of implementing the portfolio coverage approach are:

-  **Increasing the impact on global emissions:** The greater the proportion of the portfolio is covered by emission reduction targets, the greater the impact on global emissions a financial institution can have.
-  **Raising awareness:** Covering as many assets as possible with transformation plans makes both financial institutions and the companies that are part of their portfolios become more aware of their obligations and role in the fight against climate change.
-  **Transparency and reporting:** The implementation of a portfolio coverage measure requires accurate monitoring and reporting, which in turn increases the transparency of financial institutions' operations.
-  **Empowering a strategic partner for decarbonisation efforts:** Institutions that effectively manage emissions at a portfolio-wide level, can gain a reputation as reliable partners supporting companies in the area of sustainability, which attracts investors and ESG (Environmental, Social, Governance) oriented clients.

What are we measuring?

In the context of the approach presented, we measure:

-  **Percentage of assets covered by emission reduction targets:** The idea is that as much of the portfolio as possible should be covered by emission reduction targets.
-  **Actions taken towards these objectives:** The extent to which these objectives are met by the entities in the portfolio is assessed.
-  **Impact on overall emissions reduction:** We monitor how portfolio entities' implementation of these targets affects global emissions reductions.

Clients included in the presented transformation plan

Comprehensive approach to clients included in the transformation plan

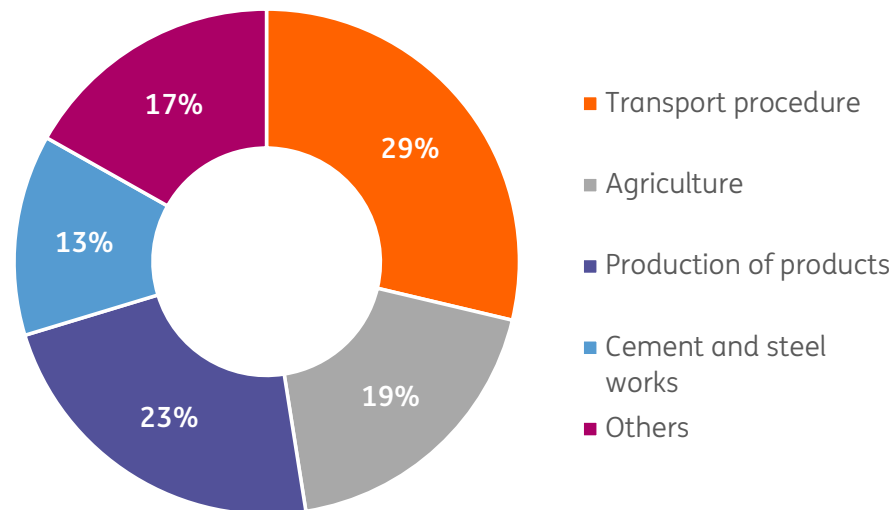
The approach based on so-called portfolio coverage objectives represents our commitment to take long-term action around dialogue and engagement with the with the client. Engagement means an ongoing relationship that needs to be built before we, as a bank, can see results in terms of the strategies clients have created. This initiative requires intensive face-to-face contact with clients, which is crucial to fully understand their specific needs in the development and implementation of decarbonisation strategies. This type of advanced collaboration requires significant resources and a strong engagement. We have therefore decided to focus our activities first on a select group of clients. This allows for the delivery of more personalised support, which is essential to achieve ambitious climate goals.

Client selection criteria

The transformation plan presented applies to clients in the mid-sized business segment. In the process of selecting clients for the initiative, we adopted a multi-stage approach. In the first stage, the priority was to select the highest issuing clients in our portfolio. The next step was to exclude those clients on the list mainly due to large financial exposures, as we focus on companies with the greatest decarbonisation potential, particularly in sectors with high transformational risk.

At the final selection stage, we took into account whether the client in question had a direct relationship with the bank through a dedicated advisor. We decided on the final eligibility of a client for the initiative based on an analysis of whether subsequent clients are making a significant contribution to the reduction of total emissions and exposures of the portfolio.

Sectoral breakdown of the group of clients covered by the decarbonisation plan by exposure value



Source: ING BSK

Targets supporting reduction of emissions



Our targets to support the reduction of the portfolio's carbon footprint

Portfolio coverage ratio

The key indicator reported as part of the implementation and monitoring of the Actions taken of an initiative based on an active engagement process with the client is the portfolio coverage ratio, which measures the percentage of clients covered by the initiative with formalised decarbonisation strategies adopted by the client's management or management board.¹

Number of engagements

Setting an annual target for client interactions directed towards the creation of decarbonisation plans by the client. This ratio is intended to support the achievement of the main objective for the portfolio coverage ratio.

Ambition

SLL transaction volumes

The ratio we will monitor is the volume of volumes relating to the financing provided related to sustainability factors (so-called SLL). These volumes will relate to clients covered by the initiative.

Ratios supporting the decarbonisation of the bank's corporate loan portfolio

Portfolio coverage ratio

- **By 2030, at least 80% of the clients covered by the initiative** based on the approach outlined will be classified as Category D and above

Number of engagements

- KPI set annually
- In 2025, we will engage in dialogue around an engagement strategy with **50% of the clients covered by the initiative**

Ambition

- ambition set annually
- In 2025, we will provide **PLN 80 million of** financing related to with sustainability factors to clients covered by the initiative

Advantages of the portfolio coverage approach

Engagement and dialogue with clients is the foundation of a cross-sector transformation plan. We work with clients to better understand their specificities, challenges and opportunities related to the climate transition. With a personalised approach, we can offer tailored financial solutions that support their transformation efforts.

Flexibility and Scalability:

Cross-sector transformation plans supported by portfolio coverage measures offer greater flexibility in managing diverse loan portfolios. Banks with diversified portfolios can follow a single emission management strategy that covers a wide range of sectors and clients. This is particularly beneficial for banks that are unwilling or cannot focus exclusively on specific decarbonisation pathways for each sector separately.

Bypassing Sectoral Restrictions:

Decarbonisation pathways are often very sector-specific, meaning that they may not be flexible enough to cover a bank's entire loan portfolio. In practice, this can lead to a situation where certain sectors are neglected if their decarbonisation is difficult or uneconomic.

"Portfolio coverage", allows banks to focus on the on a global objective – increasing the share of assets covered by emission reduction targets – without having to break down the portfolio by sector. This approach bypasses the limitations of sectoral decarbonisation pathways, which can be difficult to implement in less developed sectors or for companies that do not have advanced climate strategies.

Easier Emissions Management in relation to medium-sized companies:

For medium-sized companies that may not have advanced emission reduction strategies, decarbonisation pathway approach may be too demanding. However, banks, using "portfolio coverage", can include these companies in their transformation plans, promoting overall emission reduction targets without imposing complex and costly requirements on them.

Assessment of client decarbonisation plans



Introduction to the approach for assessing client decarbonisation plans

When conducting an assessment of client decarbonisation plans, we use an internal methodology inspired by the guidelines of the [IIGCC Net-Zero Investment Framework](#), which, when assessing the credibility of decarbonisation plans, focuses on 6 issues:

1. Ambition, understood as a long-term goal for 2050 consistent with achieving net zero emissions globally;
2. Targets understood as short- and medium-term emission reduction targets (Scope 1, 2 and 3);
3. Emissions and, more specifically, the current emission values for Scope 1, 2 and 3;
4. Emissions disclosures;
5. Having a formalised decarbonisation plan;
6. Appropriate allocation of capital, meaning funds that will be allocated to investments to reduce greenhouse gas emissions.

These guidelines provided the inspiration for our methodology as we have adapted our approach to the corporate client segment – including small and medium-sized companies.

Selection of clients included in the cross-sector transformation plan

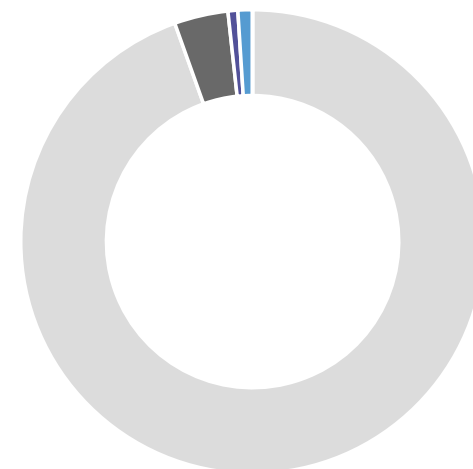
As part of the ING N.V. Group in the strategic clients segment, we are included in the group-wide Terra and Client Transition Plan (CTP) initiatives. In 2023, as part of the CTP, ING N.V. Group assessed the transition plans of approximately 2,000 clients. This serves as a basis for monitoring the progress of these clients in their decarbonization efforts. You can read more about the Client Transition Plan in [Climate Actions taken Update 2024](#).

For this reason, we saw as our biggest gap in the area of emissions management the segment of small and medium-sized business clients, who to date have not been covered by comprehensive measures to support their transformation. In order to address this challenge, the Bank's management decided to accept a cross-sectoral approach, which seems to be better suited to the current sophistication of clients in the medium and smaller business segment in their decarbonisation efforts.

Approach to assessing client decarbonisation plans

Based on the assessment of decarbonisation plans, we assign companies to different categories. By the end of 2030 85% of clients included in the initiative should be classified as Category D or higher.

Category A	companies that have achieved net-zero
Category B	companies calculate emissions at least in Scope 1 and 2 and have at least short- and medium-term decarbonisation targets approved by the company's management with identified initiatives to achieve them, and: <ul style="list-style-type: none"> • decarbonisation targets, are consistent with the decarbonisation pathway (sectoral or SME); or • the company has declared itself climate neutral; or • has joined the SBTi and meet the milestones set - we are able to observe the implementation and Actions taken of the strategy for a minimum of three years,
Category C	companies calculate emissions at least in Scope 1 and 2 and have at least short- and medium-term decarbonisation targets approved by the company's management with identified initiatives to achieve them, and: <ul style="list-style-type: none"> • decarbonisation targets, are consistent with the decarbonisation pathway (sectoral or SME); or • the company has declared itself climate neutral; or • has joined the SBTi
Category D	companies calculate emissions at least in Scope 1 and 2 and: <ul style="list-style-type: none"> • have at least short- and medium-term decarbonisation targets approved by the company's management with identified initiatives to achieve them
Category E	companies calculate emissions at least in in Scope 1 and 2
Category F	companies did not respond or did not initiate decarbonisation measures, we consider the calculating of Scope 1 and 2 emissions as the start of such measures



■ Category F ■ Category E ■ Category D
■ Category C ■ Category B ■ Category A

Collection of data

Survey as the main source of data among SME clients

Given the lack of publicly available information in the small and medium-sized client segment, we designed a survey to gather information on the decarbonisation plans of clients who are part of the initiative. The survey collects, among other things, the following range of information:

- the value of emissions in in Scope 1, 2 and 3;
- information on decarbonisation priorities, targets and strategies adopted;
- whether the company has investment plans in place to support the adopted decarbonisation targets;
- whether the company is or will be subject to sustainability reporting obligations.

Because of the need to monitor progres we intend to collect information on transition plan of our clients every year.



Monitoring

and reporting



Monitoring and reporting

Monitoring Actions taken against the targets set within this transformation plan will be one of the key elements of the strategy. ING Bank Śląski Group intends to report regularly on the actions taken made in meeting its targets. This will make it possible to track the effects of the actions taken and, if necessary, make the necessary adjustments regarding the client support measures we use and the achievement of the business objectives associated with these actions.

Each year, we undertake to present the ratios referred to on page 21 of this document in our annual report, namely:



Portfolio coverage ratio



Number of engagements

and Ambition:



SLL transaction volumes



Monitoring and reporting

Annual review of client list

Each year, the list of clients covered by the transformation plan will be revised. Its main objective is to exclude companies that are either no longer clients of the Bank or are ceasing to do business with the Bank.

At the same time, it is possible to expand the client list to include companies that, for example, have become one of the significant emitters of greenhouse gases, contributing significantly to our financed emissions.

We will stop adding new clients to the list of clients covered by the initiative at the end of 2028. Unless the cross-sector transformation plan outlined in this document is extended by a further time horizon. However, this means that the reporting of the portfolio coverage ratio referred to on page 21 will apply to clients covered by this initiative at the end of 2028.

Action taken if targets are not met

If we identify that we are not meeting the sub-goals we have set ourselves, we will take corrective action.

- In the event that the number of clients who have implemented a decarbonisation strategy is lower than expected, we will increase the intensity and frequency of dialogue with these clients, offering them additional advisory and training support. We may also consider additional incentives, such as preferential financing terms for clients who adapt faster to the requirements of the climate strategy.
- In addition, we will monitor and adapt our product strategies to better respond to the dynamically changing needs of the market, which will allow us to more effectively achieve our objectives.



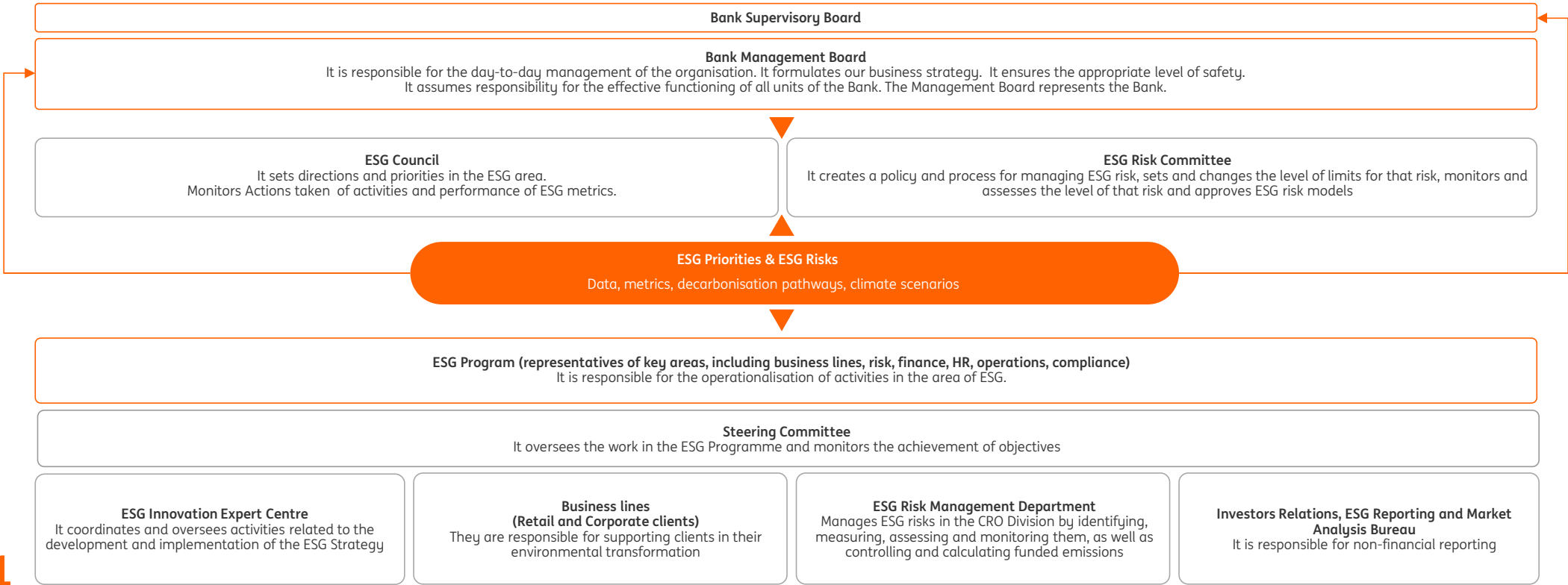


Appendices

ESG as a value embedded in the organisation

ING Bank Śląski Group’s sustainability management involves both the Bank’s Management Board, Supervisory Board and senior management, and in addition, special groups and committees have been set up to work on the broader perspective and further development of this area. The graphic on the right shows the governance structure of the ING Bank Śląski Group with an indication of the area of responsibility for the Bank’s climate change processes , including emission reductions.

Governance structure of the organisation in the area of sustainable development



Definitions of the terms used in the document

Bank or ING BSK ING Bank Śląski S.A. Group

Decarbonisation a process aimed at reducing carbon dioxide (CO₂) emissions into the atmosphere as much as possible.

CO₂ equivalent (CO₂eq) a unit for measuring greenhouse gas emissions; it determines what mass of carbon dioxide would affect the Earth's energy balance to the same extent as the emission of another greenhouse gas into the atmosphere.

Greenhouse gases (GHG): gases such as carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆) (according to the Kyoto Protocol), which transmit most of the solar radiation reaching the Earth, while absorbing infrared radiation reflected by the Earth's surface, contributing to the greenhouse effect.

Paris Agreement a document adopted in 2015 at the UN COP21 conference in Paris and in force since November 2016, following its endorsement by 55 countries (including all EU countries) collectively responsible for at least 55% of global GHG emissions. The aim of the Agreement is to limit the average increase in the Earth's temperature well below 2 degrees Celsius over the period 1750-2100, and to aim to limit this increase to 1.5 degrees Celsius. The Agreement also seeks to achieve climate neutrality by 2050.

EBA European Banking Authority

Terra ING Group's initiative to, among other things, adopt long-term decarbonisation targets for lending in line with the Paris Agreement.

SBTi (Science Based Target Initiative) a joint initiative of four international organisations – the CDP, the United Nations Global Compact, the World Resources Institute and the World Wide Fund for Nature. Its main objective is to support the private sector in its efforts to fight against global warming. The decarbonisation targets set by the companies are reviewed according to SBTi's scientific methodology. A professional assessment of the strategy helps to achieve climate neutrality within a certain timeframe. All of this is in line with the Paris Agreement, using the latest climate science. More about the initiative itself and the activities of the companies that have joined it can be found here: <https://sciencebasedtargets.org/>

Net zero a state of equilibrium (zero balance) between greenhouse gases emitted and their uptake from the atmosphere by, inter alia, water bodies, forests or soils or man-made technologies.

NZBA Net Zero Banking Alliance is a group of leading global banks committed to aligning their lending, investment, and capital markets activities with net-zero greenhouse gas emissions by 2050.



Society is transitioning to a low-carbon economy. So are our clients, and so is ING. We finance a lot of sustainable activities, but we still finance more that's not. See how we're progressing on [esg.ing.pl](https://www.esg.ing.pl)