SOMO

Digging deeper into ING's climate ambition

# Uncovering a Multibillion-Euro Fossil Fuel Financing

February 2025

# ING’s financing of Upstream Oil & Gas companies expanding production and infrastructure is 10.6 times larger than it reports

# Contents

# Key findings

## Main conclusion 1

ING's financing of Upstream Oil & Gas companies expanding production and infrastructure is 10.6 times larger than it reports.

- At year-end 2023, our reconstruction of ING's financing of companies that continue to expand Oil & Gas production and infrastructure, indicates a total outstanding financing (loans and bonds) of EUR 26.4 billion.
- This is 10.6 times larger than the EUR 2.5 billion euro of outstandings loans in Upstream Oil & Gas companies reported by ING in their 2023 annual report, and 22.0 times larger than the value of outstanding loans for Upstream Oil & Gas for which ING has formulated a reduction goal in its 2024 Climate Progress Update.
- The large difference can be attributed to ING's Terra approach, which uses business classifications that capture only one characteristic of a company rather than looking at how the company may actually be expanding its fossil fuel production and infrastructure. Further, ING's method counts only the drawn amounts of revolving credit facilities while ignoring the total credit facility – which contradicts ING's own accounting standard for sustainable financing.
- The public data used in this report, based on the London Stock Exchange Group (LSEG), does not fully account for bilateral loans. The calculations in this report are therefore conservative lower-bound estimates.

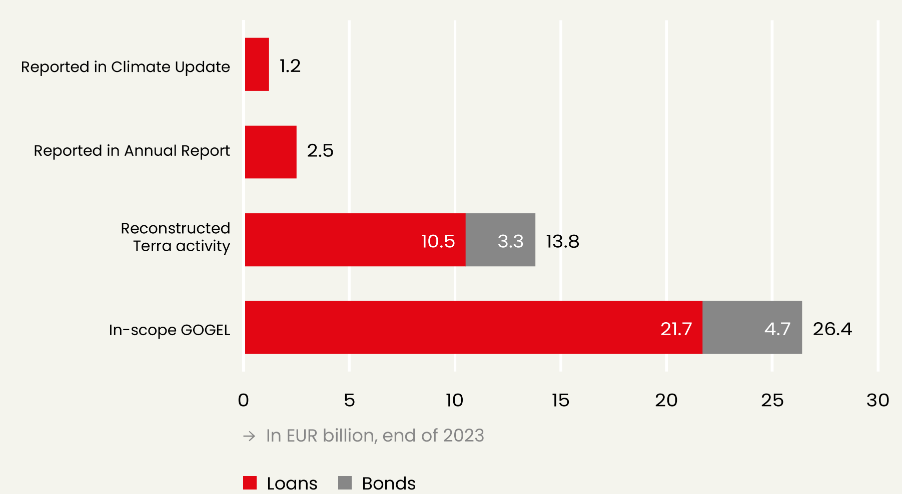



**Figure A.** ING's outstanding committed financing in loans and bonds for its Upstream Oil & Gas portfolio, as at 2023 year-end (EUR billion), as reported in ING's 2023 Annual Report, in-scope in ING's 2024 Climate Progress Update, and as calculated for the reconstructed Terra activities and for Global Oil & Gas Exit List companies (GOGEL; list containing all companies that expand Oil & Gas production and infrastructure).

# Main conclusion 2

A comparison of ING's newly committed finance for the Oil & Gas and other carbon-intensive sectors with other banks worldwide reveals that ING finances more polluting activities than its peers.

- Our analysis highlights ING's underperformance from a climate perspective against various benchmarks across sectors.
- In nearly all carbon-intensive sectors, except for Automotive and Aviation, ING finances relatively more than the average of both its peers (other European banks or other Global Systemically Important Banks/G-SIBs),[1,2] and the market (all banks combined).

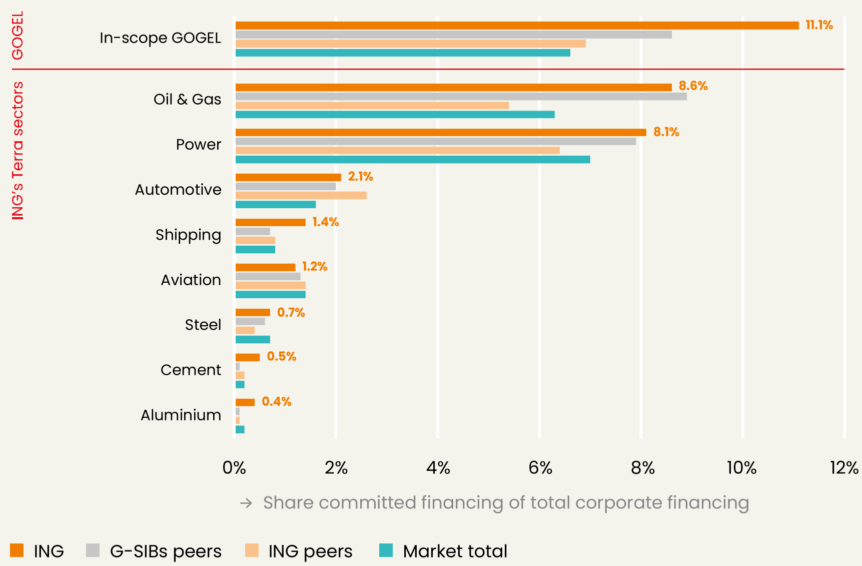



**Figure B.** ING's Terra sector committed financing as a share of its total corporate financing between 2020 and 2024 compared to peer groups. The reconstruction of the Oil & Gas Terra sector underestimates committed financing for companies financing expansion of Oil & Gas production and infrastructure; we therefore add the in-scope GOGEL methodology as a more accurate comparison.

1 Eurozone peer group: ABN Amro, Rabobank, KBC, Commerzbank, Deutsche Bank, BNP Paribas, Credit Agricole, Société Générale, Santander, BBVA, Intesa Sanpaolo, UniCredit; source: ING, Capital Markets Day presentation, June 2024.

2 Financial Stability Board, 2024 List of Global Systemically Important Banks (G-SIBs), November 2024.

# Main conclusion 3

Since 2016, ING has increased its share of financing for Oil & Gas companies expanding production and infrastructure, while its peers have decreased theirs.

- In 2016, the share of committed financing for Oil & Gas companies, of the total financing, expanding production was similar for ING, the average of its self-selected peers[3], other G-SIB banks[4], and the market average. However, from 2016, the relative share in financing at ING increased.
- From 2016 onwards, ING's annual committed financing for expanding Oil & Gas companies grew faster than their total corporate portfolio, increasing their dependence on Oil & Gas expansion.
- By 2024, ING's share was 2.5 per cent higher than in 2016, the year after the Paris Agreement, whereas the majority of its self-selected peers and other G-SIB banks were able to reduce their portfolio more in line with the market average.

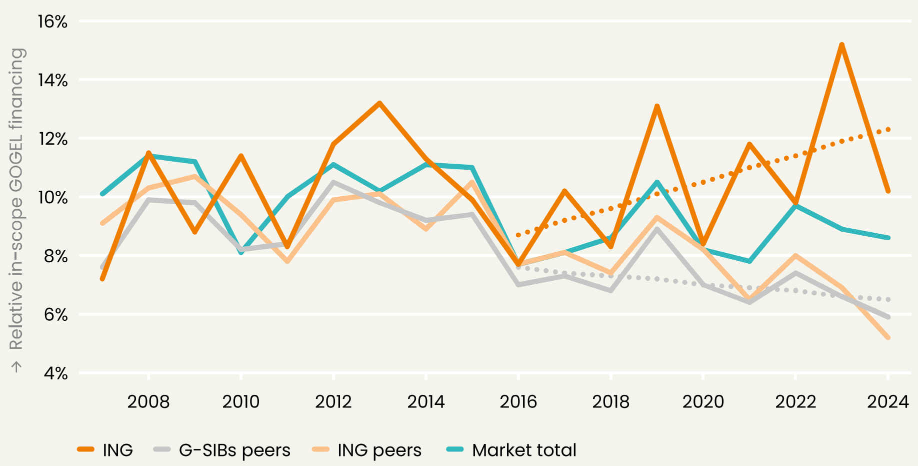



**Figure C.** Relative in-scope GOGEL financing compared to total corporate financing: comparison of ING, similar European banks (peers), similar system banks (G-SIBs, bucket 1), and all banks worldwide (market total).

3 Eurozone peer group: ABN Amro, Rabobank, KBC, Commerzbank, Deutsche Bank, BNP Paribas, Credit Agricole, Société Générale, Santander, BBVA, Intesa Sanpaolo, UniCredit; source: ING, Capital Markets Day presentation, June 2024.

4 Financial Stability Board, 2024 List of Global Systemically Important Banks (G-SIBs), November 2024.

# Main conclusion 4

ING continues to finance loans and bonds for expanding Oil & Gas companies that mature beyond 2050.

- ING has provided 134 outstanding bonds and loans to Oil & Gas companies expanding production and infrastructure that will mature after 2030, including 31 issued in 2024.
- ING has 14 active deals that will mature after 2050 for firms that continue to expand Oil & Gas production. These include a bond issued in September 2024 for Aker BP, a Norwegian Oil & Gas exploration company, which will mature in 2054.

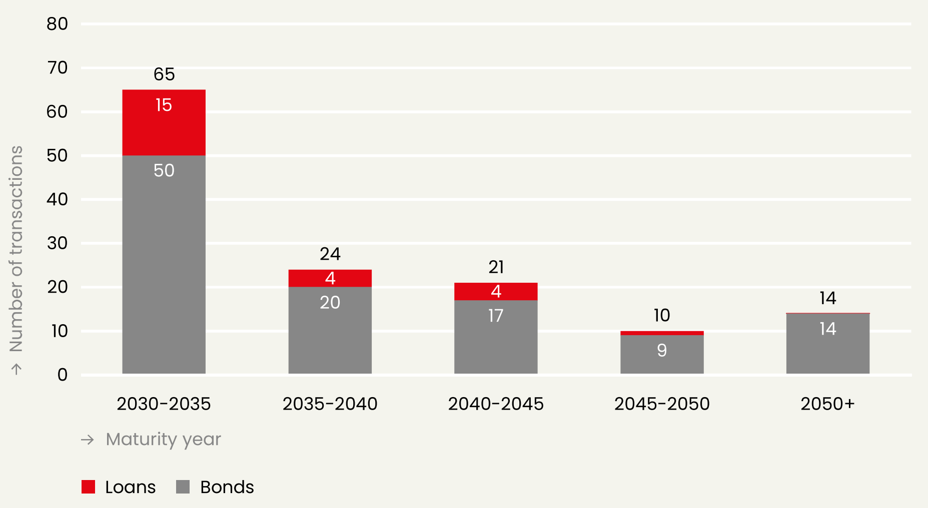


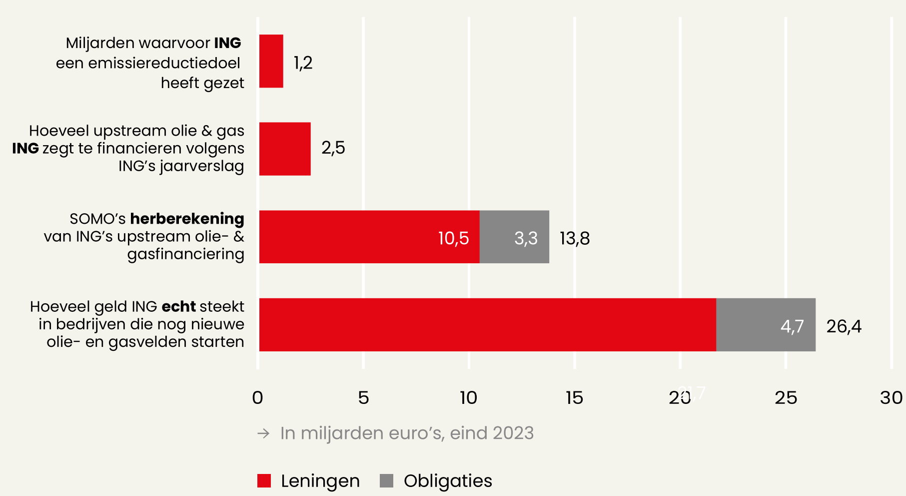

**Figure D.** ING's outstanding loans and bonds for in-scope GOGEL companies, grouped by maturity date, showing the number of deals maturing after 2030.

# Bevindingen

## Hoofdconclusie 1

ING's financiering van olie- en gasbedrijven die nog nieuwe velden starten is 10,6 keer meer dan ING zelf rapporteert.

- Eind 2023, laat onze reconstructie over ING's financiering voor bedrijven die nog nieuwe olie- en gasvelden starten, zien dat de totale uitstaande financiering (leningen en obligaties) 26,4 miljard euro bedroeg.
- Dit is 10,6 keer groter dan het totaal uitstaande leningen voor upstream olie- en gasbedrijven dat is gerapporteerd in ING's 2023 jaarverslag. Ook is dit 22,0 keer groter dan het bedrag aan uitstaande leningen voor upstream olie- en gasbedrijven waar ING een emissiereductiedoel op heeft geformuleerd in diens 2024 Climate Update.
- Het verschil tussen ING's rapportage en onze reconstructie kan herleid worden naar ING's Terra approach, die stoelt op bedrijfsclassificaties die enkel één deel van een bedrijf meenemen, in plaats van te kijken naar of deze olie- en gasbedrijven nog hun productie of infrastructuur uitbreiden. Daarnaast neemt ING enkel de opgenomen kredieten mee en niet de hele kredietfaciliteit. Dit is tegenstrijdig met ING's rapportage over groene financieringen, waarin het wel de totale kredietfaciliteit meetelt.
- De openbare gegevens die in dit rapport worden gebruikt, vanuit de London Stock Exchange Group, bevatten doorgaans geen bilaterale leningen. De berekeningen in dit rapport zijn daarom schattingen en vormen daarbij een ondergrens in ING's totale fossiele financiering.

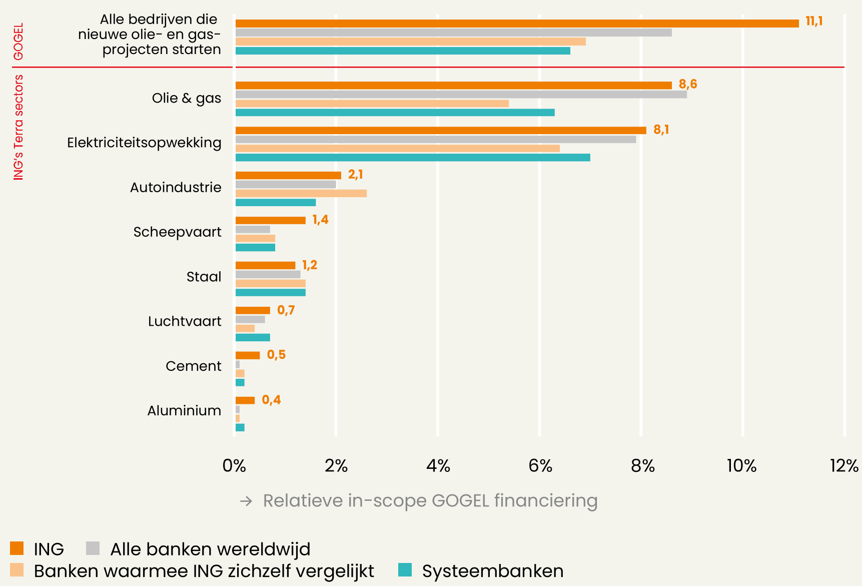



**Figuur A.** ING's uitstaande financiering in leningen en obligaties voor upstream olie- en gasportefeuille eind 2023, in miljarden euro's. Zoals gerapporteerd door ING zelf en berekend met gereconstrueerde Terra-activiteiten en met in-scope in-scope Global Oil & Gas Exit List (GOGEL; lijst die alle olie- en gasbedrijven bevat die nog hun productie en infrastructuur uitbreiden).

# Hoofdconclusie 2

Als we ING's financiering van olie, gas en andere $CO_2$-intensieve sectoren vergelijken met andere banken wereldwijd, dan zien we dat ING meer vervuilende activiteiten financiert dan zijn peers.

- Onze analyse laat zien dat ING slechter presteert in vergelijking met verschillende benchmarks.
- In vrijwel alle $CO_2$-intensieve sectoren, behalve de auto-industrie en luchtvaart, financiert ING relatief meer dan diens peers (andere Europese banken en andere systeembanken) en het marktgemiddelde (alle banken wereldwijd).

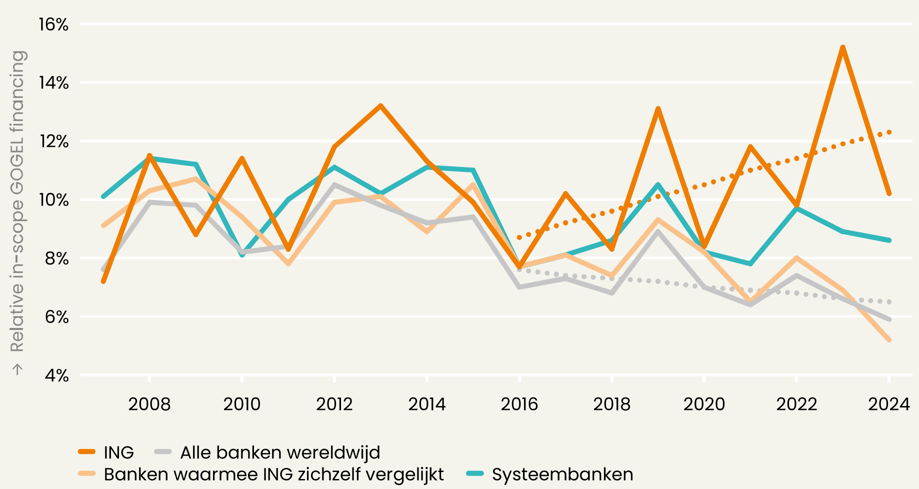



**Figuur B.** ING's financiering voor verschillende Terra sectoren, als aandeel van de totale financiering voor bedrijven tussen 2020 en 2024, in vergelijking met andere groepen banken. De reconstructie van de olie- en gassector hier onderschat de financiering voor bedrijven die olie- en gasproductie en infrastructuur nog uitbreiden. Om dit specifiek beter te kunnen vergelijken tussen banken is de GOGEL-methodologie toegevoegd.

# Hoofdconclusie 3

Sinds 2016 heeft ING relatief meer bedrijven gefinancierd die hun olie- en gasproductie en -infrastructuur nog uitbreiden, terwijl bij vergelijkbare banken juist de financiering hiervoor afneemt.

- In 2016 was het aandeel van financiering voor bedrijven die olie- en gasproductie en -infrastructuur uitbreiden in ING's totale bedrijfsfinanciering vergelijkbaar met het gemiddelde van ING's peers, andere systeembanken en het marktgemiddelde. Maar vanaf 2016 nam dit aandeel in financiering bij ING toe.
- Vanaf toen is ING's financiering voor uitbreidende olie- en gasbedrijven sneller gegroeid dan hun totale bedrijfsfinanciering, waardoor hun afhankelijkheid van olie- en gasuitbreiding is toegenomen.
- In 2024 is het aandeel van financiering voor bedrijven die olie- en gasproductie en -infrastructuur uitbreiden in ING's totale bedrijfsfinanciering 2,5 procent hoger dan in 2016, het jaar na het Klimaatakkoord van Parijs. Het aandeel financiering bij ING's peers nam in diezelfde periode wel af, in lijn met het marktgemiddelde.

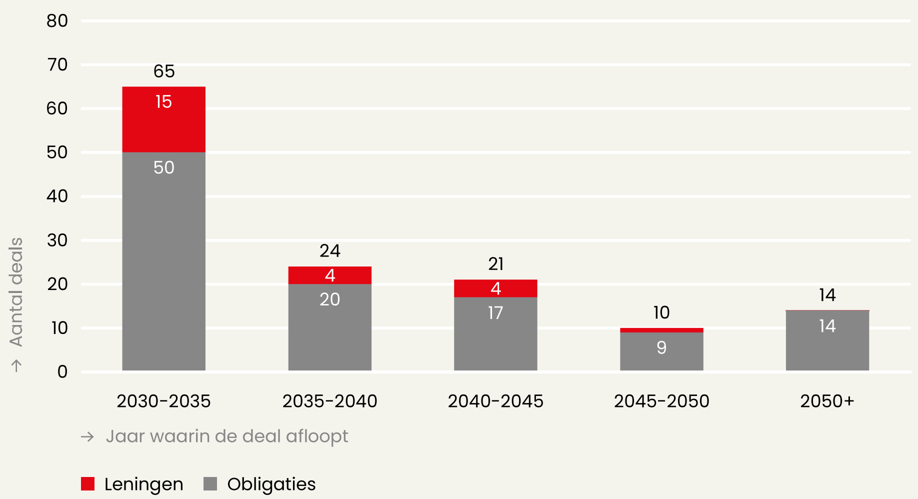



**Figuur C.** Relatieve in-scope GOGEL-financiering in vergelijking met de totale bedrijfsfinanciering. Een vergelijking tussen ING, vergelijkbare Europese banken als ING (peers), vergelijkbare systeembanken (bucket 1 G-SIBs) en alle banken wereldwijd (het marktgemiddelde).

# Hoofdconclusie 4

ING blijft leningen en obligaties financieren die aflopen na 2050.

- ING heeft op dit moment 134 obligaties en leningen uitstaan die aflopen na 2030. Hiervan zijn 31 uitgegeven in 2024.
- ING heeft op dit moment 14 transacties met bedrijven die olie- en gasproductie en -infrastructuur uitbreiden, die pas aflopen na 2050. Een voorbeeld hiervan is een obligatie die ING heeft onderschreven voor Aker BP in september 2024, die afloopt in 2054.




**Figuur D.** ING's uitstaande leningen en obligatie voor in-scope GOGEL-bedrijven, gegroepeerd op in welk jaar deze deals aflopen. Dit figuur laat enkel de deals zien met een looptijd die eindigt na 2030.

# Definitions used

**Committed financing:** The value attributed to ING in all corporate financing, specified in either bonds or loans. When the value of ING's share of syndicated underwritten bonds or loans is unknown, the total issued value is distributed equally across each underwriting participant.

**IEA NZE:** The International Energy Agency's widely used decarbonisation scenario, Net Zero Emissions by 2050 (NZE), outlines a pathway for the global energy sector to align with the goals of the Paris Agreement.

**In-scope GOGEL companies:** The companies on the Global Oil & Gas Exit List (GOGEL) that have either IEA NZE-incompatible Upstream or Midstream expansion plans. Incompatible Upstream expansion plans are defined as development plans that overshoot the IEA NZE scenario or have a positive exploration CAPEX (> USD 0 million per year). Incompatible Midstream expansion plans are defined as companies' plans that have large-scale pipelines under development (> 0 km) or LNG capacity under development (> 0 million tonnes per annum/MTpa).

**Outstanding committed financing:** The value attributed to ING in all corporate financing, specified in either bonds or loans, that have been issued but not yet matured at a given date. A key date in this report is the end of 2023, as reported by ING in its 2024 Climate Progress Update and 2023 Annual Report.

**Terra approach:** The main approach ING uses in its climate action plan. It focuses on reducing carbon emissions in its portfolio of commercial and corporate loans by engaging with companies in the most emissions-intensive sectors. ING baes its method of selecting companies in scope of the Terra approach and the industry-specific decarbonisation benchmark mostly on the Paris Agreement Capital Transition Assessment (PACTA).

**Total corporate financing:** The total of all ING's corporate bonds and corporate loans. Derived by excluding all bonds held in and loans to the Financial sector and Real Estate sector to focus specifically on corporate financial transactions. We assess both the issuer (borrower) and parent to make sure that financial subsidiaries of non-financial institutions are included, such as Glencore Funding LLC and Lukoil International Finance BV, both of which classify as financial institutions but have parents in the energy sector.

# 1. Introduction

## The purpose of this report, a collaboration between SOMO and Milieudefensie, is to evaluate ING's efforts to decarbonise its committed finance, which includes its loan book and bond underwriting.

Research conducted by the US Federal Reserve on the climate action plans of Global Systemically Important Banks (G-SIBs), including ING, has determined that "much work lies ahead to properly measure and disclose climate-related risks, and to better align financing activities with their net-zero targets".[5]

InfluenceMap's research on financial institutions, including banks, highlights that "despite an increase in long-term climate targets and voluntary climate-related reporting by these groups, financial institutions continue to show a significant lack of meaningful short-term action in the face of the climate crisis".[6]

This report adds to the existing research that evaluates banks' climate action plans. It offers an overview of the total committed finance (loans and bonds) and allocates this data to individual banks that provide financial services and the non-financial companies that receive it.

The report uses this data to analyse ING's committed finance and how ING compares to other banks, particularly within a selection of institutions that ING identifies as its European peer group (peers) and other G-SIBs banks (G-SIBs peers). Based on this, the report assesses ING's self-reporting and its approach to decarbonising its financing activities.

The report has a specific focus on Oil & Gas companies that have continued to add production capacity after 2021, both Upstream and Midstream. These investments are critical from a decarbonisation perspective, because they are not aligned to the International Energy Agency's (IEA) Net Zero Energy (NZE) 2050 scenario.[7] The report identifies companies that continue to expand fossil fuel production and infrastructure by using the Global Oil & Gas Exit List (GOGEL) compiled by Urgewald.[8]

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5 US Federal Reserve, What are Large Global Banks Doing About Climate Change?, January 2023.
6 InfluenceMap, Finance and Climate Change: A Comprehensive Climate Assessment of the World's Largest Financial Institutions, March 2022.
7 International Energy Agency, The Oil & Gas Industry in Net Zero Transitions, February 2024.
8 Urgewald, "The 2024 Global Oil & Gas Exit List: More Loss and Damage Ahead", November 2024.

# 2 ING's Terra approach

This chapter presents the method ING uses to define the companies it includes in its climate action plan and outlines its limitations.

- The Terra approach aims to align ING's loans portfolio with the IEA's Net Zero Emissions by 2050 goals, including phasing out Upstream Oil & Gas financing by 2040.
- The Terra approach focuses on measuring emissions from clients in carbon- intensive sectors to help reduce their emissions through engagement.
- To assess ING's Terra approach, we reconstructed its portfolio of loans and underwriting of bonds, the bank's committed finance.

**The critical role of the financial sector in decarbonising the global economy has been recognised at several high-level meetings and resulted in various initiatives.** COP26 (Conference of the Parties) in Glasgow, UK, in 2021 is widely considered a "watershed moment". At this meeting, six years after the signing of the Paris Agreement, a group of 450 financial actors, consisting of banks, asset managers, pension funds, and insurance companies, from 45 countries formed. Known as the Glasgow Financial Alliance for Net Zero (GFANZ), these actors committed together "to transforming economies towards net-zero emissions". The GFANZ companies collectively controlled over USD 130 trillion in private capital in 2021,[9] which represented 40 per cent of the world's total financial assets.[10]

**The Net Zero Banking Alliance (NZBA) was also formed in 2021, by the UN Environment Programme Finance Initiative (UNEP FI).** The aim of this alliance is to create frontrunners in decarbonising banks' financial services and asset management. Since the establishment of this alliance, membership had almost tripled by January 2025 to 141 banks with USD 61 trillion in capital.[11]

ING has been a member of this alliance since August 2021 and in accordance with the commitments published targets in September 2022. ING labelled its strategy to align its portfolio to the climate goal of the Paris Agreement the "Terra approach".[12]

**The Terra approach aims to steer the most carbon-intensive parts of ING's loans portfolio towards being aligned to the IEA's NZE scenario.** ING states: "We have restated our target to be in line with IEA NZE for advanced economies, including a full phase-out of Upstream oil & gas in our portfolio by 2040."[13]

The IEA determined that under its NZE scenario no new long-lead time Upstream Oil & Gas projects are needed, and that due to the decline in Oil & Gas demand (because of the world's steering towards net zero) a number of high-cost projects may end before they complete their technical lifetimes.[14] Further, ING's 2024 Climate Progress Update extends this warning to Midstream projects.

The IEA states that the sharp decrease in global natural gas demand means that the majority of large-scale pipelines and liquified natural gas (LNG) projects currently under construction are no longer necessary. Specifically, the IEA estimates that 70 per cent of LNG export projects currently under construction will struggle to recover their invested capital.[15]

**Crucially, the Terra approach, which aims to align ING's financing activities to IEA NZE, includes loans but does not cover underwriting bonds or shares or ING's assets under management.** It is therefore only a partial alignment to IEA NZE, taking only loans into consideration. The Terra approach is an instrument to look at the bank's loan book and to measure its exposure to these

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9 United Nations, "COP26 Day 4: Mobilizing the money", no date.
10 S&P Global, "COP26 Implications for the Financial Sector", December 2021.
11 UNEP, "Members: Net-Zero Banking Alliance", accessed 13 January 2025.
12 ING, "Terra approach", accessed 13 January 2025.
13 ING, Climate Progress Update 2024, p. 33.
14 International Energy Agency, Net Zero Roadmap, 2023 update, p. 16.
15 International Energy Agency, The Oil & Gas Industry in Net Zero Transitions, 2024 update, p. 46-47.

economic subsectors (Oil & Gas). The subsectors include economic activities on both the supply side of fossil fuels and the demand side.

**The Terra approach measures the emissions of clients active in the most carbon-intensive sectors.** This data is used to benchmark their activities against relevant decarbonisation scenarios. This enables ING to steer its portfolio through "client engagement and by supporting clients in their transition where necessary".[16]

**ING's strategy is to reduce the relative emissions of its clients that are part of the selected Terra sectors (including Midstream and Downstream Oil & Gas) and to reduce loans to the Upstream Oil & Gas sector in absolute terms.** In 2022, ING discontinued giving project finance to new Oil & Gas fields, but it continues to date to issue general corporate loans to, and to underwrite bonds for, companies expanding Oil & Gas projects. In 2040, ING will stop providing loans to Upstream Oil & Gas companies.[17]

**The Terra method of selecting subcategories is based on the PACTA for Banks methodology developed by 2DII with the collaboration of ING and other banks.**[18] The Paris Agreement Capital Transition Assessment (PACTA) for Banks is an analytical tool that was originally developed for listed equities and corporate bonds in 2015.[19] Within each sector PACTA selects subcategories. Both the sector and the subsector are derived from a standard business classification. PACTA is agnostic about the choice of classification system.

**For most of the Terra sectors, except Shipping and Aviation, ING uses the North American Industry Classification System (NAICS) to classify its financing portfolio.** For the Shipping and Aviation sectors, ING states that it selects outstanding loans based specifically on financing vessels and aircraft.[20] For all other sectors, ING either explicitly or implicitly selects companies through specific NAICS business classification codes.

**To assess ING's Terra approach, we reconstructed its portfolio of loans and underwriting of bonds – the bank's committed finance – along the lines of the selected subsectors using London Stock Exchange Group (LSEG) datasets.**[21] Table 1 shows the reconstruction of ING's total committed finance for the different Terra sectors and its total portfolio.

**To calculate the committed financing, in Table 1 we take only the value attributed to ING in each loan or bond.**[22] The total corporate financing contains

16 ING, 2022 Climate Report, p. 47.
17 ING, Annual Report 2023, p. 47.
18 Paris Agreement Capital Transition Assessment (PACTA), see website.
19 PACTA for Banks Methodology Document, July 2022, p. 24.
20 ING, Climate Progress Update 2024, p. 99-100. For Aviation: "We included all aircraft that we finance"; and for Shipping: "the products in scope include loans and guarantees secured by vessels".
21 The Appendix on methodology details the selection process for loans and bonds.
22 When the value is unknown, total loan and bond financing is distributed equally across all underwriting participants. The Appendix on methodology provides a description of the loan and bond financing allocation.

all corporate bonds and corporate loans made.[23] The small number of transactions in certain sectors creates large volatilities, but this overview shows that Oil & Gas, Power, and Automotive are the largest Terra sectors in nominal values of committed finance throughout the entire period.

| Terra sector | 2007-2014 | 2015-2019 | 2020-2024 |
|---|---|---|---|
| **Full ING portfolio** | 334.8 | 368.9 | 363.7 |
| **Oil & Gas** | 34.1 | 37.4 | 31.4 |
| **Power** | 25.7 | 23.2 | 29.3 |
| **Shipping** | 8.2 | 6.2 | 4.9 |
| **Automotive** | 4.2 | 6.6 | 7.6 |
| **Aviation** | 6.1 | 3.6 | 4.3 |
| **Cement** | 4.9 | 2.1 | 1.9 |
| **Steel** | 4.1 | 4.8 | 2.5 |
| **Aluminium** | 3.5 | 1.8 | 1.5 |

**Table 1.** ING's committed financing between 2007 and 2024 (EUR billion), segmented according to the bank's Terra approach. For Oil & Gas the reduction is mostly due to the methodology of company selection based on activities; an update of this table using the alternative in-scope GOGEL methodology is provided in Chapter 6.

**Our analysis, however, indicates that ING's committed finance for the Oil & Gas sector is larger than the Terra approach indicates.** The methodological limitations associated with the Terra classification result in an underestimation of ING's actual exposure to the sector. We address this issue in the following chapters.

23 ING's total corporate committed financing is derived by excluding bonds and loans to companies within the Finance and Real Estate sectors.

## Actual ING fossil financing might be larger: LSEG data does not include all bilateral loans

The LSEG data used in this report omits some bilateral loans, underlining that calculations in this report are conservative lower-bound estimates.

The LSEG reports on publicly issued bonds and syndicated loans. However, the loan database contains primarily syndicated loans, in which multiple banks facilitate each loan. Only 1.7 per cent of the LSEG loans reported for ING have it listed as a single bank; such loans are also known as bilateral loans. When comparing the total loan portfolio as reported by ING and as found in the LSEG data, we see a significant difference (as described in the Appendix on methodology below).

For this report, we take the LSEG data as the basis for our calculations. The knowledge that a share of ING's bilateral loans are missing from the data underlines that the calculations this report makes represent conservative, lower-bound estimates.

# 3 Limitations of the Terra approach

This chapter presents the methodological limitations of using sectoral business classifications to assess diversified companies and how this leads to an underreporting of committed finance for Upstream Oil & Gas companies.

- ING's Terra approach creates sector-specific decarbonisation strategies but overlooks significant economic activities due to its selection criteria.
- The bank focuses on business classifications that may not fully represent diversified companies, leading to potential exclusions in its analysis.
- By concentrating on just four business activities in the Upstream Oil & Gas sector, ING excludes key companies that are involved in crude oil production.
- The use of sectoral business classifications results in ING underreporting its levels of financing for companies engaged in fossil fuel extraction, showing the need for a more comprehensive approach.

**The sectoral focus of ING's Terra approach is beneficial for creating sector-specific decarbonisation strategies, but it also overlooks important economic activities.** ING does not offer a transparent overview of its selection criteria at the corporate level but rather does so at a business classification level.[24] Business classification categories can represent only one characteristic of a firm. Given that many companies are diversified, any categorisation based on business classifications has the limitation of potentially excluding relevant companies from the analysis.

**To start with, within each Terra sector, ING further narrows the focus of the economic activities.** As it describes in its 2023 Climate Report,[25] within each sector ING chooses to focus on only a part of the value chain. Table 2 shows the level of scoping applied, reducing the outstanding committed financing in nearly all categories.

| Terra sector | Terra activity | Outstanding committed financing in Terra sector | Outstanding committed financing in Terra activity | Resulting scope |
|---|---|---|---|---|
| **Oil & Gas** | Upstream / Midstream | 34.8 | 25.2 | 72% |
| | Of which Upstream | | 13.8 | |
| | Of which Midstream | | 11.5 | |
| **Power** | Power Generation | 34.2 | 18.5 | 54% |
| **Automotive** | Automotive Producers | 7.3 | 5.3 | 73% |
| **Aviation** | Airline Services | 6.1 | 3.0 | 49% |
| **Shipping** | Ship Operators | 5.9 | 5.1 | 86% |
| **Cement** | Cement Production | 2.5 | 2.5 | 100% |
| **Steel** | Steel Production | 2.4 | 2.4 | 98% |
| **Aluminium** | Aluminium Production | 1.7 | 1.5 | 88% |

**Table 2.** ING's reconstructed outstanding loans by both Terra sector and Terra activity (year-end 2023, EUR billion), showing that ING's Terra activity forms a subset of its sector.

24 ING categorises companies into Terra sectors using the North American Industry Classification System (NAICS). The Appendix on methodology provides an overview of how activities are mapped into the Terra sectors.

25 ING, 2023 Climate Report, figure 4.

**By focusing the Upstream Oil & Gas Terra activity to four specific NAICS business activity codes,[26] ING omits from scope diversified companies that are directly involved in crude oil production activities.** Table 3 shows the top 10 companies ING financed (by total committed financing) after 2020 whose business classification does not align with the Upstream business classifications, even though these companies are involved in crude oil production.

| Issuer | NAICS industry | GOGEL | | | ING involvement | | |
|---|---|---|---|---|---|---|---|
| | | Crude oil production (mmboe) | Resources under devel-opment and field evaluation (mmboe) | Exploration CAPEX, yearly average (USD million) | Period | Deals | Committed financing (EUR billion) |
| Vitol SA | Petroleum Bulk Stations and Terminals | 40.4 | 120.6 | 59.9 | 2007-2024 | 26 | 4.2 |
| Mercuria Energy | Commodity Contracts Intermediation | 4.1 | 18.7 | 5.6 | 2010-2024 | 53 | 4.1 |
| INEOS Group AG | Plastics Material and Resin Manufacturing | 18.2 | 88.4 | 5.0 | 2017-2024 | 7 | 1.7 |
| Castleton Commodities International LLC | Natural Gas Distribution | 6.5 | 133.5 | 4.8 | 2013-2024 | 13 | 1.3 |
| MOL Hungarian Oil & Gas PLC | Petroleum Refineries | 33.6 | 117.1 | 35.3 | 2007-2023 | 13 | 1.0 |
| Dow Chemical Co | Plastics Material and Resin Manufacturing | 16.3 | 35.1 | 20.7 | 2015-2024 | 8 | 0.9 |
| Eni SpA | Natural Gas Distribution | 705.9 | 3,563.9 | 1,275.6 | 2010-2022 | 4 | 0.7 |
| Oman Trading International Ltd | Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals) | 84.9 | 38.8 | 24.8 | 2014-2024 | 6 | 0.7 |
| CIA Espanola de Petroleos SAU | Petroleum Bulk Stations and Terminals | 16.1 | 19.0 | 14.1 | 2017-2024 | 6 | 0.5 |
| Ina Industrija Nafte dd | Petroleum Refineries | 9.8 | 1.0 | 14.7 | 2013-2023 | 7 | 0.5 |

**Table 3.** Overview of top 10 companies ING was involved with after 2020 that are omitted from the Terra sector Oil & Gas due to their NAICS business classification but were in fact producing crude oil and expanding their fossil fuel resources, as reported by GOGEL in 2023/24.

26 The NAICS activities related to Crude Petroleum or Natural Gas Extraction Activities include Crude Petroleum and Natural Gas Extraction, Natural Gas Liquid Extraction, Crude Petroleum Extraction, and Natural Gas Extraction. ING has financed companies only in the last two categories.

**The largest example of this omission from ING's Terra activity Upstream classification is Vitol SA, which has the highest level of committed finance by ING, with 26 deals over the last decade.** Vitol SA is a diversified company that includes 45 subsidiaries operating across 10 sectors.[27] While Vitol engages in a variety of activities, it is significantly involved in oil extraction, producing an estimated 40.4 million barrels of oil equivalent (mmboe) of crude oil, as reported by GOGEL in 2023/24 based on Rystad Energy data, and continuing to expand oil production post-2021, with 120.6 mmboe of resources under development and USD 59.9 million in exploration capital expenditure (CAPEX).

**The methodological limitations of using sectoral business classifications such as NAICS to categorise diversified energy companies lie in the potential exclusion of companies with significant fossil fuel extraction capabilities.** Even though it is unclear if ING uses a business classification approach for both Upstream and Midstream activities, the nature of this method is that it leads to an over-exclusion of companies that are involved in Crude Petroleum or Natural Gas extraction activities.

**This results in a lower reported level of committed financing than the bank's portfolio has in reality.** Consequently, there is a need to adopt an alternative approach to identify these companies.

27 As reported by LSEG, the sectors include Chemicals, Cyclical Consumer Products, Cyclical Consumer Services, Energy – Fossil Fuels, Financial, Industrial & Commercial Services, Industrial Goods, Pharmaceuticals & Medical Research, Transportation, and Utilities.

# 4 Applying GOGEL: Fossil fuel companies expanding production and infrastructure

This chapter presents the Global Oil & Gas Exit List (GOGEL), which highlights companies actively expanding fossil fuel production and infrastructure, allowing a more comprehensive evaluation of ING's portfolio.

- The Global Oil & Gas Exit List (GOGEL) identifies companies actively expanding fossil fuel production and infrastructure.
- Developed by Urgewald with 34 other NGOs, GOGEL is the largest public database of such companies.
- The 2024 GOGEL list includes 1,769 companies that account for 95 per cent of the world's Oil & Gas production, focusing on those with significant expansion.
- GOGEL helps users identify companies misaligned with the IEA Net Zero Emissions (NZE) pathway; hence, it can guide decisions on which companies to exclude from financial transactions.
- GOGEL is therefore crucial if ING is to accurately assess its financing practices, as it can help ensure that the bank does not finance companies expanding Oil & Gas production.

**An alternative lens to select companies in the Oil & Gas sector is the Global Oil & Gas Exit List (GOGEL), which focuses specifically on companies actively expanding fossil fuel production and infrastructure.** Developed by Urgewald in collaboration with 34 other NGOs, GOGEL is the most extensive public database of companies in the Oil & Gas sector that are continuing to expand production and infrastructure.[28]

**These companies constitute a key set of diversified companies that are not captured by a single standard business classification category.** Drawing on quantitative data obtained from Rystad Energy, Urgewald and its partner NGOs have created an overview of companies that continue to expand fossil fuel production or infrastructure. To keep the list manageable, GOGEL uses minimum thresholds to focus only on companies with significant expansion.[29] The 2024 list covers 1,769 companies that operate across the Upstream, Midstream, and Power industries. The companies listed in GOGEL account for 95 per cent of the world's Oil & Gas production.[30]

**The GOGEL list is essential as it identifies companies that cannot be aligned with the IEA NZE pathway; consequently, banks can use it to select companies that they should exclude from transactions.** According to the IEA NZE scenario, new long-lead-time conventional Oil & Gas projects cannot be approved for development, and the majority of large-scale pipelines and liquified gas (LNG) projects currently under construction are no longer necessary.[31]

**The GOGEL list provides an overview of the companies specifically developing new Oil & Gas projects, extending large-scale pipeline networks, or expanding their LNG capacity.** As the GOGEL list also contains companies active in the Power sector and companies active in unconventional production (such as fracking), we make an explicit selection so that only companies not aligned with IEA NZE are kept in-scope. We reduce the GOGEL list to keep companies in scope with incompatible expansion plans. Of all companies on the GOGEL 2024 list, only 1,228 remain in scope.[32]

**Given the explicit selection of in-scope GOGEL companies, we use it to assess ING's portfolio of committed finance through time.** The list of companies that continue to expand their fossil fuel extraction and infrastructure evolves over time. As such, the IEA NZE scenario exclusion of companies is a "moving target" each year.[33] This is why the composition of the GOGEL list changes from year to year. As we are looking at ING's committed financing over a longer period, we use the GOGEL list from 2021 to 2024. By looking at the earlier

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28 Urgewald, "The 2024 Global Oil & Gas Exit List: More Loss and Damage Ahead", November 2024.
29 The minimum thresholds for companies to be added to GOGEL include: adding ≥ 20 mmboe of oil and gas resources, spending ≥ USD 10 million in annual exploration, developing ≥ 100 km of pipeline, or developing ≥ 1 million tonnes per annum (Mtpa) of annual LNG infrastructure.
30 Urgewald, "The 2024 Global Oil & Gas Exit List: More Loss and Damage Ahead", November 2024.
31 International Energy Agency, The Oil & Gas Industry in Net Zero Transitions, February 2024.
32 The Appendix on methodology further explains the methodology used to allocate companies on the GOGEL list.
33 International Energy Agency, The Oil & Gas Industry in Net Zero Transitions, February 2024, p. 149.

GOGEL lists, we have added 322 companies to the scope, to ensure we cover all relevant companies during these years.

**Of the combined list of in-scope GOGEL companies, LSEG data showed 632 companies issuing bonds and/or receiving loans between 2007 and 2024.** By searching for Legal Entity Identifier (LEI) numbers, International Securities Identification Numbers (ISINs), and company names, and using LSEG company structure information, we positively matched 632 out of 1,550 in-scope GOGEL-listed companies as issuing bonds and receiving loans between 2007 and 2024.

**Companies missing from GOGEL may include state actors, like the Turkmengaz State Concern, and state actors may be missing from the LSEG data, like the National Iranian Oil Company.** Moreover, bonds and loans are often issued on a subsidiary level, for which a match was not always possible using the LSEG company structure information. Adding additional company tree data sources will increase the matched bonds and loans found. This means that the list of 632 companies used in this research is a conservative lower-bound estimate.

ING's Climate Progress Update 2024 states:

> *"In 2022, following the IEA's Net Zero Roadmap report and COP26 in Glasgow (2021), ING announced it would stop dedicated Upstream finance (lending and capital markets) for new Oil & Gas fields approved for development after 31 December 2021. The scope of this restriction was expanded in 2023 to also include Midstream activities (oil & gas infrastructure) that unlock new field developments."*[34]

This means that ING will no longer provide project finance for a new oil or gas field but does still provide general corporate loans and underwrite bonds for companies expanding their Oil & Gas projects (including companies that start new Oil & Gas fields).

**The GOGEL list could be used to identify which fossil fuel companies engaged in expanding production and infrastructure ING (or another bank) should exclude from financial transactions.** As shown in Table 3 above, the Terra classification incorrectly omits companies that are producing oil and gas (and specifically expanding their fossil fuel production and infrastructure) but are not classified as Oil & Gas producers. Without the GOGEL list, or any other effective alternative identification method, ING cannot guarantee its claims to be reducing its financing of companies that have expanded Oil & Gas production or infrastructure after 2021.

**If we look at the total global picture of committed finance for in-scope GOGEL companies, we see a marked rise in nominal values.** Figure 1 shows the annual nominal value of committed financing through loans and bonds for the combined total universe of bonds and loans of 632 matched in-scope GOGEL companies worldwide, assembled by using LSEG data. Figure 1 also shows bonds specified as "green bonds" to in-scope GOGEL companies for specific "green

34 ING, Climate Progress Update 2024, p. 40.

projects", to reveal the full magnitude of committed finance for companies that are not compliant with the IEA NZE decarbonisation pathway.


**Figure 1.** Total worldwide financing of in-scope GOGEL companies with loans, bonds, and "green bond" financing (EUR billion per year).

### Temporal de-linkage of access to finance and investments in GOGEL list

**Real-world developments, such as Russia's invasion of Ukraine and the subsequent rise in energy prices, have affected the relationship between access to capital and capital investments (CAPEX) by companies on the GOGEL list.** With Russia's invasion of Ukraine, Oil & Gas companies experienced a temporary surge in profit margins due to increased market prices for fossil fuel products while their costs remained constant. This exceptional elevated income stream led to a temporal decoupling of CAPEX from new loans or bonds.

**Total committed finance for companies on the GOGEL list decreased after 2022; however, this decline was not a result of exclusion by banks but was instead driven by a decrease in demand for debt finance.** Figure 2 illustrates how the reduction in committed finance post-2022 corresponds with a significant rise in gross profits. Our analysis of 632 companies on the GOGEL list shows that, despite the decrease in committed finance, CAPEX has continued to increase.

The stabilisation in committed finance by banks therefore does not mean that fossil fuel companies are decreasing their production or have fewer plans to expand. Instead, due to the large windfall profits over the last few years, their investments have increased while decreasing the need for financing from banks.

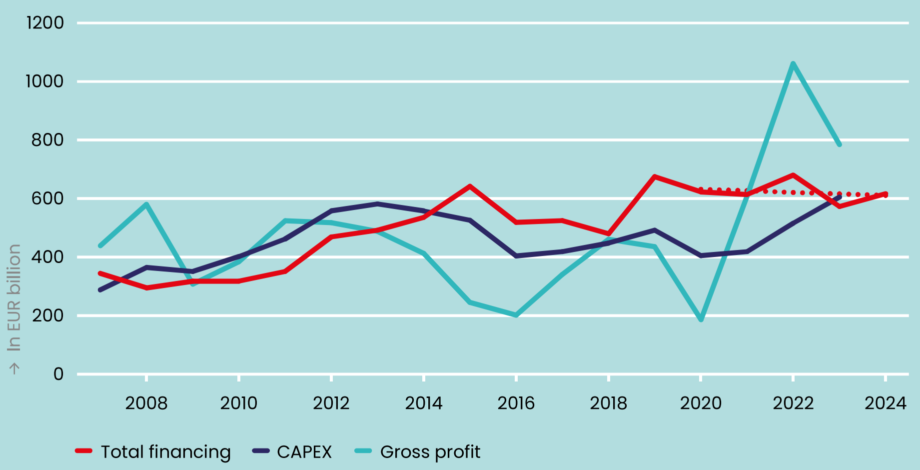


**Figure 2.** Total worldwide financing of in-scope GOGEL companies versus company capital expenditure (CAPEX) and gross profits (EUR billion per year).

# 5 ING's financing of expanding fossil fuel companies

In this chapter, we compare ING's financing of companies on the Global Oil & Gas Exit List (GOGEL) with its total corporate financing portfolio.

- **ING's committed finance for Oil & Gas companies that continue to expand production grew between 2007 and 2024 by an average of 7.5 per cent per year, with loans increasing by 6.8 per cent and bonds by 12.4 per cent.**
- **From 2020 to 2024, ING's financing of these companies accelerated to a growth rate of 17.7 per cent, compared to 12.1 per cent for its total corporate portfolio.**
- **ING's total amount committed to Oil & Gas companies that continue to expand production is EUR 92 billion through loans and EUR 20 billion through underwriting bonds (2007-2024).**

**ING's committed finance for in-scope GOGEL companies increased annually on average by 7.5 per cent (compound annual growth rate/CAGR).** Figure 3 illustrates the nominal value of the committed finance, differentiated between loans and bonds. The CAGR for the entire period from 2007 to 2024 was 6.8 per cent for loans and 12.4 per cent for bonds. The total nominal value of ING's committed financing through loans amounted to EUR 92 billion, while its total amount committed through underwriting bonds was EUR 20 billion.

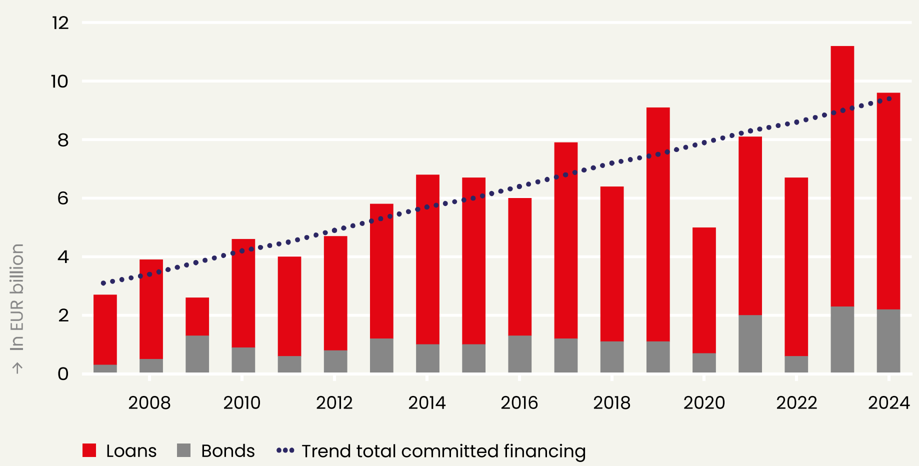


**Figure 3.** ING's newly committed financing of in-scope GOGEL companies by asset type per year.

**ING's committed finance for in-scope GOGEL companies is growing faster than its total corporate portfolio.** As Figure 4 shows, this comparison highlights a growing disparity. While ING's average annual growth rate from 2007 to 2024 for its overall portfolio was 5.4 per cent, its committed finance for in-scope GOGEL companies increased annually by 7.5 per cent.

**After 2020, the growth of ING's committed financing for in-scope GOGEL companies accelerates further.** The average annual growth rate from 2020 to 2024 for in-scope GOGEL companies was 17.7 per cent, while its total corporate portfolio recovered at a 12.1 per cent annual growth rate.

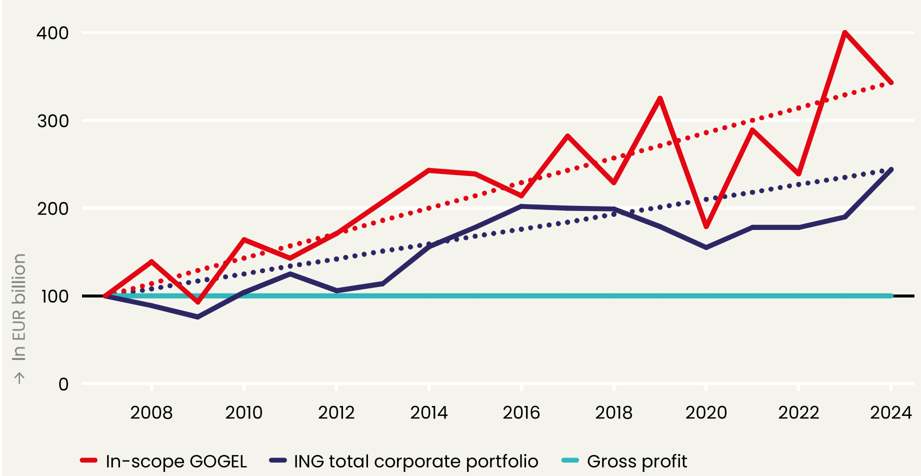


**Figure 4.** Growth of ING's committed financing for in-scope GOGEL companies and ING's total portfolio (index 2007 = 100).

**As set climate goals increasingly come closer, ING still finances loans and bonds that mature beyond set dates.** The danger in financing loans and bonds is the risk of outstanding financing once the climate goal date has been reached. Figure 5 shows ING's current outstanding bonds and loans to in-scope GOGEL companies. The majority of ING's financing that matures after 2030 comprises bonds, due to the difference in runtime. For ING, the average runtime is 4.9 years for loans and 10.0 years for bonds.

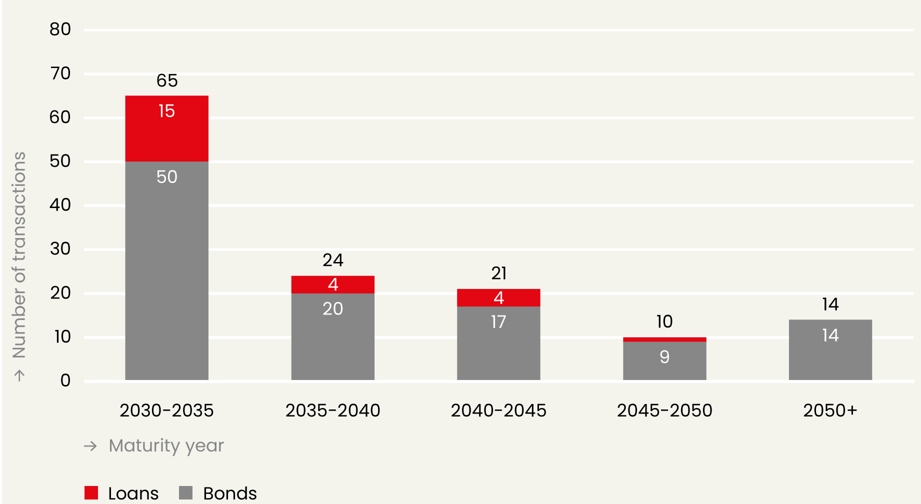


**Figure 5.** ING's outstanding loans and bonds for in-scope GOGEL companies, grouped by maturity date, showing the number of deals maturing after 2030. Of the 134 transactions, 31 were issued in 2024.

**Even in 2024, ING financed five loans and bonds for in-scope GOGEL companies that will mature after 2040.** Table 4 provides an overview of the five loans and bonds ING co-financed in 2024 that will mature after 2040.

| Issuer | NAICS Industry | Asset category | ISIN | Date issued | Maturity date | Runtime (years) | Committed financing |
|---|---|---|---|---|---|---|---|
| Aker BP ASA | Crude Petroleum Extraction | Plain bond | US00973RAP82 | 24/9/2024 | 01/10/2054 | 30 | 135 |
| Glencore Funding Llc | Other Financial Vehicles | Plain bond | US378272BV94 | 26/3/2024 | 04/4/2054 | 30 | 51 |
| Dow Chemical Co | Plastics Material and Resin Manufacturing | Plain bond | US260543DK64 | 07/2/2024 | 15/2/2054 | 30 | 177 |
| Hanseatic Energy Hub GmbH | Other Support Activities for Transportation | Capital expenditure facility | | 20/3/2024 | 20/9/2042 | 18 | 159 |
| Gate Terminal BV | Pipeline Transportation of Natural Gas | Term loan | | 22/5/2024 | 15/12/2040 | 17 | 72 |

**Table 4.** ING's committed financing for in-scope GOGEL companies in 2024 for transactions maturing after 2040 (EUR million).

**Between 2020 and 2024, ING financed 98 GOGEL companies, representing 6.6 per cent of its total customer base.** Table 5 shows ING's total corporate financing and its financing of in-scope GOGEL companies. In the period between 2020 and 2024, in-scope GOGEL financing represented 6.6 per cent of ING's total customer base, 9.4 per cent of its total number of deals, and 11.1 per cent of its total committed financing.

**48.6 per cent of ING's committed financing for in-scope GOGEL companies went to only 10 Oil & Gas companies during the period.** The top 10 in-scope GOGEL companies ING financed after 2020, as listed in Table 5, represent 10.2 per cent of the total number of in-scope GOGEL companies yet 35.4 per cent of the deals and 48.6 per cent of the total committed financing.

| | Client companies | Deals | Committed financing |
|---|---|---|---|
| **Total corporate financing** | **1,486** | **3,990** | **363.7** |
| **Total in-scope GOGEL financing** | **98** | **377** | **40.5** |
| **Top 10 in-scope GOGEL financing** | **10** | **134** | **19.7** |
| Trafigura Group Pte Ltd | | 11 | 3.5 |
| Royal Vopak NV | | 23 | 3.0 |
| Glencore plc | | 28 | 2.7 |
| Venture Global LNG Inc | | 20 | 2.1 |
| Mercuria Energy Group Holding Ltd | | 19 | 1.9 |
| Vitol SA | | 9 | 1.9 |
| INEOS Ltd | | 6 | 1.3 |
| National Grid plc | | 5 | 1.2 |
| Aker BP ASA | | 9 | 1.1 |
| Fortum Oyj | | 4 | 1.0 |

**Table 5.** ING's total committed corporate financing after 2020, financing of in-scope GOGEL companies, and top 10 GOGEL companies financed (client companies counted by company parent; total EUR billion).

## How issued bond prospectuses write that climate policy puts bond repayments at risk

**Most bond prospectuses we have researched that are issued for Oil & Gas companies mention that regulation enforcing decarbonisation norms in line with the Paris Agreement puts the bond repayments at risk.** The IEA NZE pathway assumes an average annual reduction in the production of oil of 5 per cent. It is very unlikely that non-coordinated market forces will comply with these projections without additional rules, norms, legal precedents, or regulation that can effectively achieve a controlled reduction. The bonds are issued on the basis of a continuation of the existing gap in governance.

For example, ING underwritten a bond worth USD 750 million for Aker BP, a Norwegian Oil & Gas exploration company, in October 2024 which is set to mature in 2054. The base prospectus of this bond states:

> *"Our business and results of operations could be adversely affected by climate change and the adoption of new climate-related laws, policies and regulations. Growing concerns about climate change and greenhouse gas emissions have led to the adoption of various regulations and policies, including the Paris Agreement negotiated at the 2015 United Nations Conference on Climate Change (the 'Paris Agreement'), which requires participating nations to reduce carbon emissions with a goal of limiting the global temperature increase to no more than 2 degrees Celsius above pre-industrial levels.*

*"Furthermore, future global policy may be further influenced by recent reports from organizations such as the International Energy Agency, who in their May 2021 report titled 'Net Zero by 2050' proposed a large reduction in oil production as part of the mix of energy sources over the next two decades and proposed that no new Oil & Gas fields should be approved beyond projects already committed as of 2021.*

*"These developments could impact our financial results and position, principally through higher carbon taxes or reduced demand for Oil & Gas in light of global efforts to respond to the challenges of climate change, as countries increasingly shift toward alternative energy sources. In turn, such a shift may impact our revenues in the long term if we are unable to achieve or maintain a sufficiently low breakeven price.*

*"The emission reduction strategies and other provisions of Norwegian climate change law, the Paris Agreement or similar legislative or regulatory initiatives enacted in the future, including with respect to mandatory emission abatements, could adversely impact our business by imposing increased costs in the form of taxes or for the purchase of emission allowances, limiting our ability to develop new Oil & Gas reserves, decreasing the value of our assets, or reducing the demand for hydrocarbons and refined petroleum products. Any such event could have a material adverse effect on our business, results of operations, cash flow and financial condition."*[35]

35 Luxembourg Stock Exchange, Prospectus Aker BP ASA bond, October 2024, p. 30.

# 6 What ING reports versus how much it really finances expanding fossil fuel companies

In this chapter, we examine the differences between ING's reported financing of Oil & Gas companies and its actual financing of those that are expanding.

- Two methods were established to assess ING's committed finance: one reconstructs Terra sector sizes using business activity codes, and the other focuses on expanding fossil fuel companies on the GOGEL list.
- The reconstruction identified an enormous 10-fold difference in Upstream Oil & Gas financing, revealing EUR 26.4 billion against EUR 2.5 billion reported outstanding loans for Upstream Oil and Gas (2023 year-end).
- ING's Terra Approach has only EUR 1.2 billion Upstream Oil and Gas in scope, meaning a 22-fold difference between ING's outstanding Upstream Oil and Gas loans and what is covered by reduction targets in 2023.
- Differences in financial reporting may stem from ING's application of business classification codes, highlighting inconsistencies between its Annual Report and its Climate Progress Update.
- Midstream activities also show a notable difference, with reconstructed financing at EUR 18.8 billion (2023 year-end), significantly exceeding ING's reported EUR 6.5 billion.
- Over time, committed financing as indicated by the Terra and GOGEL approaches has diverged between them post-2020, largely due to companies expanding their LNG infrastructure, which has seen a 40.8 per cent annual growth rate in committed financing.

**We have now established two different methods to determine ING's committed finance.** The first method is based on reconstructing the size of ING's selected Terra sectors based on business activity codes, which ING includes in most of its reporting. The second method focuses on committed financing specifically for in-scope GOGEL companies, therefore including all Oil & Gas companies that are expanding their production and infrastructure rather than merely those categorised as such.

**We then compare the calculated values against the values ING reports in its 2023 Annual Report and 2024 Climate Progress Update.** Both reports disclose outstanding loans by 2023 year-end. However, even though ING discloses this data in its Annual Report, their accountant (KPMG) has not audited this data.[36] In the 2024 Climate Progress Update, ING writes: "All figures in this document are unaudited."[37]

## Differences in reported and reconstructed Terra activities

**Our reconstruction of the Terra activities shows significant differences compared to what ING reports in outstanding loans.**[38] Table 6 shows for each Terra activity ING's reconstructed outstanding bonds and loans, as at 2023 year-end, and the outstanding loans as reported in the Climate Progress Update 2024.

In our reconstruction of the outstanding loans, the Terra activity Upstream (Oil & Gas) is 8.7 times larger compared to the outstanding loans ING reports. There are also large differences in other Terra activities, such as for Cement and Aluminium.

| Terra activity | Reconstructed Terra activity | | | Reported Terra activity | |
|---|---|---|---|---|---|
| | Total outstanding committed financing | ... of which in bonds | ... of which in loans | Outstanding loans | Difference for loans |
| Upstream (Oil & Gas) | 13.8 | 3.3 | 10.5 | 1.2 | +773% |
| Midstream (Oil & Gas) | 11.5 | 4.0 | 7.4 | 6.5 | +14% |
| Power Generation | 18.5 | 4.5 | 13.9 | 10.1 | +38% |
| Automotive Producers | 5.3 | 2.0 | 3.3 | 2.9 | +14% |
| Airline Services | 3.0 | 0.3 | 2.8 | 4.1 | -33% |
| Ship Operators | 5.1 | 0.3 | 4.8 | 8.3 | -42% |
| Cement Production | 2.5 | 0.8 | 1.7 | 0.6 | +177% |
| Steel Production | 2.4 | 1.0 | 1.4 | 2.0 | -30% |
| Aluminium Production | 1.5 | 0.4 | 1.1 | 0.5 | +124% |

**Table 6.** ING's outstanding committed financing in loans and bonds as reconstructed with LSEG data and loans reported in ING's Climate Progress Update 2024 as at 2023 year-end (EUR billion). ING does not report outstanding bonds, so the calculated difference is only for outstanding loans.

36 ING, Annual Report 2023, p. 372; KPMG states that only the consolidated financial statement is audited.
37 ING, Climate Progress Update 2024, p. 10 and p. 107.
38 The Appendix on methodology describes how ING's portfolio was reconstructed.

**For some of the sectors, the difference in the outstanding loans arises because in those sectors ING does not follow a NAICS business classification approach.** For the activity of Ship Operators and Airline Services, we have reconstructed the activity by selecting companies based on their NAICS business classification, whereas ING selects outstanding loans based specifically on financing vessels and aircraft,[39] for which no public data is available. For all other sectors, ING either explicitly or implicitly selects companies through NAICS business classification codes.

## Differences for Upstream Oil & Gas

**The largest difference between ING's reporting and our reconstruction is for Upstream Oil & Gas.** Figure 6 shows that in 2023 ING reported EUR 2.5 billion outstanding loans for Upstream Oil and Gas in its Annual Report. Only part of this, EUR 1.2 billion, is covered by emission reduction targets under ING's Terra Approach. When we reconstructed the Terra activity approach our calculation resulted in EUR 13.8 billion in outstanding loans and bonds issued to Upstream Oil & Gas companies. The difference between ING's in-scope Terra and our reconstruction of this is EUR 12.6 billion.

**ING finances 10.6 times more expanding Upstream Oil & Gas companies than its own reporting claims.** We find a difference between ING's reporting and our calculation of ING's outstanding financing for companies that are expanding Oil & Gas production and infrastructure. The total for in-scope GOGEL companies shows EUR 26.4 billion in outstanding loans and bonds. That is 10.6 times more than ING states in its Annual Report for total Upstream financing, and 22.0 times more than ING reports in its Terra Climate Progress Update.

**The difference between ING's outstanding loans as stated in its Annual Report and Climate Progress Update underlines ING's inconsistency in applying a business classification approach.** ING's Annual Report states explicitly that it uses the business classification approach: "In line with ING's credit risk portfolio, as disclosed in the Risk Management section, these portfolios are defined by industry codes (NAICS) for financial reporting which are based on the primary activity of our clients."[40]

However, ING's Climate Progress Update does not explicitly mention use of a business classification to select companies. Instead it states that it includes companies that are involved in "Crude Petroleum or Natural Gas extraction activities".[41] However, the PACTA methodology, as presented in the PACTA methodology application paper, prescribes the use of NAICS codes (specifically industry 211, Oil and Gas Extraction, which contains the four activity codes around extraction) as stated in the open source PACTA tool.[42]

39 ING Climate Progress Update 2024, p. 99-100. For Aviation: "We included all aircraft that we finance"; and for Shipping: "the products in scope include loans and guarantees secured by vessels".
40 ING, Annual Report 2023, p, 46 and further described on p. 329.
41 ING, Climate Progress Update 2024, p. 97.
42 Katowice Banks, Credit Portfolio Alignment, September 2020

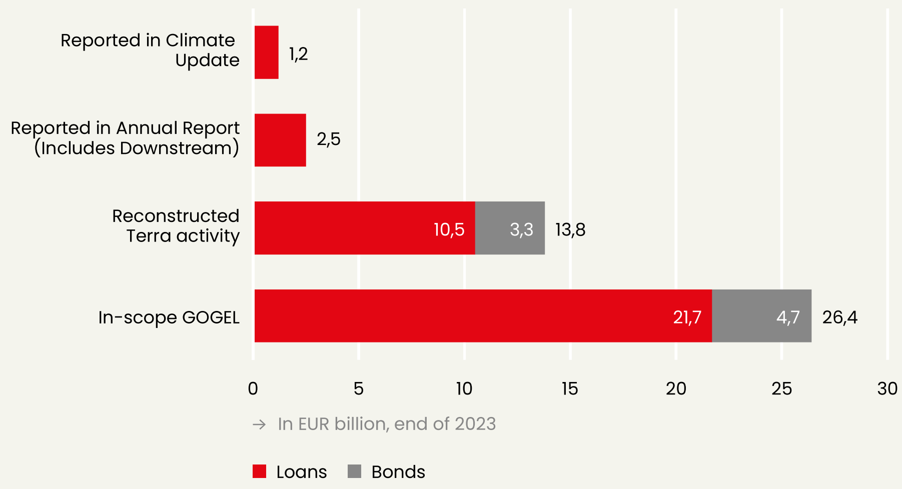


**Figure 6.** ING's outstanding committed financing in loans and bonds for its Oil & Gas portfolio, as at 2023 year-end (EUR billion), as reported in ING's 2024 Climate Progress Update and 2023 Annual Report, and as calculated for the reconstructed Terra activities and for in-scope GOGEL companies.

**When applying the business classification approach, as ING describes in its Annual Report, a large difference still remains.** When taking the four NAICS codes that directly connect to "Crude Petroleum or Natural Gas Extraction Activities",[43] the total amount of selected outstanding loans is higher than reported. For 2023 year-end, the last period for which ING reports its figures, Upstream (Oil & Gas) reaches EUR 10.5 billion, while ING has reported only EUR 2.5 billion, thereby omitting EUR 9.0 billion.

**ING's top 10 Upstream Oil & Gas client companies had total outstanding loans of EUR 4.0 billion at 2023 year-end, yet ING reported only EUR 2.5 billion as its Upstream Oil & Gas financing in its 2023 Annual Report.** Table 7 shows ING's top 10 client company issuers by outstanding loans at 2023 year-end. Each of these companies has NAICS activity that matches ING's described definition. Each of these companies had a 99 per cent revenue share from oil and gas extraction activities.[44] Further, GOGEL reports, based on Rystad data, that each of the issuers is in fact producing crude oil, has resources under development and field evaluation, and has exploration CAPEX.

43 The NAICS activities related to Crude Petroleum or Natural Gas Extraction Activities are described in the Appendix on methodology. For Upstream, the NAICS activities include Crude Petroleum and Natural Gas Extraction, Natural Gas Liquid Extraction, Crude Petroleum Extraction, and Natural Gas Extraction. ING has financed companies only in the last two categories.

44 Based on the latest annual reports present for the top 10 companies. Found either via the company's website, SEC listing or via the LSEG database. No data was found for Kandym Gas.

| Issuer | NAICS Industry | GOGEL | | | ING involvement | | |
|---|---|---|---|---|---|---|---|
| | | Crude oil production (mmboe) | Resources under development and field evaluation (mmboe) | Exploration CAPEX, yearly average (USD million) | Number of outstanding loans | Loan types | Outstanding loans (billion euro) |
| Vår Energi AS | Crude Petroleum Extraction | 74.7 | 637.2 | 213.8 | 2 | Revolving credit facility | 0.6 |
| Aker BP ASA | Crude Petroleum Extraction | 165.5 | 869.6 | 450.7 | 3 | Revolving credit facility | 0.5 |
| Energean Oil & Gas SA | Crude Petroleum Extraction | 45.3 | 187.2 | 164.4 | 3 | Revolving credit facility, term loan | 0.5 |
| Petroleos Mexicanos SA | Crude Petroleum Extraction | 885.3 | 1,473.7 | 3,210.8 | 4 | Revolving credit facility, term loan | 0.5 |
| Neo Energy Upstream UK Ltd | Crude Petroleum Extraction | 28.7 | 114.4 | 28.3 | 2 | Revolving credit facility | 0.4 |
| Neptune Energy Group Holdings Ltd | Crude Petroleum Extraction | 57.9 | 15.7 | 92.5 | 3 | Revolving credit facility | 0.4 |
| Wintershall Holding GmbH | Crude Petroleum Extraction | 242.4 | 522.1 | 174.9 | 1 | Term loan | 0.4 |
| Pampo & Enchova Oil Fields (Trident Energy) | Crude Petroleum Extraction | 11.2 | 97.8 | 0.2 | 1 | Revolving credit facility | 0.3 |
| Noble Energy (Chevron) | Crude Petroleum Extraction | 935.4 | 1,359.2 | 582.2 | 1 | Revolving credit facility | 0.2 |
| Kandym Gas (LUKOIL) | Crude Petroleum Extraction | 1,343.5 | 6,196.1 | 990.8 | 1 | Term loan | 0.2 |

**Table 7.** ING's 10 largest issuers for reconstructed Upstream Terra activity by outstanding loans at 2023 year-end, with their reported NAICS industry description and GOGEL 2024 data.

**Undrawn credit facilities do not explain the discrepancy between the reported and reconstructed Upstream Terra activity.** ING states that the Terra portfolio includes "on-balance/funded term loans and revolving credit facilities".[45] This might imply that only the drawn part of the credit facility is taken, as only the drawn part is reported on ING's balance sheet.[46] However, if we analyse the total reconstructed activity by loan type, shown in Figure 7, we find that EUR 3.1 billion of loans is outstanding in term loans. Further, 82% of Upstream Oil & Gas loans do not have a reported repayment type in the available dataset.

45 ING, Climate Progress Update 2024, p. 97.
46 In any case, a bank is obliged under IFRS 9 to disclose undrawn credit facilities. For 2023, ING disclosed in its Annual Report 2023, on p. 159, that in 2023 it had EUR 151 billion of undrawn committed amounts across all sectors.

Of the reported repayment types, 39% are amortizing term loans, the remainder are bullet loans. If we extrapolate the 39% share to all term loans, and take into account their date of issue, then possibly EUR 0.5 billion (of the EUR 3.1 billion) might have been repaid.

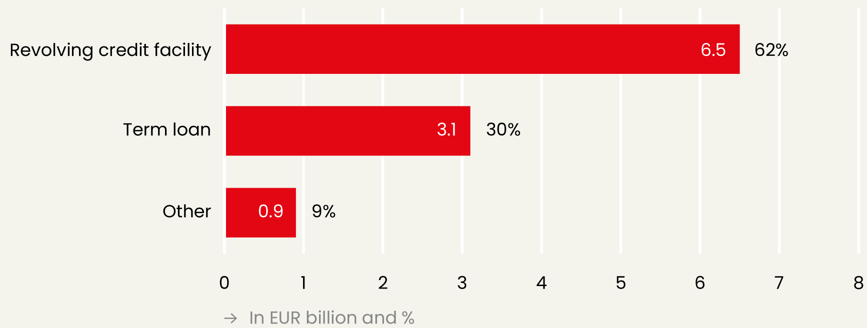


**Figure 7.** Split of reconstructed Upstream Terra activity of outstanding loans at 2023 year-end (EUR billion) by asset type. The majority of loans are revolving credit facilities; however EUR 3.1 billion remains in term loans.

**If ING does exclude undrawn parts of credit facilities in its Terra approach, then this contradicts its calculation of "sustainable finance mobilised".**[47] In calculating its "sustainable finance" volume mobilised, ING states: "The nature of RCFs (revolving credit facilities) is that they are fluctuating and therefore can be fully or partially drawn by the client at any time depending on their liquidity needs throughout the year. Therefore we record the RCF limit."[48] It is unclear if ING excludes the undrawn amount for its carbon-intensive Terra sectors, but if it does this contradicts how ING reports its "sustainable finance".

**The difference for Upstream activity is visible for each year in which ING has reported outstanding loans for its Terra sectors.** Figure 8 shows the yearly outstanding loans (excluding bonds) ING reports in its Climate Progress Updates,[49] as identified when reconstructing the Terra activity Upstream, and as calculated for the in-scope GOGEL companies. Where ING reports a 70 per cent decrease in its outstanding loans, the reconstructed Terra activity Upstream shows a reduction of 26 per cent, while in-scope GOGEL outstanding loans increase by 13 per cent.

47 Defined by ING as all financing contributing to a transition to more sustainable business models.
48 ING, Annual Report 2023, p. 331.
49 ING has reported outstanding loans for the Oil & Gas sector only in its Annual Report 2023.

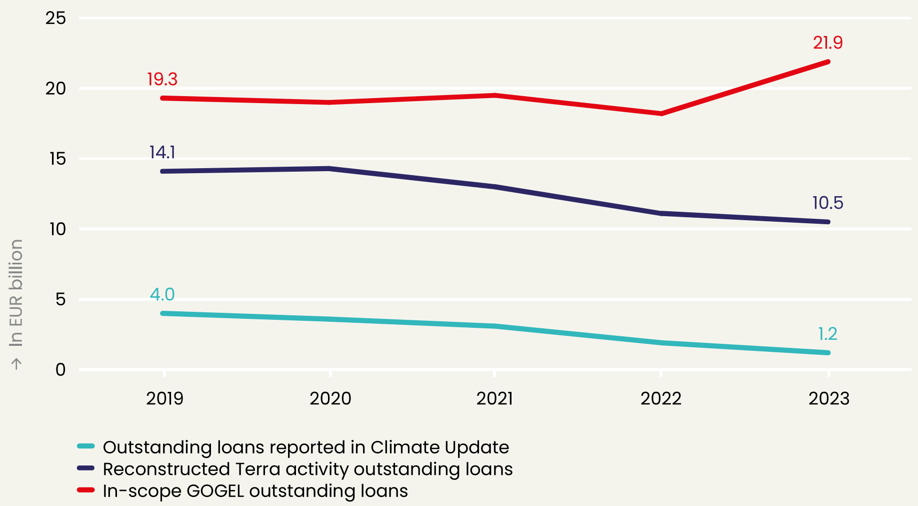


**Figure 8.** ING's Upstream reported outstanding financing per year as reported in the Climate Progress Update and as calculated for the reconstructed Terra activities and for in-scope GOGEL companies; 2019 was the first year for which ING reported outstanding loans for Upstream in its Climate Progress Updates; the last reporting date is 2023 year-end.

## Differences for Midstream activity

**ING's Midstream activity shows the least but still a very significant difference in financing under our comparison: 2.9 times more than initially reported.** As Figure 9 shows, ING reported in its 2024 Climate Progress Update EUR 6.5 billion in outstanding loans at 2023 year-end. The reconstructed Terra activity approach reveals EUR 11.4 billion in outstanding loans and bonds. The total for in-scope GOGEL companies shows EUR 18.8 billion in outstanding loans and bonds, a difference of EUR 12.3 billion.

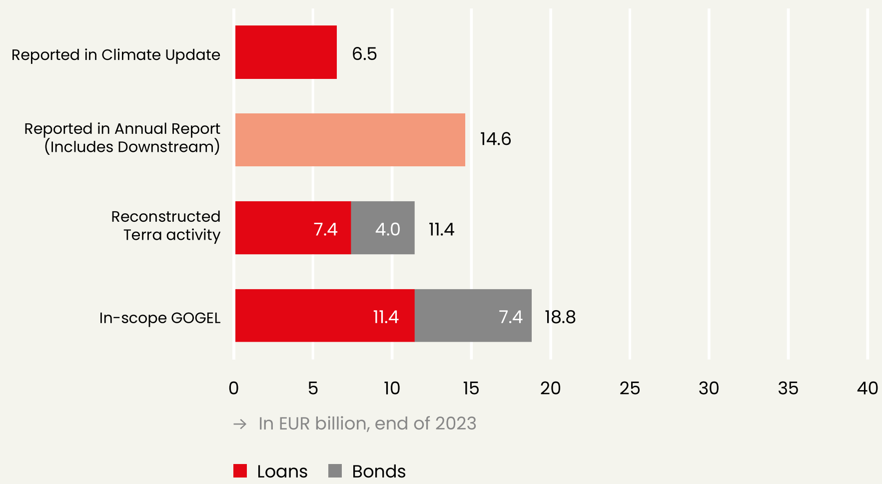


**Figure 9.** ING's outstanding committed financing in loans and bonds for the Midstream portfolio, as at 2023 year-end (EUR billion), as reported in ING's 2024 Climate Progress Update and 2023 Annual Report, and as calculated for the reconstructed Terra activities and for in-scope GOGEL companies.

**Even though ING's Climate Progress Update names the Terra activity "Mid- and Downstream", key Downstream activities are left out of scope, explaining the difference between the Climate Progress Update and the Annual Report.** ING's Annual Report states that Mid- and Downstream Oil & Gas includes "processing of crude products, storage, transportation (including pipelines and infrastructure to transport gas), refineries (processing oils into fuels such as gasoline, diesel and kerosene), petrochemical industry (processing of Oil & Gas into, amongst others, plastics, building materials and fertilisers), and marketing of end products".[50] The Climate Progress Update refers to "NAICS codes in processing, (pipeline) transport, storage, handling, liquefaction and refining".[51]

**The difference is that the Climate Progress Update does not include the petrochemical industry nor the marketing of end products.** For the reconstruction of the Terra activity we focused on reconstructing Midstream activities. Therefore we based this on the Climate Progress Update report and selected four NAICS codes focusing on pipelines and distribution.[52]

50 ING, Annual Report 2023, p. 329.
51 ING, Climate Progress Update 2024, p. 98.
52 The NAICS activities are described in the Appendix on methodology. For Midstream, the NAICS activities include Natural Gas Distribution, Pipeline Transportation of Crude Oil, Pipeline Transportation of Natural Gas, and Pipeline Transportation of Refined Petroleum Products. ING has financed all four categories.

## Differences for combined Upstream and Midstream activity

**ING's outstanding committed financing for in-scope GOGEL companies is 5.1 times larger than its reported Terra activity.**[53] Figure 10 shows the differences in outstanding committed financing in loans and bonds as compared between ING's reporting, the reconstructed Terra activity, and the in-scope GOGEL companies. ING reports EUR 7.7 billion in outstanding loans. The reconstructed Terra activity approach reveals EUR 25.2 billion in outstanding loans and bonds. The total for in-scope GOGEL companies shows EUR 39.2 billion in outstanding loans and bonds, a difference of EUR 31.5 billion.

Two points of qualification for Figure 10:

(a) As described in the previous section, ING's Annual Report includes Downstream activity codes that are not included in the Terra sector.

(b) Companies can have both Upstream and Midstream activities, so the totals for these activities for in-scope GOGEL companies do not add up in the reconciliation between Figures 6, 9, and 10.

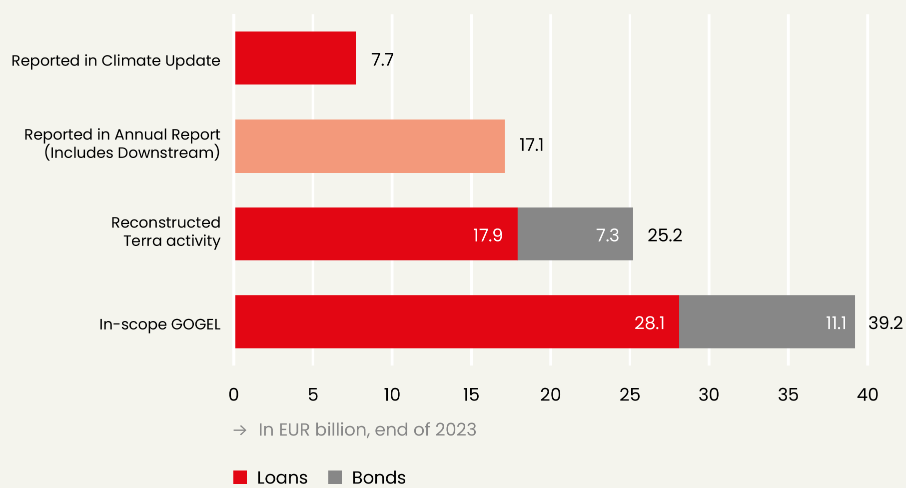


**Figure 10.** ING's outstanding committed financing in loans and bonds for the total Oil & Gas portfolio, as at 2023 year-end (EUR billion), as reported in ING's 2024 Climate Progress Update and 2023 Annual Report, and as calculated for the reconstructed Terra activities and for in-scope GOGEL companies.

53 The Appendix on methodology provides an overview of the methods employed in this reconstruction of ING's portfolio.

## Reconstructing key results of the Terra approach using the new methods

**Applying the method using in-scope GOGEL companies, we see that ING's financing has increased over the last five years, as opposed to what the Terra approach indicates.** Table 8 compares ING's total Oil & Gas Terra financing data, previously shown in Table 1 above, with in-scope GOGEL company data. It demonstrates that ING's committed financing for in-scope GOGEL companies increased between 2015 (the year of the Paris Agreement) and 2024, whereas the reconstructed Terra sector Oil & Gas data indicates a decrease of 16 per cent.

As described earlier, the main reason for the apparent Terra sector approach's decrease is that ING's approach based on business activity codes omits diversified companies that have expanded their fossil fuel production or infrastructure.

| Sector | 2007-2014 | 2015-2019 | 2020-2024 | Percentage change 2015-2019 to 2020-2024 |
|---|---|---|---|---|
| Reconstructed Oil & Gas | 34.1 | 37.4 | 31.4 | -16% |
| In-scope GOGEL | 35.2 | 36.1 | 40.5 | +12% |

**Table 8.** Comparison between summary Oil & Gas data from Table 1 (ING's committed financing between 2007 and 2024) for the reconstructed Terra activities and GOGEL data for in-scope companies (EUR billion). The reconstruction of the Terra activity indicates a decrease in financing, whereas for in-scope GOGEL companies committed financing increases.

## Key differences between the Terra and GOGEL approaches

**Between 2007 and 2020, ING's reporting of its Oil & Gas sector financing and the GOGEL list data overlapped, after which they began to diverge.** Figure 11 shows how from 2020, a year after ING launched its climate ambitions[54], its financing of GOGEL companies increased, while ING's reporting of its Oil & Gas sector financing claimed a decrease. In 2024, the difference in committed financing between the reconstructed Terra sector and in-scope GOGEL companies was EUR 6.2 billion.

54 ING published its fFirst report was published in 2019:, see Terra progress report 2019.

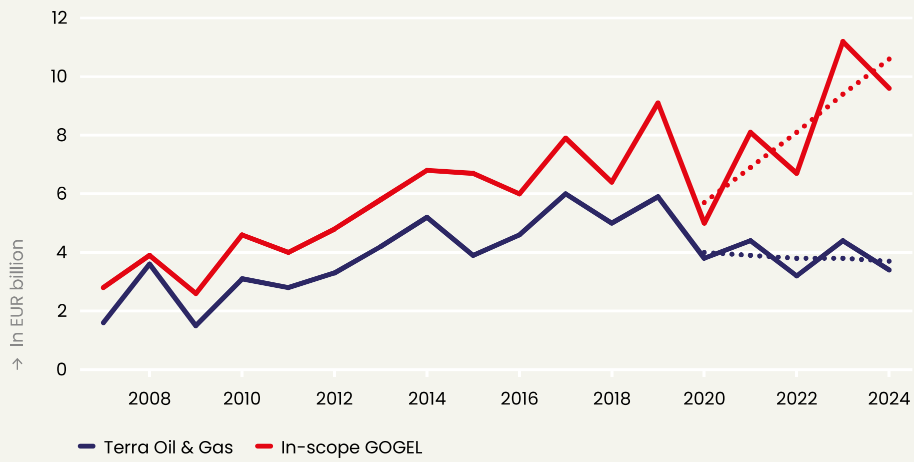


**Figure 11.** ING's financing for Terra sector Oil & Gas versus its financing of in-scope GOGEL companies (EUR billion per year). Trend lines are shown between 2020 and 2024.

**Growth of ING's committed financing for in-scope GOGEL companies is largely driven by companies expanding LNG infrastructure.** Figure 12 compares ING's committed financing for companies expanding their LNG infrastructure (often Midstream and in some cases for diversified companies also Upstream) with its financing for companies not expanding LNG infrastructure.

The average annual growth rate from 2007 to 2024 for non-LNG-expanding GOGEL companies was 7.1 per cent, while LNG-expanding GOGEL companies' financing grew annually by 10.5 per cent. As Figure 12 shows, the difference occurs primarily between 2020 and 2024, when ING increased its committed financing from EUR 1.5 billion a year to EUR 5.9 billion a year, an average annual growth rate of 40.8 per cent.

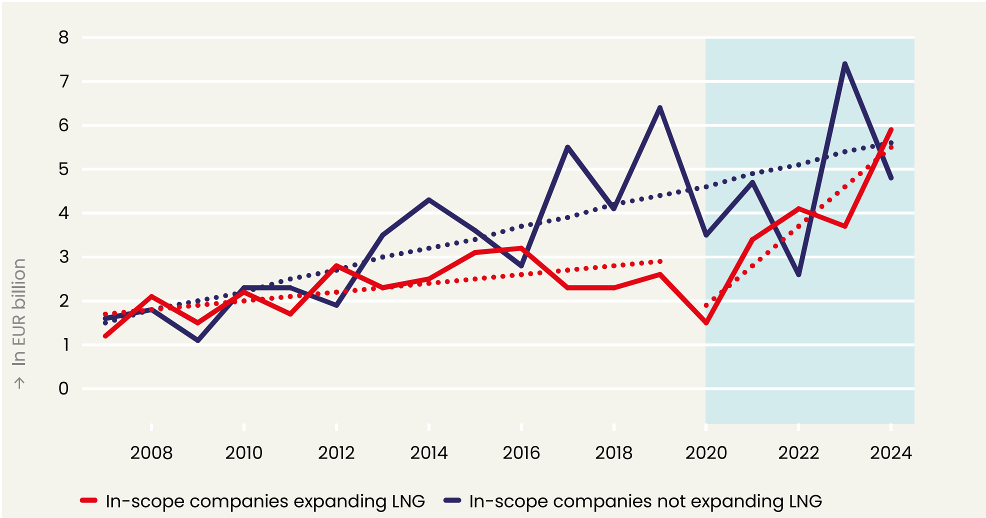


**Figure 12.** ING's financing for in-scope GOGEL companies split between companies expanding LNG infrastructure and companies not expanding LNG infrastructure (EUR billion per year).

**Further analysis shows ING's top 10 client companies expanding their LNG infrastructure.** Table 9 shows ING's largest in-scope GOGEL client companies expanding LNG; these companies are excluded from the reconstructed Terra sector Oil & Gas data due to their NAICS activity description.

In some cases, companies such as Vitol SA (as described above) are so diversified that they are active in crude oil production as well as Midstream activities such as LNG terminals. The diversified nature of these companies clearly highlights the shortcomings of taking a business sector approach, such as the Terra approach, to reducing committed financing to align with IEA NZE.

| Issuer | NAICS Industry | GOGEL | | ING involvement | | |
|---|---|---|---|---|---|---|
| | | LNG expansion (in mtpa) | Country of LNG expansion | Period | Deals | Committed financing (EUR billion) |
| Vitol SA | Petroleum Bulk Stations and Terminals | 2.48 | Netherlands | 2007-2024 | 26 | 4.2 |
| Enel SpA | Fossil Fuel Electric Power Generation | 5.88 | Italy | 2010-2024 | 13 | 2.2 |
| Engie SA | Fossil Fuel Electric Power Generation | 3.8 | France | 2015-2024 | 21 | 1.8 |
| Fortum Oyj | Hydroelectric Power Generation | 2.4 | Finland | 2008-2024 | 8 | 1.6 |
| National Grid PLC | Electric Power Distribution | 3.87 | United Kingdom | 2008-2024 | 6 | 1.2 |
| Uniper SE | Electric Power Distribution | 5.51 | Germany | 2016-2024 | 6 | 0.9 |
| Oman Trading International Ltd | Petroleum and Petroleum Products Merchant Wholesalers (except Bulk Stations and Terminals) | 2.04 | Oman | 2014-2024 | 6 | 0.7 |
| Cheniere Energy Inc | Petroleum Bulk Stations and Terminals | 20.88 | USA | 2018-2024 | 5 | 0.4 |
| Chevron Phillips Chemical Co LLC | Petrochemical Manufacturing | 1.82 | Israël | 2009-2024 | 12 | 0.4 |
| Koninklijke Vopak NV | Other Warehousing and Storage | 8.41 | Australia, Colombia, Netherlands, South Africa | 2007-2022 | 4 | 0.3 |

**Table 9.** ING's top 10 client companies on the in-scope GOGEL list expanding their LNG infrastructure but not present in the Terra sector based on NAICS industry codes.

# 7 ING's fossil fuel financing compared to its peers

In this chapter, we examine how ING measures up against other banks, including its Eurozone peers, systemic banks (G-SIBs), and the total global bond and loan market.

- The analysis reveals that ING finances more polluting activities than its peers, performing better only in the Automotive and Aviation sectors.
- Between 2007 and 2024, ING significantly increased its financing for Oil & Gas companies that continue to expand, reaching 346 per cent of its 2007 level, while financing by ING's peer group of globally systemic banks reached 270 per cent of its 2007 level, and the total market grew to 179 per cent of its 2007 level.
- ING's share of committed financing for expanding Oil & Gas companies has also increased since 2015, contrasting with declines among its peers and in the total market.
- In 2024 ING became the fifth largest bank in relative share of financing for expanding Oil & Gas companies, compared to other globally systemic banks (G-SIBs), committing 10.2 per cent of its total corporate financing and surpassing most direct peers except BBVA.
- Unlike many banks that have reduced their financing of Oil & Gas companies expanding production, ING increased its share by 1.8 per cent from 2020 to 2024.

**If we use ING's Terra approach to assess its committed finance across different benchmarks, its exposure can be better appreciated.** Figure 13 shows a comparison between ING and three international bank benchmarks. The first is the Financial Stability Board's 2024 List of Global Systemically Important Banks (G-SIBs peers in the figure) (bucket 1), excluding ING.[55] The second is ING's Eurozone peer group (ING peers) selected and used by ING itself.[56] The third benchmark is the combined total universe of bonds and loans worldwide, extracted from LSEG data (Total).[57]

**A comparison of the Terra sectors to other banks worldwide shows that ING chooses to finance more polluting activities than its peers.** Figure 13 shows the committed finance for each sector as a share of total corporate financing between 2020 and 2024. This comparison clarifies the extent to which ING underperforms from a climate perspective compared to different benchmarks across different sectors. In nearly all sectors, except for Automotive and Aviation, ING finances more than its peers and the market.

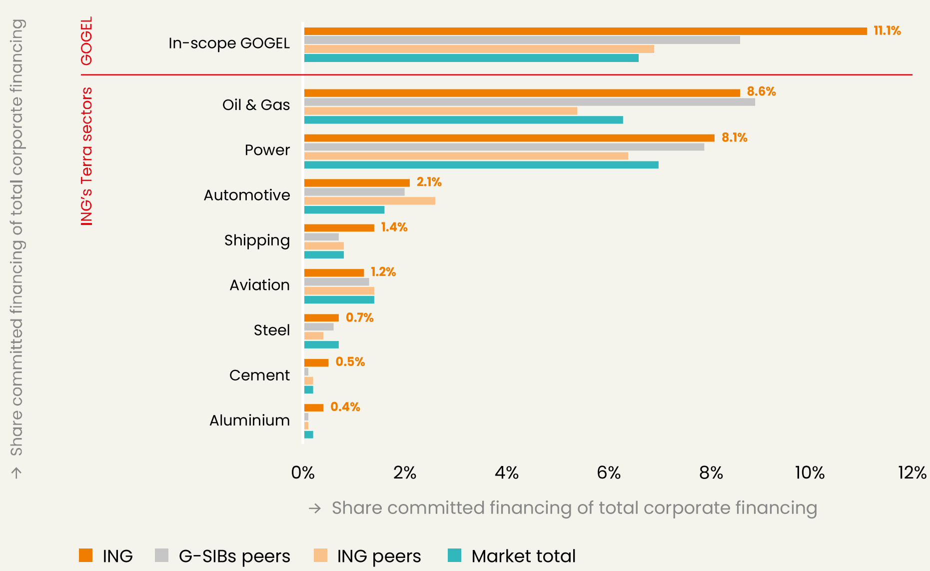


**Figure 13.** ING's Terra sector committed financing as a share of its total corporate financing between 2020 and 2024 compared to peer groups. The reconstruction of the Oil & Gas Terra sector underestimates committed financing for companies financing expansion of Oil & Gas production and infrastructure; we therefore add the in-scope GOGEL methodology as a more accurate comparison.

55 Financial Stability Board, 2024 List of Global Systemically Important Banks (G-SIBs), November 2024.
56 Eurozone peer group: ABN Amro, Rabobank, KBC, Commerzbank, Deutsche Bank, BNP Paribas, Credit Agricole, Société Générale, Santander, BBVA, Intesa Sanpaolo, UniCredit, source: ING, Capital Markets Day presentation, June 2024.
57 See the Appendix on methodology for a description of the full LSEG dataset.

**ING's financing of Oil & Gas companies that continue to expand production grew faster than financing for three benchmarks between 2007 and 2024.** Figure 14 shows the growth in ING's Oil & Gas financing from 2007 and 2024 split across loans and bonds and as compared with total committed financing, taking 2007 as the baseline (100). Across all asset types ING has outgrown the benchmarks. By 2024, ING's total in-scope GOGEL financing grew to 346 per cent of its 2007 level. ING's G-SIBs peers' financing grew to 270 per cent of their 2007 level; the total market grew to 179 per cent of the 2007 level; and ING's direct peers reduced their financing to 94 per cent of their 2007 level.

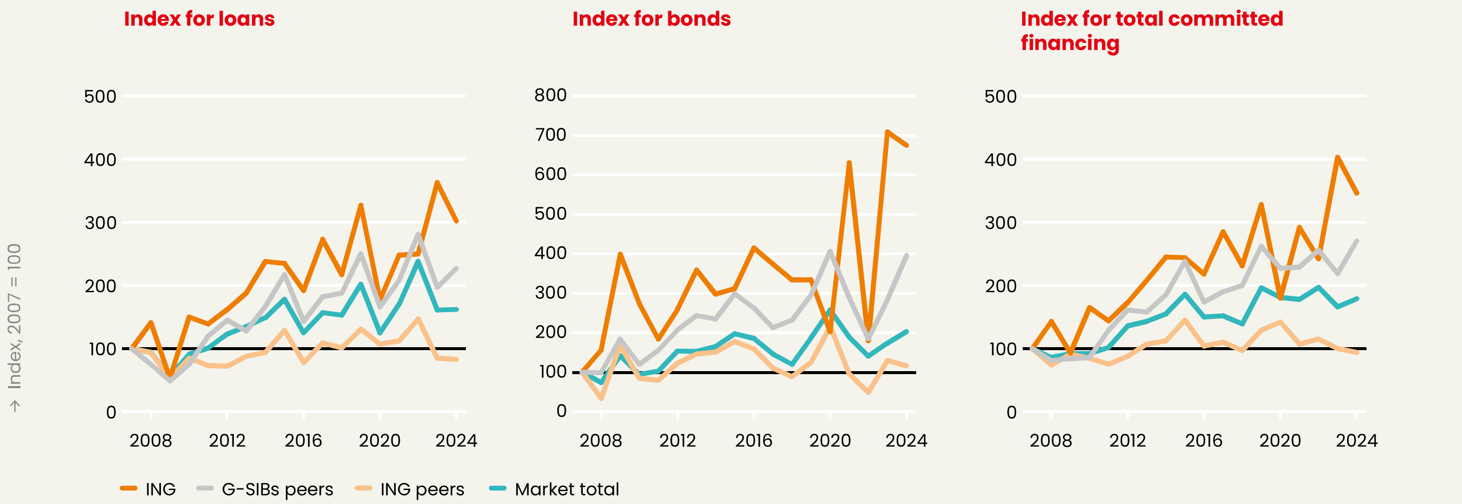


**Figure 14.** Indexed growth of ING's financing of in-scope GOGEL companies across asset types from 2007 onwards (2007 = 100), compared with direct peers, G-SIBs peers, and the market total: left (14a), loans; centre (14b), bonds; right (14c), loans and bonds combined; compared with total committed financing.

**ING's share of committed financing for in-scope GOGEL companies is growing faster than the benchmarks.** Figure 15 shows the yearly share of committed financing for in-scope GOGEL companies compared to total corporate financing. Post-2015, the year of the Paris Agreement, the market and ING's peers show a decrease, whereas ING has shown an increase. ING is moving against the direction of the market and its peers. It is committing a growing share of total corporate financing to companies that are not aligned to IEA NZE.

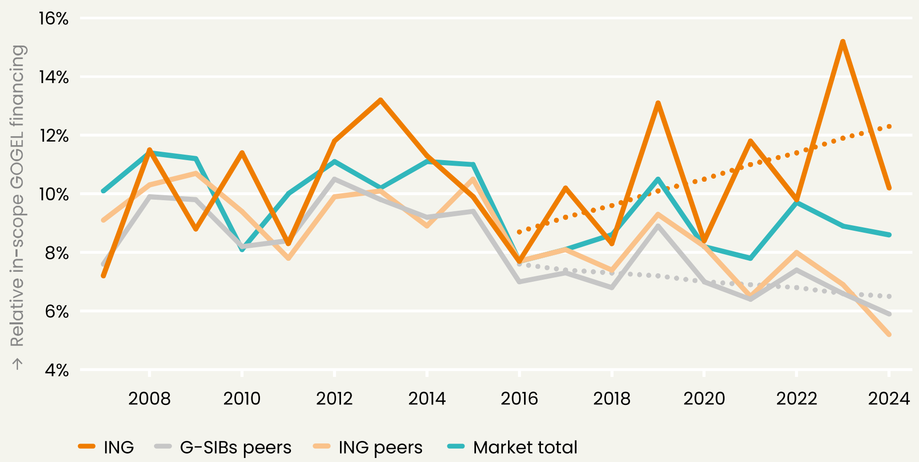


**Figure 15.** Relative in-scope GOGEL financing compared to total corporate financing: comparison of ING, similar European banks (peers), similar system banks (G-SIBs, bucket 1), and all banks worldwide (market total).

**Comparing more closely ING, its direct peers, and other comparable systemic banks (G-SIB banks), ING is now the fifth largest bank in terms of relative share of in-scope GOGEL company financing in 2024.** Figure 16 shows ING moving up from position 10 in 2020 to position 5 in 2024 when 10.2 per cent of ING's total corporate financing was committed to in-scope GOGEL companies.

Within its direct peer group, only BBVA surpassed ING with 13.9 per cent. The majority of ING's direct peers have between 4 per cent and 6 per cent of their total corporate financing committed to in-scope GOGEL companies.

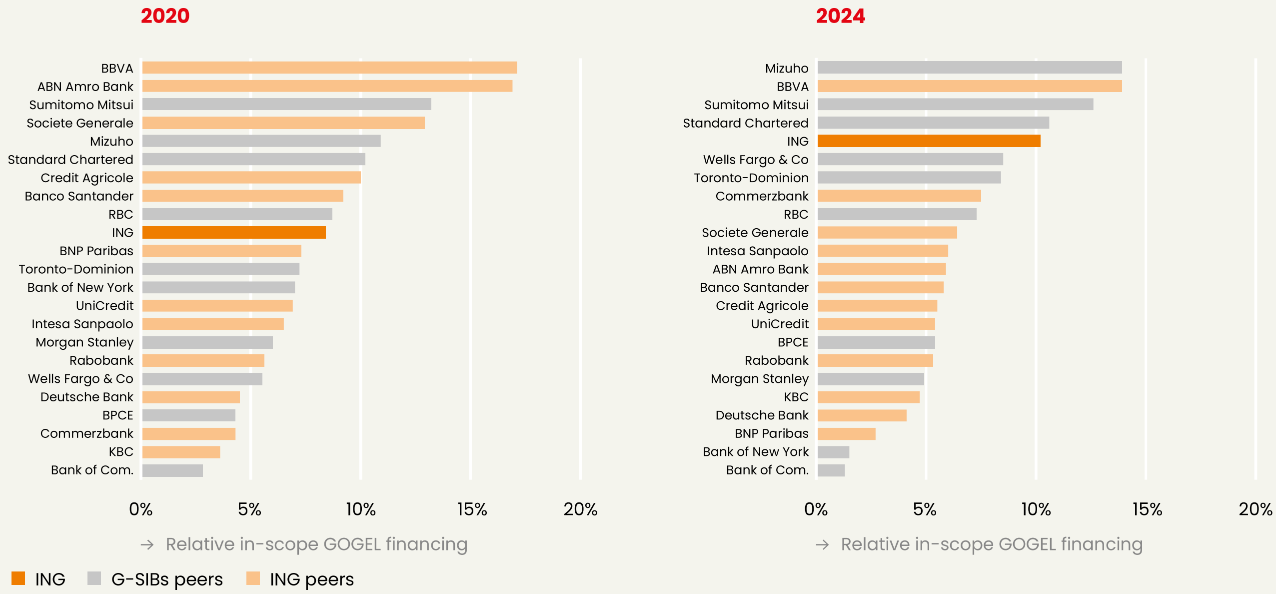


**Figure 16.** ING's newly committed financing of in-scope GOGEL companies compared to its direct and G-SIBs peers as a share of total corporate financing in 2020 (left) and 2024 (right). In 2024, ING was the 5th largest financier of in-scope GOGEL companies in its wider peer group.

**Most of ING's peer banks have been reducing their GOGEL company financing; ING is one of the few that increased its relative GOGEL company financing between 2020 and 2024.** Figure 17 shows the change between 2020 and 2024 in in-scope GOGEL committed financing as a relative share of total corporate financing. ING has increased its portfolio by 1.8 per cent, whereas most banks have reduced their relative share.

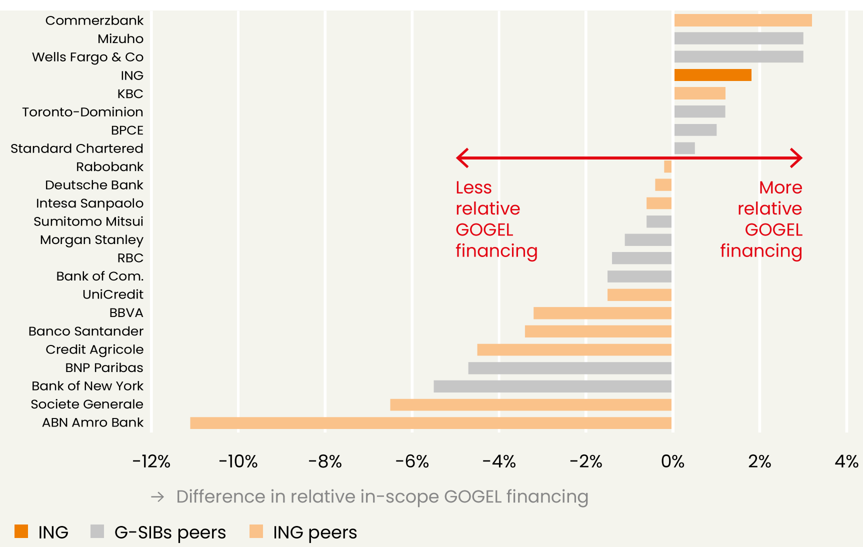


**Figure 17.** Change in relative portfolio, in-scope GOGEL committed financing versus total corporate financing, 2020–2024. Most of ING's wider peers have reduced the relative size of their fossil fuel portfolios, whereas ING has increased their relative in-scope GOGEL financing.

# 8 Conclusions and recommendations

**This report highlights significant discrepancies in ING's reporting of committed financing for Oil & Gas companies, classified as in-scope GOGEL companies, compared to its self-reported figures based on the Terra approach**. The findings indicate a concerning trend of increasing commitment to companies actively expanding fossil fuel production. This trend stands in contrast to the broader moves within the banking sector, where many major banks have generally decreased their financing of entities and companies that are expanding their fossil fuel production and infrastructure (and thus are not aligned to IEA's Net Zero decarbonisation scenario).

**The analysis reveals that ING is moving in the opposite direction to its peers and overall market trends.** This growing disparity in financing practices raises questions about ING's ability to genuinely fulfil its responsibility to reach the Paris Agreement climate goals. It underscores the necessity for ING to adopt a more comprehensive evaluation mechanism that captures its true exposure to these sectors and ensures transparency in reporting to stakeholders.

**The reliance on incomplete methodologies, such as the Terra approach, not only misrepresents ING's climate actions but also poses significant risks to its achieving critical climate goals**. As the financial sector plays a pivotal role in transitioning towards a sustainable economy, it is essential for ING to align its lending and investment strategies with evolving climate realities. This includes regularly updating its methodologies to reflect the dynamic nature of the energy industry, and developing robust frameworks to engage with, and divest from, companies that continue to expand fossil fuel production and infrastructure.

# Recommendations

**Banks should stop providing new general-purpose financing to companies active in polluting sectors.**

- This analysis of ING shows that banks committed to meeting their net-zero climate pledges must change their financing practices, especially regarding loans and bonds issued for companies expanding Oil & Gas production and infrastructure.

- The offer of general-purpose financing, where funds can be used at the company's discretion, undermines climate commitments and should stop.

- To truly steer their clients to reduce emissions, banks should provide only earmarked "green finance" specifically for sustainable activities, such as renewable energy development. This targeted financing should ensure that funds contribute directly to climate goals and enhance accountability by allowing banks to measure the impact of their financing.

**Banks need to stop providing new financing to companies expanding fossil fuel production and infrastructure.**

- As the climate crisis intensifies and international agreements such as the Paris Agreement call for significant reductions in greenhouse gas emissions, banks and other financial institutions must play a crucial role in steering investment away from fossil fuels.

- Banks need to stop providing financing for Oil & Gas companies that continue to expand their production and infrastructure, as found on the Global Oil & Gas Exit List (GOGEL).

- This approach acknowledges the need for a transition to a sustainable energy system and discourages long-term investments in assets that are likely to become stranded due to shifting regulations and market realities, as the IEA NZE decarbonisation scenario shows.

**Banks need to audit their sustainable finance claims to ensure transparency and accountability related to reaching decarbonisation targets.**

- Independent auditors provide an unbiased evaluation of a bank's financial statements and sustainability claims. This objectivity ensures that stakeholders can trust the information being reported without any undue influence from the banks themselves.

- By replacing self-reporting with independent audits, banks can be held accountable for their environmental actions. This accountability should compel banks to prioritise their sustainability initiatives and ensure that commitments to decarbonisation targets are not just empty promises.

# 9 ING's response

On 13 December 2024, ING was delivered a copy of the calculated data per year of ING's committed financing for loans and bonds across the Terra sectors and in-scope GOGEL companies, together with a brief overview of the methodology.

On the same day, 13 December 2024, ING responded:

> *"Am I correct to see that there are no company names in the overview? Would you be able to share your dataset in full?"*

SOMO responded that due to the license agreement with the London Stock Exchange Group (LSEG), SOMO is not able to share the full dataset.

19 December 2024, ING responded:

> *"Before we can provide any meaningful comment, we need to obtain access to the data used in your analyses. We would not be able to review your analyses if we do not know the exact methodology and selection in the databases that have been applied by SOMO. As SOMO is not able to provide us with this information, we are not able to respond to your request."*

SOMO responded with an elaborate description of the used datasets, the selected fields, the method of allocating finance from a loan across underwriting banks, and a list of selected business classification codes used to filter the Terra Sectors. The shared description formed the basis of the appendix found in this report.

On 24 December 2024 ING responded:

> *"Many thanks for sharing an overview of your methodology applied. This is much appreciated.*
>
> *"As we enter the holiday season and many of our colleagues will be off for the coming two weeks, we would not be able to review your analyses timely. To be more precisely; we would not be able to respond to your request to review and confirm the accuracy of the data presented in your analyses by 3 January latest, as requested by SOMO.*
>
> *Rather than checking calculations though, the key element in any report review would be an analysis of the methodology applied. Please find a link to our climate approach, methodology and lending data in our Climate Progress Update 2024. If you would like to discuss your methodology applied and/or ours, we would be open to do so."*

On 31 December 2024, SOMO responded with an extension of the deadline, 8th January.

On 7 January 2025, ING responded:

> *"Regarding your request, in which you asked ING to review SOMO's data-analyses by 8 January latest, we would like to answer as follows:*
>
> *"Regardless the short deadlines over the holidays provided by SOMO, rather than asking ING to check SOMO's calculations, we consider it to be more useful for SOMO and ING to discuss your methodology applied. We would welcome such dialogue. For example; what's your rationale for taking 2007 as a starting date in your analyses? Wouldn't it be better to use 2015, the year of the Paris climate agreement as a starting point? Or the year that a methodology got published indicating a climate alignment pathway for a specific sector?*
>
> *"ING uses our Terra approach to steer the most carbon-intensive parts of our loan book towards net zero by 2050. The sectors in scope are power generation, oil & gas, automotive, shipping, aviation, steel, cement, residential mortgages and commercial real estate. For each sector, we apply what we consider to be the best-fit methodology to measure the transition that needs to happen in the economy (our 'toolbox' approach, see page 54 of our 2023 Climate Progress Update) and use that methodology to set the targets we are required to meet to achieve emissions reductions and to steer our portfolio. We disclose our progress on a yearly basis in this report.*
>
> *"Building on our previous efforts to help develop methodologies that can be used by financial institutions and sector participants to benchmark their own alignment with net-zero goals - like the Poseidon Principles for the shipping sector and the Sustainable STEEL Principles for the steel sector - we're now collaborating with RMI's Center for Climate Aligned Finance and three banking peers on a new methodology for the aluminium sector. We also joined the Partnership for Carbon Accounting Financials (PCAF) and aim to contribute to the improvement of PCAF methodologies by supporting ongoing and new working groups that are helping financial institutions understand the impacts of products which are not yet covered.*
>
> *"Happy to discuss our methodologies applied, targets set and performance in more detail with you."*

The same day SOMO answered with the request to schedule a meeting that week. On Friday 10 January a call was initiated by SOMO, once again to see if a meeting, even a short one, could be arranged to at least discuss the key aspects of the methods chosen, in particular the business classifications used in the Terra approach.

On 15 January 2025 ING responded:

> *"Thanks for reaching out over the phone discussing your draft report, last Friday. In your report, you focus on lending and bond issuance. To date, in our Terra climate alignment approach, targets set and performance measured focusses on our lending portfolio only. We will start reporting on our bond issuance activities in 2025. I am happy to keep you updated on next steps.*
>
> *During our call, you told me your analyses seems to be false as the numbers in your report do not align with ING data reported. As such, you requested to plan a 30-minute meeting with our experts to discuss our Terra approach and how we allocate clients & lending data per Terra sector. You take interest in doing so based on historic data going back to 2007. And you explained that you would need to obtain these insights by yesterday or today latest to validate your findings and to finalize your report.*
>
> *I am afraid we have not been able to cater for your request at such short notice. Explaining our approach and taking you through our lending data from recent years, requires a bit more time and planning. And matching historical lending data from 2007 to climate alignment pathways developed in the years after 2018, is just not possible I am afraid.*
>
> *When drafting your report, it is important to focus on the outlines and methodologies applied. For the product types in scope and how we 'match' the outstanding lending amount of each client to its climate performance, please see our 2023 Climate Report (pages 48 and beyond). In it, we explain that we focus on the most carbon-intensive sectors we finance. The methodologies we use focus on the part of the value chain which accounts for the bulk of the impact on the climate system, and on which decarbonisation efforts must be concentrated to spur the entire sector to fall into alignment.*
>
> *Let me take automotive as an example. As we aim to steer our automotive lending portfolio, we thus focus on car manufacturing, not on suppliers of engines or tires and not on dealers, maintenance and recycling. See the below:*
>
> *A first glimpse at your datasheet shows that you included clients and activities that are not in scope of Terra (see the Excel attached). For automotive you included engine & tires manufacturing, car dealers, etc. In our Climate Progress Update ("Methodological and technical notes" pages 96 and beyond) you will find the most recent information on what is in scope of our targets in the various sectors and the lending amounts in scope. For automotive, we state: 'For the automotive sector in total €2.9 billion is in scope of our target. This covers all on-balance/funded term loans and revolving credit facilities to original equipment manufacturer (OEM) companies that manufacture light duty vehicles.'*

*As explained above, we would not be able to validate your report, and we express our concern that the structure and methodology applied in your report does not provide a basis for meaningful comparison with our Terra data reported."*

In response to the key points made by ING:

- A key difference in the used methodology is that this report includes both loans and bonds, whereas ING only includes loans. In ING's response they acknowledge the importance of taking both forms of finance into account, and confirmed that they will be reporting on their bond issuance activities in 2025.

- A concern of ING is that the data used in this report starts from 2007 onwards. ING writes that: *"matching historical lending data from 2007 to climate alignment pathways developed in the years after 2018, is just not possible"*. However, this report is not matching climate alignment pathways, it is merely matching financial transactions to sectors through either the business classification code (for the Terra Sector and Activity) or the company (for the in-scope GOGEL). The matching can be done for any loan or bond, irrespective of when it is issued.

- Further, it is important to use data from 2007 onwards due to the nature of how ING reports their financing. As described in the Appendix on methodology chapter G, ING reports not in yearly loans issued, but in outstanding loans. To assess which loans are outstanding in 2023, you need to be aware of all loans previously issued that are still open. The analysis in the appendix shows that by taking data from 2007 onwards, any calculations of outstanding loans after 2019, when ING launched its climate ambitions, is reliable.

- ING expresses the concern that included activities that were not in scope of Terra, and refers to their 2024 Climate Update report. However, this report does not contain the classifications used. ING did reply with a review of the business codes, highlighting the difference between the sector and activity and specifying codes included in the activities. Based on this review, three updates were made:
    1. The business classification was updated to use the NAICS system. instead of the TRBC system, to more closely reflect the methodology that ING uses. Both classification systems are relatively congruent, the update was not material on the conclusions made.
    2. We updated the Terra activity "Steel Production" to include Foundries. This was initially omitted, but this shortcoming was highlighted by ING in their review.
    3. Throughout the report we clarified the difference between ING's Terra sectors and Terra activities. The key differences are reported on activity level, more closely aligning to the methodology used by ING.

# Appendix on methodology

This Appendix provides an overview of the methodology used in producing this report.

The underlying data used for all the report's figures and tables can be found in the **Data appendix** available through this link to an Excel file shared on SOMO site.

## A. Data source

Data was downloaded from the London Stock Exchange Group (LSEG) database, formerly known as Refinitiv. Database coverage includes all transactions of which LSEG has been made aware. Within the LSEG database three datasets were accessed: "Issued loans" (TR.LN, via the "Deals Loan" universe); "Issued bonds" (TR.NI, via the "Deals Bond" universe); and "Fundamental data" (TR.F, extracted through the "Public Companies" universe).

Tables 10, 11, and 12 show the extracted fields, as well as the LSEG name and description.

| LSEG field name | LSEG field description |
|---|---|
| TR.LNDealFacilityId | Deal PermID |
| TR.LNAnnouncementDate | Announcement Date |
| TR.LNFinancialCloseDate | Dates: Issue Date |
| TR.LNMaturityDate | Maturity: Maturity Date |
| TR.LNTrancheType | Transaction Category |
| TR.LNUseOfProceeds | Use of Proceeds |
| TR.LNRepaymentType | Repayment type |
| TR.LNIssuerPermId | Issuer/Borrower PermID |
| TR.LNIssuer | Issuer/Borrower Short Name |
| TR.LNIssuerTRBCActivity | Issuer/Borrower TRBC Activity |
| TR.LNIssuerUltParentPERMID | Issuer/Borrower Ultimate Parent PermID |
| TR.LNIssuerUltParent | Issuer/Borrower Ultimate Parent's Short Name |
| TR.LNIssuerUltParentTRBCActivity | Issuer/Borrower Ultimate Parent TRBC Activity |
| TR.LNTotalFacilityAmount | Proceeds Amount This Market |
| TR.LNFacilityCurrency | Currency |
| TR.LNTrancheAmount | Tranche Amount |
| TR.LNTrancheCurrency | Tranche Currency |
| TR.LNManagerCount | Number of Lead, Co-Lead & Co-Managers |
| TR.LNManagerCode | Bookrunner Or Co-Managers Short Name |
| TR.LNManagerParentCode | Bookrunner Or Co-Managers Parent Short Name |
| TR.LNManagerRole | All Loans Manager Roles |
| TR.LNCommitmentAmount | Amount Allotted to Managers, incl. Syndicate member |

**Table 10.** Selected fields for "Issued loans" (TR.LN) dataset.

| LSEG field name | LSEG field description |
|---|---|
| TR.NIDealID | Deal PermID |
| TR.NIISINAtOffer | ISIN |
| TR.NIAnnouncementDate | Announcement Date |
| TR.NIIssueDate | Dates: Issue Date |
| TR.NIRedemptionMaturityDate | Maturity: Maturity Date |
| TR.NITransactionCategory | Transaction Category |
| TR.NIIssuerPermID | Issuer/Borrower PermID |
| TR.NIIssuerShortName | Issuer/Borrower Short Name |
| TR.NIIssuerTRBCActivity | Issuer/Borrower TRBC Activity |
| TR.NIIssuerUltParentPermID | Issuer/Borrower Ultimate Parent PermID |
| TR.NIIssuerUltParentShortName | Issuer/Borrower Ultimate Parent's Short Name |
| TR.NIIssuerUltParentTRBCActivity | Issuer/Borrower Ultimate Parent TRBC Activity |
| TR.NIPrincipalAmtThisMkt | Proceeds Amount This Market |
| TR.NIOfferCurrency | Currency |
| TR.NICouponType | Coupon: Coupon Type |
| TR.NICouponRate | Coupon: Coupon Rate |
| TR.NIUseOfProceedsType | Use of Proceeds |
| TR.NIBookOrCoManagerShort | Bookrunner Or Co-Managers Short Name |
| TR.NIParentBookOrCoManagerShort | Bookrunner Or Co-Managers Parent Short Name |
| TR.NIManagerAllocAmt | Amount Allotted to Managers, incl. Syndicate member |

**Table 11.** Selected fields for "Issued bonds" (TR.NI) dataset.

| LSEG field name | LSEG field description |
|---|---|
| Instrument | Company PermID |
| TR.F.CommonName | Company Name |
| TR.F.OpProfBefNonRecurIncExpn | Operating Profit before Non-Recurring Income/Expense |
| TR.F.CAPEXTot | Capital Expenditures – Total |
| TR.F.CAPEXNetCF | Capital Expenditures – Net – Cash Flow |

**Table 12.** Selected fields for "Fundamental data" (TR.F) dataset. Note that only the gross profit and CAPEX fields are highlighted as to their relevance for this report.

## B. Data extraction

Data was extracted on 20 November 2024, and all 2024 data was updated on 6 January 2025.

The method used is an extraction per country of issue and year of issue via the LSEG Python library using the *get_data* function to limit the number of calls per request. For the "Fundamental data", the *get_history* function was used per instrument.

### C. Variable coverage
The data downloaded covers 690,415 unique bonds and 193,597 unique loans issued or taken out between 1 January 2007 and 31 December 2024 by 82,113 unique companies.

From there we filtered out 602 loans that have no issued value, and one loan with no known underwriter. All bonds have an issued value, and only one bond had no underwriter.

Loans are mostly extended in tranches, generally reflecting different levels of risk. A total of 66,724 loans have multiple tranches. We view each loan as a whole, rolling up the tranches. Bonds are mostly issued in single tranches in the LSEG data. Bonds issued in multiple capital markets are treated as separate bonds.

### D. Currency exchange rates
All data is downloaded in local currency, because the conversion of the underwriting currency to Euro is not accurate via the Application Programming Interface (API) connection. As such, for all used currencies, the daily exchange was extracted from the LSEG data (field *BID*).

Nearly all the loans and bonds had a correct currency exchange rate. Eight loans and ten bonds issued in Croatian Kuna, Belarusian Ruble, Latvian Lats, and IMF Special Drawing Rights were removed from the dataset. The impact is not material.

### E. Allocation of committed financing to underwriting banks
Allocation to the underwriting bank was done via the *TR.LNManagerParentCode* field for the loans and the *TR.NIParentBookOrCoManagerShort* field for the bonds. Next to 13,115 transactions for ING, 35 deals were reported for Vysya Bank between 2008 and 2015.

However, the majority of the transactions have no or an incorrect value attributed to the participating underwriter and needed to be corrected.

For loans, 173,549 have reported multiple banks as underwriters. Of these loans, 32,366 have correctly reported the underwriting position per bank within 1 per cent of the total amount issued. A larger share of the loans, 139,532, have no underwriter value. For these loans, we divide the total issued value equally across the participating underwriters irrespective of their role. For 117 of the loans too much value was attributed to participants, and for 1,534 loans too little value was attributed. In those cases, we adjust on an equal basis among participating underwriters.

For bonds, 308,052 have reported multiple banks as underwriters. Of these bonds, 48,544 have underwriting values for which the sum of the underwriting positions is within 1 per cent of the total amount issued. For 257,972 bonds, no underwriting value has been reported. For these bonds, we divide the total issued value equally across the participating underwriters irrespective of their role. For 707 of the bonds too much value was attributed to participants, and for 829 bonds too little value was attributed. In those cases, we adjust on an equal basis among participating underwriters.

### F. Validation of bonds underwriting using G-SIBs reports

To validate the committed bond financing attributed to ING, we compared the total bond financing of ING to what the bank states in its G-SIBs report under section 8.b, "Debt underwriting activity". We follow the definition in the instructions from the Basel Committee on Banking Supervision,[58] where all debt activity is reported excluding intra-group and self-led transactions and certificates of deposits (as declared in the *TR.NITransactionCategory* field).

For ING, we find that the declared G-SIBs debt activity between 2013 (the start of G-SIBs reporting) and 2023 was on average 2.9 per cent higher annually than the calculated committed financing as found in the LSEG database. Figure 18 shows yearly debt underwriting as calculated with the LSEG data and reported through the G-SIBs forms. This analysis validates that the use of data from the LSEG database and the method of allocating bond financing are sufficient to support this report's conclusions.

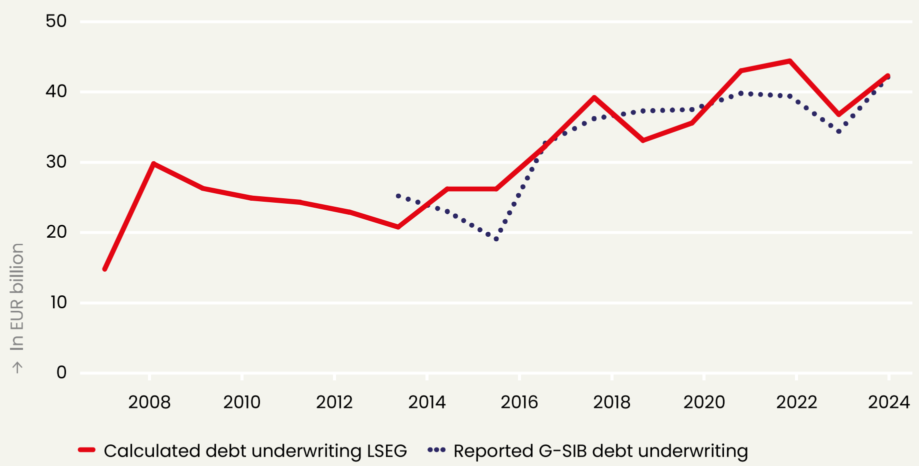


**Figure 18.** ING's calculated debt underwriting identified via LSEG data compared to its reported G-SIB debt underwriting (EUR billion per year).

### G. Validation of loan underwriting using reported outstanding loan amounts

To validate the committed loan financing attributed to ING, we compared ING's total loan financing to what the bank states in its Annual Report. The Annual Report reports only "corporate loans". To focus specifically on corporate financial transactions we filter out loans designated Financial and Real Estate. We assess both the issuer/borrower and parent to make sure that financial subsidiaries of non-financial institutions are included, such as Glencore Funding LLC and Lukoil Intl. Fin. BV, which classify as financial institutions but have parents in the Energy sector.

58 Basel Committee on Banking Supervision, Instructions for the end-2023 G-SIB assessment exercise, January 2024.

Further, for this purpose we use The Reference data Business Classification (TRBC) sector codes instead of North American Industry Classification System (NAICS) codes due to a higher coverage of classification in LSEG. Within LSEG all companies have a TRBC code. However, for ING, 3.6 per cent of the committed financing has a missing NAICS code.

In calculating the loans, we cannot take the newly issued loans in a year. ING's Annual Report reports only *outstanding* loans and not newly issued loans. Hence, we calculated the outstanding loans at any point in time by month between 2007 and 2023 by keeping track of which loans were issued and have matured.

For the 243 loans and bonds where no maturity date is reported, we assumed an average maturity date (4.9 years for loans and 10.0 years for bonds).

The result, shown in Figure 19, is that initially the calculated outstanding loans at year-end increase until they stabilise from 2019 onwards. This shows that any calculations of outstanding loans after 2019 is reliable.

The outstanding loans as calculated through this method using LSEG data for 2023 year-end total EUR 250.3 billion, compared to EUR 272.5 billion in total outstanding *corporate* loans stated in ING's Annual Report 2023 (page 237), making a difference of 8.9 per cent in outstanding loans. ING only reported the outstanding corporate loans in 2021, 2022, and 2023, with an average yearly difference of 8.3 per cent.

Part of the difference may be due to the repayment schedule, as loans can be repaid at the end (bullet loans) or during the period (amortizing loans). However, 86% of all corporate ING loans lack a reported repayment type (field TR.LNRepaymentType) in the dataset. Amortizing loans are characterized by a fixed repayment schedule, unlike linear repayment loans, achieved by reducing the interest component and increasing the repayment component over time. Consequently, amortizing loans are largely repaid at the end of their runtime, and this repayment schedule modestly reduces the calculated outstanding loan amount.

However, the LSEG primarily reports on syndicated loans, with only 1.7 per cent of loans reported for ING listed as single underwriter, missing out on most bilateral loans.

Further evidence that the data from the LSEG provides a lower-bound estimate of ING's lending portfolio is the method ING uses to report revolving credit facilities. ING's Annual Report reports only the part of the facility that the issuer has drawn, placing that part on the balance sheet. At 2023 year-end, as shown in Figure 20, the LSEG data shows that ING has EUR 105.2 billion outstanding in revolving credit facilities. As only a part of each revolving credit facility is reported under total corporate lending, the remainder comprises bilateral loans that are absent from the LSEG data.

For sake of completeness, revolving credit facilities can also be facilitated bilaterally, and which part of those loans is drawn is also unknown. However, ING reports its total undrawn committed guarantees, under International Financial Reporting Standards reporting guidelines (IFRS 9), and these amounted to EUR 150.1 billion in 2023, more than the total found in the LSEG data.

In conclusion, even though data on repayment schedules are incomplete and the method by which ING reports its revolving credit facilities may differ from this report's methodology, the LSEG data does omit bilateral loans. We can therefore conclude that data used in this research is a conservative, lower-bound estimate.

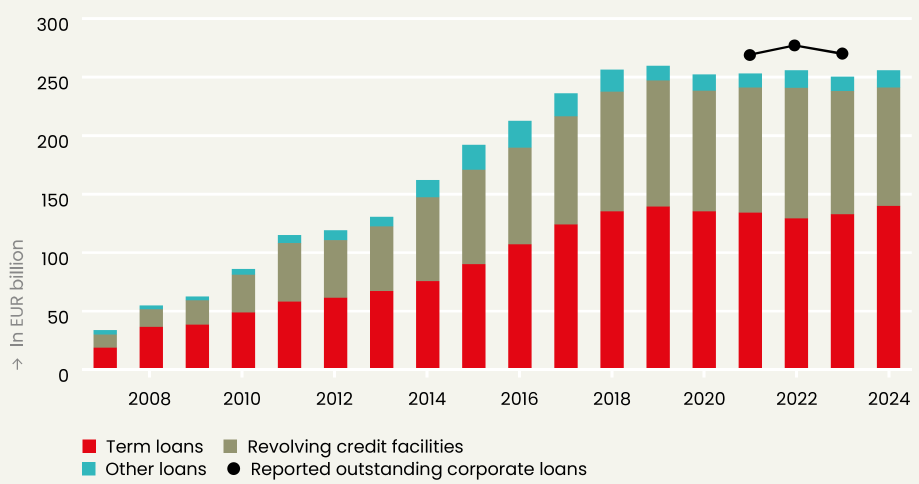


**Figure 19.** ING's total outstanding corporate loans (EUR billion per year), split into loan types, as calculated with LSEG data and stated by ING in its Annual Report. Amounts for the period prior to 2019 increase because of outstanding loans issued prior to 2007 for which the data does not exist. ING has only reported outstanding corporate loans for 2021, 2022, and 2023.

**H. Allocation of committed financing to Terra sectors**
Allocation to the Terra sectors is based on NAICS, which ING also uses to identify outstanding financing in most of its Terra sectors and Terra activities.

For mapping, the NAICS code is not present in the loans and bonds database. Hence, we perform a look-up of the issuer/borrower (*TR.LNIssuer* for loans and *TR.NIIssuerPermID* for bonds) in the "Fundamental" dataset to map in the NAICS code (*TR.NAICSNationalIndustryCode)*.

Note that this has led to an underestimation of the total financing. For ING, 3.6 per cent of the committed financing has a missing NAICS code.

**I. Allocation of committed financing to in-scope GOGEL companies**
Allocation to the GOGEL list is made via the issuer/borrower (*TR.LNIssuer* for loans and *TR.NIIssuerPermID* for bonds) or the parent (*TR.LNIssuerUltParent* for loans and *TR.NIIssuerUltParentShortName* for bonds). The connection was created using the

available LEI or ISIN codes in the GOGEL list where available, and otherwise via a query of the GOGEL name through the LSEG "Organisation" dataset.

Mapping through the parent is necessary because often the financing is through a subsidiary of the company found on the GOGEL list. For example, ING has financed the Gate Terminal in Rotterdam. This subsidiary is not directly on the GOGEL list, but the parent, Koninklijke Vopak NV, is.

Further, the GOGEL list contains both Upstream, Mid-/Downstream, and Power companies. For this report we focused on companies that have either IEA NZE-incompatible Upstream or Midstream expansion plans. Incompatible Upstream expansion plans are defined as development plans that overshoot the IEA NZE scenario or have a positive exploration CAPEX (>USD 0 million per year). Incompatible Midstream expansion plans are defined as plans that have large-scale pipelines under development (>0 km) or LNG capacity under development (>0 million tonnes per annum).

An overview of all mapped companies can be found in the **Data appendix** at link to Excel file shared on SOMO site , as the table is too long for publication in the report.

# Colophon

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**Uncovering a Multibillion-Euro Fossil Fuel Financing**
February 2025

**This report is a collaboration between SOMO and Milieudefensie.**

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**We would like to express our thanks** for all the reviewers who have carefully examined the report and calculations to provide extensive feedback.
**Editor** Miles Litvinoff
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