

ING Group Sustainability Report

2012

ING in Society

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About this report

Content

This ING in Society Report 2012 gives an update on progress on the priorities set out in the Report 2011. It contains data and information on different aspects of our business and operations. Our intention and efforts in separating our Banking and Insurance and Investment Management businesses are reflected in this report.

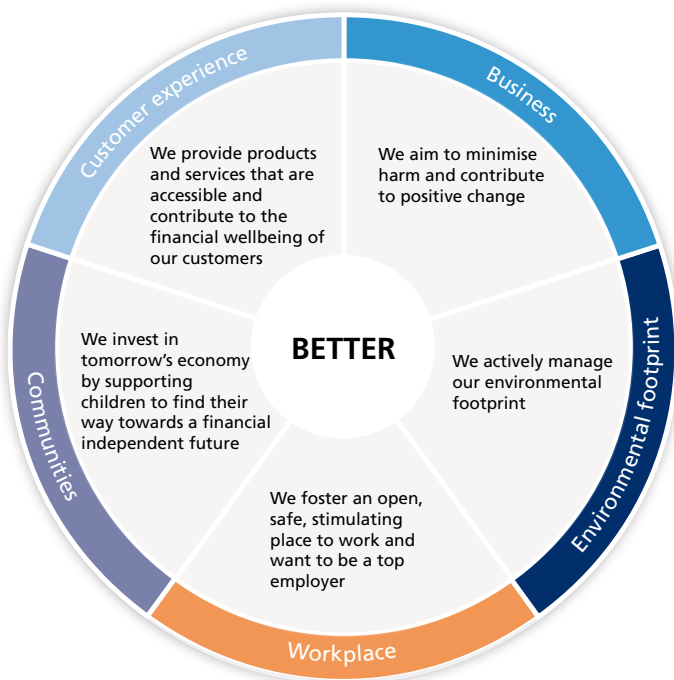
Audience

This report aims to service the information needs of our stakeholders. It is specifically based on expectations that were expressed by our customers, employees, investors and those with an advanced understanding of sustainability issues, in particular sustainability rating agencies and analysts.

ING for Something Better reporting framework

In 2011, we introduced the 5 Pillar “ING for Something Better” reporting framework, which describes the areas that are a priority for us in order to further develop and embed sustainability. The five pillars are Better customer experience, Better business, Better environmental footprint, Better workplace and Better communities.

ING FOR SOMETHING BETTER REPORTING FRAMEWORK



Scope and definitions of reported data

In order to obtain the relevant data for this report, ING business units over which we have management control, and which have more than 100 FTEs, submitted their environmental and social performance data to the ING Sustainability department.

In addition, a few selected business units with less than 100 FTEs submitted performance data to be included in the overall process. This information is collected through a proprietary, online sustainability data-collection tool. Definitions of the various terms and abbreviations in this Report can be found in the relevant paragraphs and in the glossary. For performance indicators that are not covered by our data-collection tool, we gather information from different levels in the organisation.

Data validation

The centralised data processing team at ING Group is assisted by an independent external agency (Royal HaskoningDHV) that helps to validate and process the large amount of data gathered from the ING facilities around the world. We have developed a basic reporting protocol and defined the requests for specific data in our collection tool to align the understanding of what data are required from the country offices.

Reporting criteria

The content of this report was guided by the Sustainability Reporting Guidelines (G3.1) and the Financial Sector Supplement of the Global Reporting Initiative. We also developed and implemented additional reporting criteria, based on research, stakeholder engagement and the feedback from, for example, the Dow Jones Sustainability Index and the Dutch Transparency Benchmark. We report at an A+ Level on the GRI 3.1.

For more information about our compliance with GRI standards, please visit www.ingforsomethingbetter.com

DEVELOPMENTS IN 2012

Next steps in integrated reporting

We are increasingly moving towards more integrated reporting for both the financial and non-financial aspects of our performance. ING has included a chapter on its sustainability strategy in the annual financial report since 1995, and in 2011 we started to integrate sustainability performance data in our quarterly financial reports. In 2012, we integrated relevant updates on our sustainability performance throughout the various sections of the ING Group Annual Report. We believe an integrated approach to reporting provides readers with greater context in evaluating our performance. However, we acknowledge that fully integrated reporting will require further adjustment, alignment and integration of systems and processes. This is work in progress. The publication date of this ING in Society Report is aligned with the ING Group Annual Report 2012.

Data gathering

We further developed and refined our efforts with regard to obtaining better and more extensive data to meet the increasing demands of our various stakeholders. The proprietary, online data-collection sustainability tool that we use to gather, track and validate data required for our annual sustainability reporting cycle, has been extended to include extra topics that help give a more extensive overview of our performance. Additional data will be included in the 2013 Report.

Monitoring progress/KPIs

In this ING in Society Report, we provide insight into our non-financial performance based on the KPI framework as used in the previous years. In 2013, we will further develop our performance measurement criteria. We will create a longer-term perspective by setting three-year instead of one-year KPIs for our organisation. This new framework will guide our actions in the period from 2013 to 2016.

Assurance

In 2012, we changed assurance providers and started working with KPMG, whom we requested to provide limited assurance on the full ING in Society Report 2012. Please refer to the Independent Assurance Report on [page 79](#) for more details.

Materiality

The materiality assessment in this report allows us to take a considered look at the issues that are of concern to our stakeholders and that potentially affect our ability to execute our business strategy. We identify and prioritise these areas of focus based on the results of our engagement with stakeholders, the review of ratings and rankings surveys, investor questionnaires and studies, and through internal consultations with senior executives and colleagues throughout the year. See [page 16](#) for our materiality analysis.

Print to digital

The ING in Society Report 2012 is printed in a very limited edition in order to minimise the environmental impact of this publication. A downloadable PDF version of the report is available on www.ingforsomethingbetter.com.



REPORTING TIMELINE



Chairman's message



Dear Reader,

Four and a half years have passed since the emergence of the financial crisis. During this period, we have experienced far-reaching changes, both in the financial sector and within our company. Despite the challenging circumstances, such as altered public expectations, a tightening regulatory landscape and continued economic instability, ING managed to become a financially stronger company. We were only able to achieve this progress thanks to loyal customers, prudent balance sheet management and the drive of our staff to do the utmost for our customers. There is still a lot of work ahead of us, but the foundations for further changes are in place.

'Taking charge of change' is the theme of our ING Group Annual Report 2012 and this ING in Society Report 2012, as it was the common thread across our operations: managing change to create truly customer-oriented businesses and prepare for a new destiny as a European-based, full-service bank, while ensuring an independent future for our insurance businesses.

In 2012, we again made important strides in becoming a stronger company that serves the needs of its stakeholders well. Our restructuring efforts are on track and our company's financial and commercial performance have been robust, especially given the tough market climate. Through divestments, we continued to sharpen our focus and again became smaller.

In November, we repaid another tranche of the capital support provided by the Dutch State in 2008. The total EUR 10.2 billion repaid so far consists of a principal amount of EUR 7.8 billion and EUR 2.4 billion in premiums and interest. Secondly, ING and the Dutch State reached an agreement with the European Commission about amending the restructuring plan that we had to submit to obtain approval for the state aid we received. The agreement gives us more time and greater flexibility to meet the requirements of the European Commission.

However, 2012 was also a year in which we have had to account for past breaches of US regulations. The violations that took place until 2007 were serious and unacceptable. The facts compiled in the Department of Justice statement describe a very different ING from the company today. All enhancements that have been implemented in the past years are designed to meet or exceed current rules and regulations of law enforcement agencies, and are aimed at preventing practices of this type from occurring in the future.

After all the developments in the past years, an important priority for us is to restore trust. This starts by being a strong and financially sustainable company that puts its customers first. Creating value for our shareholders is crucially connected to the prosperity of the communities in which we operate and the financial wellbeing of our customers. At the end of the day, we are here to provide for our customers, to protect them and to help them be financially successful. This also means taking full responsibility for what goes on inside our company and upholding the ING Business Principles in every aspect of our work. We owe nothing less to our customers and other stakeholders – and nothing less is acceptable.

Equally important, especially against the backdrop of increasing stakeholder expectations, is the legitimate call on financial institutions to make a positive contribution to society. Our business and sustainability strategy are therefore ever more closely intertwined. From the moment we launched our first social and environmental policies more than 15 years ago, we have striven to integrate our ambition to operate responsibly and contribute to a sustainable society with our business goals and strategy. We are now accelerating this process to meet the increasing call for sustainable financial services.

In 2012, we strengthened our commitment to minimise any potential unethical, illegal or harmful consequences of our business activities, investments or transactions through the revision of our Environmental and Social Risk Framework. Our policies are continuously developed in close alignment with internationally agreed standards. For instance, ING was amongst the founding signatories of the United Nations Principles for Sustainable Insurance (PSI), which were launched at the UN Conference on Sustainable Development in Rio de Janeiro in 2012. Having already embraced the Principles for Responsible Investment (PRI) since 2009, we consider the UN PSI a further evolution in our efforts to support the transition to a more sustainable economy.

In May 2012, ING was chosen as chair of the Steering Committee of the Equator Principles, which are the standard in the financial industry for assessing and managing environmental and social risk in project finance transactions. And within ING Lending Services, a dedicated Sustainable Lending Team (SLT) was established that will further explore future sustainable opportunities.

I would also like to mention that ING has added new transactions to its renewable energy portfolio in the Geothermal and (Offshore) Wind energy sector. We provide financing to such projects, despite the sometimes challenging circumstances such as new technology or changing regulations. In 2012, ING financed the 'Northwind' project, a 216 MW Belgian offshore wind park that provides electricity for around 230,000 households. The project was awarded 'European Renewables Deal of the Year'.

At ING IM, the volume of sustainable assets grew thanks to several new sustainable mandates. As a result, we nearly doubled the Sustainable Assets Allocated as compared to last year. And at ING Bank in the Netherlands, we are currently celebrating the 12th ½ anniversary of our sustainable investment activities. As we also want to take into account the environmental and social aspects of the products and services we procure, we committed ourselves in 2012 to enhancing the sustainability of our procurement practices. As a signatory to the UN Global Compact, we have asked our suppliers to agree to comply with these 10 Principles, which promote human rights, fair labour practices, environmental protection and anti-corruption.

Another important aspect of our sustainability approach relates to a subject particularly close to my heart: our efforts to serve the needs of future generations. We believe that investing in children, and in particular in their education, is one of the most important ways to invest in tomorrow's economy. Therefore, we extended our partnership with UNICEF for another three years. Thanks to the contributions of our employees, customers and business units, we have provided more than 780,000 children around the world with access to primary education. Our support in launching the Children's Rights & Business Principles with UNICEF further emphasises our commitment to increase attention for underprivileged children around the world and to manage our business accordingly.

We are only able to further build and innovate our company thanks to the tireless work and commitment of our employees. Therefore, I consider it particularly difficult that the streamlining of our organisation has also forced us to let go a significant number of our people at the bank, insurance and investment management businesses. This is something we regret, but these measures are necessary and keep our company flexible in the current uncertain climate. I would like to thank all our employees for their dedication and resilience.

Personally, I have met with a large number of our employees and spent time with customers and other constituencies to explain our vision and strategy, and to find out what they think and feel about ING. By actively engaging with those who affect, or can be affected by, our organisation's activities, I stay informed of what we can do to improve our company.

A typical subject in this regard, which also came up in 2012, is the widespread social concern about the financial industry's remuneration practices. In this context we have amended and tightened up our remuneration policy over the past two years. And, as agreed with the trade unions, our new Dutch Collective Labour Agreement for Bank staff abolishes variable remuneration. We will continue to be committed to engaging with our

Chairman's message continued

stakeholders, actively observing and listening to their needs and expectations.

Although I believe we have made important steps forward, there always remains room for improvement. In the coming year, we will develop a sharpened framework of KPIs in order to better guide our activities and further enhance our accountability towards 2016.

In this report, we seek to provide transparency and accountability on the actions we take to live up to our commitments with regard to sustainability. As always, ING welcomes your feedback; I encourage you to share your thoughts on how we can further improve our performance.

As of 1 October 2013, I will step down as CEO. The Supervisory Board intends to propose Ralph Hamers to be appointed as a member of the Executive Board at the Annual General Meeting on 13 May 2013 and to succeed me as the next CEO as of 1 October 2013.

Until that date, I remain fully dedicated to leading ING as it shapes its future.

Jan Hommen

Chairman of the Executive Board

ING AT A GLANCE IN 2012

84,718

people employed by ING globally at year-end

€ 2,603 M

Underlying net result

100%

Carbon neutral

17%

Of our management council are women

€ 5,725 M

Total Sustainable Assets Allocated

40+

Number of countries with ING offices

92,469

Number of children provided with access to primary education

1. General

1.1 Company overview

OUR PROFILE

ING is a global financial institution of Dutch origin that currently offers banking, investments, life insurance and retirement services. With more than 84,000 employees, we serve over 61 million private, corporate and institutional customers in over 40 countries in Europe, the Americas, Asia/Pacific and the Middle East.

OUR STRATEGY

Since the financial crisis of 2008/2009, ING has put more emphasis on its priorities to put the customer first, to better balance the interests of all stakeholders, and to have strong, financially sustainable, simpler businesses. In 2012, several important milestones were reached.

First, we strengthened our capital, funding and liquidity positions to meet future regulatory requirements (Basel III), and continued to take a prudent approach to risk in a volatile external environment. Second, ING and the Dutch State reached an agreement with the European Commission (EC) in November 2012 on a revised Restructuring Plan. This has given us more flexibility in completing the divestments and making adjustments on other commitments in light of the market environment, economic climate and more stringent regulation. Third, ING's repayments (including premium payments) to the Dutch State exceeded the principal amount of capital support provided in 2008. Among all the European banks that received state aid following the crisis, ING is one of the furthest advanced in repaying its debts; what's more with a significant premium.

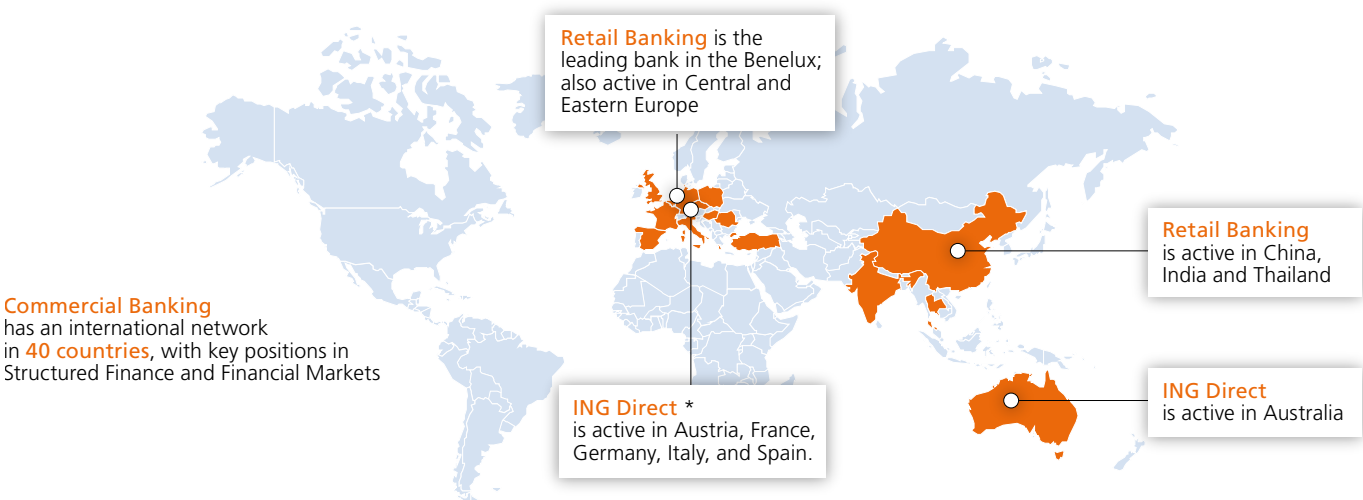
Moreover, ING updated and streamlined its remuneration policy, and continued to reduce its risk profile. Sustainability has become more central to ING's strategy and we continue to foster dialogue with all stakeholders. ING sharpened its strategy for the Bank, and further reduced the size of the Bank's balance sheet and simplified its product range, making the company easier to manage, and brought down the Bank's cost-income ratio slightly. At the same time, we managed to increase service levels, which has won ING Bank several industry awards. On the Insurance and Investment Management side, we announced the first five sales of our Asian Insurance/IM units, and both ING US (which is the new name for Insurance and IM activities in the US) and ING Insurance/IM Europe made strides in their initial public offering (IPO) preparations.

UNDERLYING NET RESULT 2012

In EUR million	
ING Bank	2,147
ING Insurance/IM	456
ING Group	2,603

WHERE ING BANK OPERATES*

ING Bank builds on its international network from its northern European home markets, capitalising on its leadership position in gathering savings, multi-channel distribution, simple propositions, cost leadership and marketing.



ING's presence at 31-12-2012

* ING announced a sale agreement for ING Direct UK on 9 October 2012

1.1 Company overview continued

ING'S BUSINESS LINES

BANKING

- ING Bank has over 33 million customers
- ING Bank has over 65,000 employees worldwide¹
- ING Bank is present in over 40 countries

Since 1 January 2010, the banking activities are divided into two main business lines: Retail Banking and Commercial Banking.

Retail Banking

Retail Banking provides retail and private banking services to individuals and small and medium-sized enterprises in the Netherlands, Belgium, Luxembourg, Poland, Romania, Turkey, India, Thailand and China (through a stake in Bank of Beijing), as well as to customers in the ING Direct countries¹ Spain, Australia, France, Italy, Germany and Austria. Retail Banking is converging to one retail model. It offers a limited number of easy and transparent products at low costs, focusing on the business model 'direct if possible, advice when needed'.

Commercial Banking

Commercial Banking has a market leading franchise in the Benelux and a strong position in Central and Eastern Europe. Internationally, it is a leader in selected areas within Industry Lending and Financial Markets. It serves its clients, ranging from mid-sized enterprises to multinationals, also including

1. ING announced a sale agreement for ING Direct UK on 9 October 2012.

governments and supranational organisations, through an extensive global network of operations in more than 40 countries.

ING offers a range of basic commercial banking services, such as lending, payments and cash management, leasing, factoring, treasury and foreign exchange products. It also provides more tailored solutions, including specialised and trade finance, structured financial markets products, corporate finance, mergers and acquisitions, and debt and equity capital markets advice.

INSURANCE & INVESTMENT MANAGEMENT (IM)

- ING Insurance/IM has over 18,000 employees worldwide²
- ING Insurance/IM has over 28 million customers

The insurance activities are structured by region: Insurance Benelux, Insurance Central & Rest of Europe, Insurance US, US Closed Block VA and ING Investment Management.

Insurance Benelux

Insurance Benelux includes ING's life and non-life insurance, investment and pension businesses in the Netherlands, Belgium and Luxembourg.

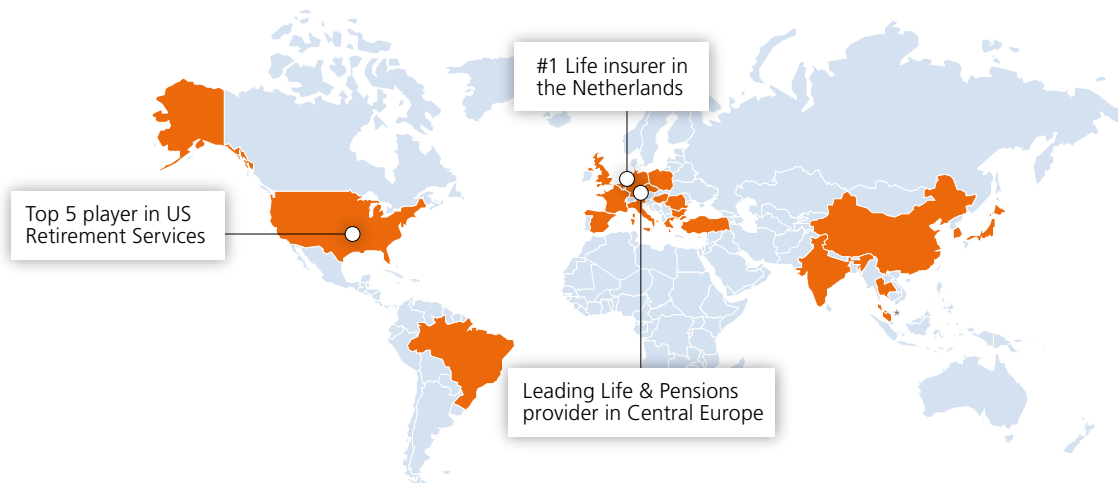
Insurance Central & Rest of Europe

Insurance Central & Rest of Europe consists of ING's life insurance and pensions operations in nine countries, which include Poland, the Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Greece, Spain and Turkey.

2. Excluding discontinued operations.

WHERE ING INSURANCE/IM OPERATES*

ING Insurance/IM has a strong position as a provider of life insurance, retirement and asset management services and is well positioned to capitalise on socio-economic trends.



ING's presence at 31-12-2012

* ING completed the divestment of Insurance Malaysia on 17 December 2012

1.1 Company overview *continued*

Insurance US

Insurance US includes ING’s retirement services and life insurance operations in the United States. ING is the third-largest provider of defined contribution retirement plans in the US in terms of assets under management and administration.

ING Investment Management (ING IM)

ING IM is the principal investment manager of ING Group with activities in Europe, North America, Asia-Pacific and the Middle East. ING IM provides a wide variety of actively managed strategies, investment vehicles and advisory services in all major asset classes and investment styles. It delivers a wide range of investment strategies and services to ING’s global network of businesses and third-party clients.

Insurance Asia/Pacific

All business units within Asia/Pacific are classified as ‘held for sale’ and ‘discontinued operations’, pending the planned sale of the Asian Insurance and investment management businesses.

1.2 ING’s economic contribution to stakeholders

ING strives to excel in financial services and aims to conduct a successful, growing and profitable business. To achieve this, we depend on the trust, commitment, services and dedicated work of many people. First, we service a large customer base, comprising individuals, families, small businesses, national and international corporations, institutions and governments. We also employ employees, we buy products from suppliers, we pay taxes and finally many people and institutions have invested in our shares and bonds.

To illustrate the economic value that we generate, we have made an indicative overview of contributions to distinctive stakeholder groups in the course of 2012.

ECONOMIC CONTRIBUTION TO STAKEHOLDERS

In EUR million

STAKEHOLDER GROUP	CONTRIBUTION	ECONOMIC VALUE
Employees	Total employee compensation and benefits	6,803
Shareholders	Total comprehensive income	7,807
Bondholders	Interest paid on the ING Group debt securities and subordinated loans	5,570
Suppliers	Payments to suppliers of materials, services and facilities*	3,407
Government	Corporate income tax (CIT) and bank levy**	1,030
UNICEF	Total donations to partner for community investment	2.8

* Includes: Computer costs, office expenses, travel and accommodation expenses, advertising and public relations, external advisory fees and postal charges.

** In addition to the CIT and bank levy, ING also pays other taxes such as wage tax and VAT. For example, in 2012 ING Bank Netherlands paid wage taxes and social security premiums of EUR 747 million.

2. Sustainability vision and strategy

2.1 Sustainability at ING

What sustainability means to ING

Financial services are the lifeblood of a healthy economy. ING's role in society as a bank, insurer and wealth manager is to facilitate financial activity and stimulate economic development. The ultimate benefit of a thriving economy is to catalyse social progress and, consequently, a better quality of life for people. A stable society in which everyone has access to financial opportunity and the financial system is a prerequisite for a sustainable economic system.

We are steadfast in our purpose and role in society; however, the context we exist in is dynamic and evolves continuously. Circumstances and expectations change, asking for refined definitions of value and progress, or different ways of doing business. This requires resilience: the capacity to not only deal with adversity in challenging times, but to seize opportunities too. It also means ensuring our short-term and long-term success for the benefit of our customers and society as a whole.

To be an enduring business, we need an active and evolving approach towards sustainability. This starts with developing a vision of the future, translating this into business strategy and executing on it. Responsible and proactive decision-making on how, where and with whom we do business is essential in this process, as is being transparent about it. Therefore, sustainability to us is more a journey than a destination – a continuous process in which changing circumstances are a given, and the expectations, beliefs, values and demands of our stakeholders are of pivotal importance in setting a direction for both today and tomorrow. We will be successful only if we create value both inside and outside our company.

How we incorporate sustainability at ING

Our basis for action is excellence in providing high-quality financial products and services to our customers. We take a stand on ethical, social and environmental issues, promote sustainable finance and aim to mitigate the harm that might result from our activities. We believe responsibility also means using our resources, expertise and sphere of influence to promote positive change and make a difference in communities.


The ING Business Principles set the tone for how we conduct our activities, and they are mandatory for all ING employees. Our positions on key social and environmental issues are in line with international standards, such as the Universal Declaration of Human Rights and the principles of the UN Global Compact.

Based on our Business Principles, we have developed and implemented a clear Environmental and Social Risk (ESR) Framework throughout our operations to avoid or minimise involvement in illegal, harmful or unethical practices. This framework enables us to make an assessment of the potential environmental or social impact of our clients. The feedback as a result of the assessment can help our clients improve their own sustainability performance. Crucially, we integrate environmental and social responsibility into our daily business practice by offering options of sustainable products and services to our clients.

Also, conscious of our role and responsibilities, we invest in community development initiatives that promote (financial) education and entrepreneurship. We believe that investing in children, and in particular in their education, is one of the most important ways to invest in tomorrow's economy.

ING FOR SOMETHING BETTER

Something better means something greater in excellence or higher in quality. It also means something more useful, suitable, favourable or healthy. For us, it comes down to improved performance: striving to be an even better company tomorrow than we are today. We aim to achieve this by offering simple, transparent products that are easy to access and fairly priced, thus facilitating a better customer experience. And by continuously embedding environmental, social and ethical considerations in our core activities, we want to build a better business. By supporting and engaging our employees, and helping them develop professionally and personally, we create a better workplace. We seek to limit our consumption of the finite resources of the planet in our business operations and have a better environmental footprint. We invest in tomorrow's economy by supporting people, especially children, towards a more financially secure and independent future in order to help build better communities. The structure of this Report is based on the 'for something better' concept.

In 2009, we launched 'ING for Something Better', an initiative that brings together our internal social and environmental initiatives into one format. The online platform of ING for Something Better (www.ingforsomethingbetter.com ) provides information about our policies, performance and reporting efforts. It also gives ING employees an opportunity to share best practices, find volunteering work, or donate money to good causes.

We bundled part of our community investment activities in the ING for Something Better Foundation.

2.1 Sustainability at ING continued

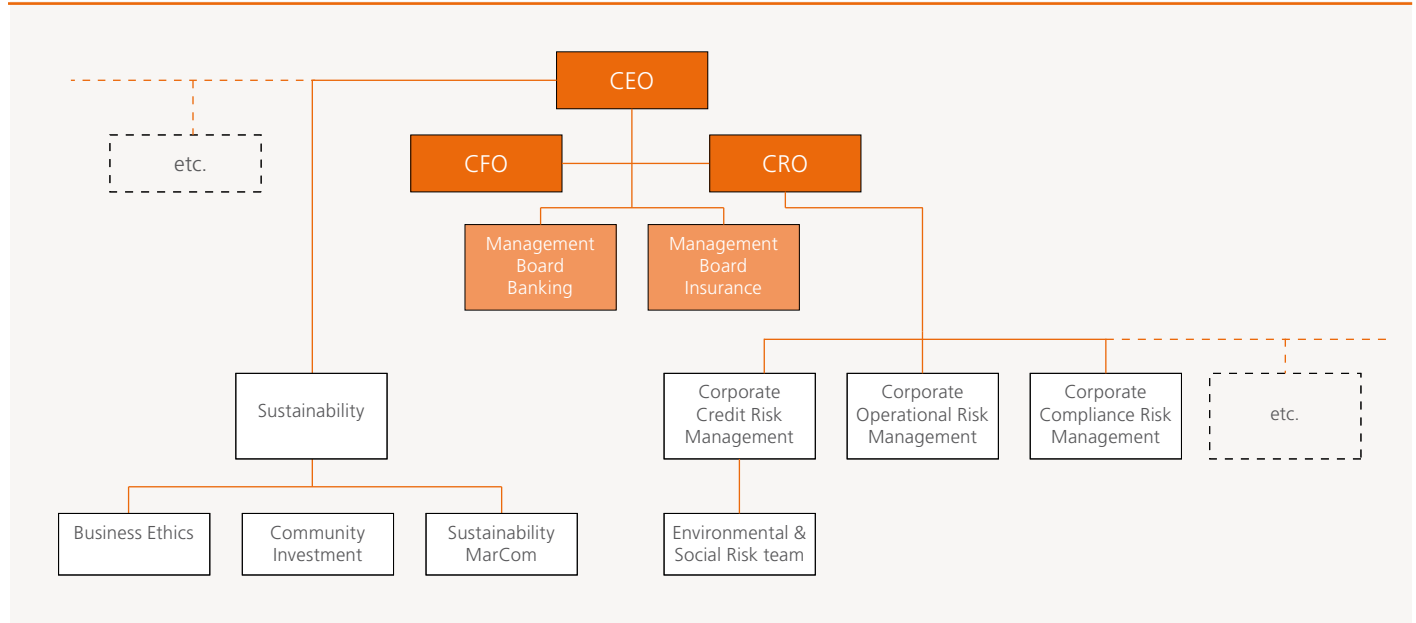
ING SUSTAINABILITY DEPARTMENT

ING’s activities in the field of sustainability are led and coordinated by a dedicated Sustainability function, which is based at our headquarters in the Netherlands. The Global Head of Sustainability reports directly to ING’s CEO.

The responsibilities of the Sustainability department include (amongst others)

- Developing ING’s overarching sustainability vision and strategy
- Engaging in dialogue with civil society groups and other key stakeholders
- Coordinating performance reporting and producing the annual ‘ING in Society Report’
- Providing information to sustainable investors and rating agencies
- Supporting our businesses in developing sustainable products and services
- Setting up internal community development and environmental awareness programmes
- Managing (inter-)national partnerships and memberships
- Managing communication with the ‘ING for Something Better’ Foundation

SIMPLIFIED ORGANISATION CHART



This organisation chart gives a simplified overview of the position of the Sustainability department within the ING Group organisation – including a selection of other (for the area of sustainability) relevant staff departments – such as Corporate Credit Risk management, Operational Risk Management and Compliance Risk management.

ING has a network of subject matter experts throughout the organisation who together shape the company’s approach to sustainable business opportunities, risk and community investment. These experts support, monitor and ensure the delivery of our common priorities. Several other departments within ING also share the responsibility of fulfilling our sustainability agenda. These departments include the Corporate

2.2 Stakeholder engagement *continued*

Credit Risk Management/Environmental and Social Risk team, Corporate Procurement, Operational Risk Management, Group Compliance, Human Resources, Corporate Communications, Marketing, Public & Government Affairs, Investor Relations and various client-facing teams. They help to coordinate group-wide initiatives and submit policy recommendations to the Sustainability department, various specialised committees, the Group Executive Board, and the Management Boards Banking and Insurance & Investment Management. For Insurance/IM US and Insurance/IM Europe dedicated Sustainability functions are installed.

For more information, please visit www.ing.com 

2.2 Stakeholder engagement

We seek feedback from our stakeholders on different issues and try to engage them in a constructive dialogue. This enables us to learn which topics are most important to them and to determine how we can best align our strategy and the interests of our business with theirs. In our activities, we carefully weigh the interests of our various stakeholder groups: customers, employees, shareholders, business partners, suppliers and society at large (including governments, regulatory authorities, non-governmental organisations, industry groups and multilateral organisations).

OUR APPROACH TOWARDS STAKEHOLDER ENGAGEMENT

Stakeholder engagement takes many forms and it can be formal and informal. Rather than having one-off consultations around specific topics, we prefer to take an integrated approach towards stakeholder engagement. This means that we have an on-going dialogue about our role in society, our products and services, our business performance and other issues. This is done at both the business unit and Group level.

The instruments we use to conduct this dialogue include regular information sessions for private and corporate clients on customer protection; stakeholder dialogues on topics like financial regulation and corporate responsibility; representations in various international bodies; roundtable sessions with policymakers and academics; frequent bilateral contacts with regulatory and government authorities, civil society organisations (including non-governmental organisations, labour unions and industry associations); press conferences; frequent conference calls; technical briefing sessions; and road shows for journalists, analysts, rating agencies and investors. We also use surveys, in-depth interviews and focus groups.

Our engagement also entails being a reliable member of, or establishing partnerships with, a wide range of international

organisations. In order to balance the interests of all our stakeholders, we are dedicated to engaging in a regular dialogue with each stakeholder group separately. We keep a record of what we learn from them. This, in turn, helps us to prioritise issues and take action where necessary.

ING GROUP'S EXTERNAL COMMITMENTS

ING PARTNERS WITH THE FOLLOWING ORGANISATIONS

- ▶ UNICEF
- ▶ Carbon Disclosure Project

ING ENDORSES

- ▶ The Universal Declaration of Human Rights
- ▶ The Core Conventions of the International Labour Organisation (ILO)
- ▶ United Nations Principles for Responsible Investment (PRI)
- ▶ Principles for Sustainable Insurance (PSI)*
- ▶ Principles for Investors in Inclusive Finance (PIIF)
- ▶ The Global Reporting Initiative (GRI)
- ▶ The Business Principles for Children's Rights (CRBP)
- ▶ Global Investor Statement on Climate Change
- ▶ Global Education First Initiative
- ▶ EU Transparency Register
- ▶ Code of Conduct of the Society of European Affairs Professionals (SEAP)
- ▶ Lobbying register of the House of Representatives of the Netherlands
- ▶ The Arm Trade Treaty (ATT)

ING IS A MEMBER OF

- ▶ United Nations Environmental Programme Finance Initiative (UNEP FI)
- ▶ UNEP Finance Initiative Climate Change Working Group (UNEP FICCWG)
- ▶ United Nations Global Compact (UN GC)
- ▶ The Academy of Business in Society (ABIS)
- ▶ IUCN Leaders for Nature
- ▶ Association for Financial Markets in Europe
- ▶ Centre for European Policy Studies - European Capital Markets Institute
- ▶ Economic Financial Services Round Table
- ▶ International Capital Market Association
- ▶ Institute of International Finance

* ING will report on its progress in implementing the UN PSI in June 2013, one year after having signed the Principles. This public disclosure will occur via both our company website and the UNEP FI website. This Report provides various examples on how ING embeds ESG issues in its strategy, processes and activities.

2.3 Materiality assessment

We conducted a materiality assessment as part of the development of this report and in conjunction with the on-going development of our sustainability strategy. Materiality analysis allows us to take a considered look at the issues that are of concern to our stakeholders and that could potentially affect our ability to execute our business strategy.

In conducting the assessment, we began with a comprehensive evaluation of the issues that matter to our stakeholders and their point of view and expectations of ING's role in society. The expectations of each stakeholder can vary widely. To give a clear overview of the diversity of the stakeholder views we encounter, we published the Stakeholder Expectations Map in our ING in Society Report 2011 (page 22).

Our ING in Society Report 2011 is available on www.ingforsomethingbetter.com 

MOST IMPORTANT STAKEHOLDER EXPECTATIONS IN 2011

STAKEHOLDER GROUP	EXPECTATIONS
Customers	<ul style="list-style-type: none"> ▶ Put customers' interest first ▶ Ensure quality and low costs in basic services ▶ Meet the more complex needs of corporate clients ▶ Operate responsibly as a financial institution
Employees	<ul style="list-style-type: none"> ▶ Be a good employer ▶ Be an employer to be proud of
Shareholders	<ul style="list-style-type: none"> ▶ Create sustainable shareholder value ▶ Be open and transparent
Supervisors	<ul style="list-style-type: none"> ▶ Put customers' interests first ▶ Be a financially stable institution
Society at large (including civil society organisations and regulators)	<ul style="list-style-type: none"> ▶ Be a financially stable institution, not reliant on state support ▶ Play a supportive role in shaping the financial sector ▶ Operate responsibly ▶ Contribute to society, invest in philanthropy

For the 2012 assessment, we went a step further and classified the expectations on this Map into nine focus areas. Furthermore, we reviewed, among others, ratings and rankings surveys, investor questionnaires, questions from customers, and different internal researches to identify high-priority issues.

KEY STAKEHOLDER THEMES IN 2012

- Prioritise customer needs and interests
- Be a good employer
- Ensure long term business continuity
- Transparency in performance and conduct
- Social and environmental sustainability in core business
- Engage with stakeholders on issues relevant to ING
- Manage environmental and social impact
- Consider societal concerns in remuneration policy
- Invest in philanthropy

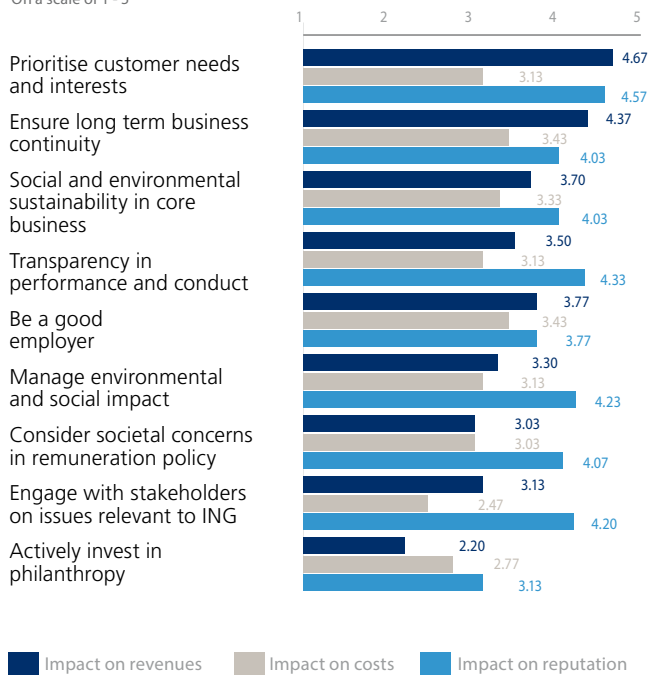
We initiated an internal survey to determine company perceptions regarding the potential impact of each issue included in the analysis. A group of 30 ING specialists representing a broad cross-section of our businesses and different disciplines were asked to assess and score these focus areas for their potential impact on ING's cost, revenue and reputation. As a result, the materiality overview combines both stakeholder expectations and company perceptions and depicts the priority of the identified issues.

The outcome of our assessment is shown on [page 16](#).

2.3 Materiality assessment continued

IMPACT OF KEY STAKEHOLDERS EXPECTATIONS ON ING

On a scale of 1 - 5



The graph indicates the score that was given for each of the nine focus areas (a score of 1 means the focus area has a low impact on these factors; a score of 5 means it has a high impact).

USE OF THE ASSESSMENT

We have used this assessment to identify issues to cover in our reporting process. We believe analysing issues by stakeholder group adds depth to our understanding of what is on the minds of our stakeholders and how they perceive certain developments to impact our business. The different expectations or concerns will be discussed throughout this Report. We recognise that the identified issues are not static and will evolve over time.

TIMELINE SUSTAINABILITY 2012

JAN	Code of Sustainable investments ('Code Duurzaam beleggen') of the Alliance of Insurance Companies active as of 1 January 2012	ING Sustainable Equity Fund is best performing Dutch sustainable equity fund	
FEB	ING Bank extends UNICEF partnership for 3 years and establishes goal of reaching 1 million children by 2015		
MAR	The report 'Food, Beverage & HPC. Increasing scarcity: risks and opportunities' was published during the 'Scarcity of Resources' seminar in Amsterdam	Italian wind farm financing deal, 'Fossa del Lupo', includes special feature to provide better water facilities for children in Zambia	
APR	The report 'A Billion to Gain?' was published, highlighting the various trends in microfinance and initiatives involving Dutch investments in this sector		
MAY	ING rounds off purchase of Voluntary Carbon Units (VCUs) for offsetting 2011 emissions	The first ING 'Creating Chances for Children' report was published, a representation of our community investment activities in support of children since 2005	
JUN	Signing and launch of the UN Principles for Sustainable Insurance (PSI)		
JUL	ING appointed new Chair of Equator Principles (EP) Steering Committee	The ING Solidarity Awards were launched in Luxembourg as a vehicle of extending support to local community initiatives	
AUG	The ING Procurement Sustainability Standards (IPSS) were launched, enhancing the sustainability of ING's procurement practices	For the fifth year in a row, ING Bank Śląski was included in the RESPECT Index	The ING Vysya Foundation installed 400 smokeless stoves in the Bangalore region
SEP	Nationale-Nederlanden ranked 5th in Dutch Benchmark Responsible Investment	Community platform 'You in Society' launched for ING Bank employees in the Netherlands	
OCT	Start of the Sustainable Lending Team within Lending Services of ING Commercial Banking		
NOV	ING supports the Women in Business Challenge with the aim to help women in developing countries achieve their business goals	ING volunteers give over 500 guest lessons at elementary schools during Money Week in the Netherlands	The ING Foundation US, ING CIC Americas and the ING Bank Disaster Relief Fund support the victims of Hurricane Sandy
DEC	Launch of the 'Children's Rights & Business Principles' in the Netherlands and Belgium	ING in the Netherlands and Spain develop marketing campaigns to collect funds for UNICEF	

3. Sustainability performance in 2012

3.1 Redefining our goals

We aim to continuously improve our sustainable track record, but there are always new challenges to face and opportunities to seize, especially for a company in transition like ours. Internally, ING is working to separate its Banking operations from its Insurance and Investment Management activities. Externally, society's expectations of financial institutions are constantly evolving.

As part of ING's separation process, both ING Bank and ING Insurance/IM will develop their own strategies on sustainability including a refined set of ambitions, goals and key performance indicators (KPIs). In the coming period, ING Insurance/IM and ING Bank will further establish their plans in line with their business and brand strategy. These renewed frameworks for the 2013-2016 period will be published in the course of this year.

Based on these upcoming strategy updates, we have already slightly adapted the way we report on our progress in the table below. Although we measure and publish more data and give a wider perspective on our performance, it is impossible to implement changes without losing some level of continuity. In this progress report, we report on our performance on goals that were set in 2011. We also indicate the aspirations and main KPIs that will direct our work for the future.

3.2 Progress report

The Progress Report below lists the actions we undertook and the plans we developed in 2012 to meet the sustainability goals we set in 2011. We assessed to what extent we believe we have achieved the goals, which is shown graphically (four orange

arrows (>>>>) mean we reached the target fully; two arrows (>>>) mean we partially met the target). Additional information on the initiatives can be found in the various chapters of this report.

BETTER CUSTOMER EXPERIENCE

Ambition: We provide products and services that are accessible and contribute to the financial wellbeing of our customers

GOALS FOR 2012	PROGRESS IN 2012	STATUS
Further develop thought leadership on financial education, e.g., by conducting more international surveys	<p>In 2012 we conducted international surveys and developed online and offline platforms for knowledge sharing and development. The ING International Survey covered 4 topics including pensions, mortgages, savings and financial competence (see chapter 5.3)</p> <p>Examples of activities on financial education in 2012 are:</p> <ul style="list-style-type: none"> ▶ Financial Information events: online seminars in which financial experts share their insights and recommendations on various financial topics with customers in the Netherlands ▶ Online financial literacy campaigns ▶ We sponsored and participated in the OECD Conference on Financial Literacy in Madrid and the Global Financial Literacy Summit in Amsterdam ▶ Together with Elsevier, a leading Dutch magazine, ING organised a congress on capital management 	>>>>
ASPIRATION FOR 2013 - 2016	MAIN KPIs	
We will further work on offering insights, tools, and programmes to improve consumers' financial decision making and increase accessibility for customers with special needs, while striving to improve our overall customers' satisfaction	<ul style="list-style-type: none"> ▶ Number of insights, tools and programmes to help improve our customers' financial decision-making ▶ Number of initiatives to improve access to financial services for groups with special needs ▶ NPS ranking per business unit 	

3.2 Progress report continued

BETTER BUSINESS

Ambition: We aim to minimise harm and contribute to positive change

GOALS FOR 2012	PROGRESS IN 2012	STATUS
Maintain an up-to-date Environmental and Social Risk (ESR) policy framework and promote ESR in the sector	<ul style="list-style-type: none"> ▶ We reviewed our Environmental and Social Risk (ESR) policy framework, improved existing policies, implemented them in our CDD system and added new policies. We have reviewed our ESR Sector policies for the following sectors: mining and metals, energy, manufacturing, chemicals, forestry and agro-commodities. The process will be concluded in 2013 ▶ ING was appointed Chair of the Equator Principles Steering Committee. In this role, we actively work to further develop the Equator Principles and increase the number of financial institutions that sign up to them 	▶▶▶▶
Actively market sustainable products and services	<ul style="list-style-type: none"> ▶ We nearly doubled our Sustainable Assets Allocated (see chapter 6.9) ▶ 42% of our business units globally offer sustainable products and services ▶ ING Lending Services created a Sustainable Lending Team to capitalise on sustainable business opportunities within Commercial Banking 	▶▶▶▶
Investigate the consequences of resource scarcity for our clients and assist them in formulating financial solutions	<ul style="list-style-type: none"> ▶ On 29 March, we organised the 'Benelux Third Industrial Revolution' conference and presented a research report by our Western European Equity Research Team (Commercial Banking) on the scarcity of resources 	▶▶▶▶
50% of our global project finance equity energy portfolio consists of renewable energy in the coming 12 to 18 months	<ul style="list-style-type: none"> ▶ We continued to invest in renewable energy, growing our assets by 4%. However, the combination of external market developments, political influences, the underlying energy mix in certain regions and our own risk appetite slowed growth. As a result, 31% of our global project finance energy portfolio consists of renewable energy projects 	▶▶▶▶
ASPIRATION FOR 2013 - 2016	MAIN KPIs	
We aim to increase our Sustainable Assets Allocated and increase the amount of sustainable products offered	<ul style="list-style-type: none"> ▶ Value of Sustainable Assets Allocated ▶ Percentage of our business units that offer sustainable products or services 	

BETTER ENVIRONMENTAL FOOTPRINT

Ambition: We actively manage our environmental footprint

GOALS FOR 2012	PROGRESS IN 2012	STATUS
Lower our CO ₂ emissions by 30% in 2012 compared to 2007	<ul style="list-style-type: none"> ▶ ING aimed at reducing its greenhouse gas emissions in 2012 with 30% compared to the greenhouse gas emissions in 2007. The reported greenhouse gas emissions in 2012 includes estimations for emissions of organizational units that were part of our organization but not part of our reporting scope, whereas the 2007 baseline emissions are an estimate based on reported figures only. We have extrapolated the greenhouse gas emissions in our baseline year 2007 in order to provide parity for comparison with our target year 2012. The comparison indicates that our emissions have decreased 25% in 2012 compared with 2007. However, the emissions per FTE have increased. 	▶▶▶▶
Further review procurement processes in order to create more sustainable practices	<ul style="list-style-type: none"> ▶ In order to improve our global supply chain management, we launched a supplier qualification (SQ) process to support our supplier risk management (SRM) process in ING Bank. The SRM process helps us determine the levels of social, environmental or financial risks associated with a supplier. Once suppliers pass the supplier risk process, they are qualified to become ING suppliers and the ING Procurement Sustainability Standards (IPSS) apply 	▶▶▶▶
ASPIRATION FOR 2013 - 2016	MAIN KPIs	
We will focus on lowering our direct environmental footprint and increase the scope of our sustainable procurement programme	<ul style="list-style-type: none"> ▶ CO₂ emissions per FTE ▶ Percentage of spend to which our sustainability standards are applied (ING Bank only) 	

3.2 Progress report continued

BETTER WORKPLACE

Ambition: We foster an open, safe, stimulating place to work and want to be a top employer

GOALS FOR 2012	PROGRESS IN 2012	STATUS
Increase in overall employee engagement score in the Winning Performance Culture (WPC) survey (ING Bank) and Yearly Employee Survey (ING Insurance/IM)	<ul style="list-style-type: none"> ▶ For ING Bank the engagement score, as measured in the WPC survey, increased by 2% to 68% in 2012 ▶ Insurance/IM changed its methodology to measure the engagement scores. Using their Yes! survey, Insurance/IM increased its engagement score to 70% in 2012 from 67% in 2011 	▶▶▶▶
Further embed sustainability in employee on boarding programmes and ensure sufficient awareness for the issue among new employees	<ul style="list-style-type: none"> ▶ The ING International Talent Programme (IITP) is our global trainee programme whereby international graduates are attracted, selected, on-boarded and developed using a clearly defined and internationally aligned framework. The IITP Team developed a new three-year IITP curriculum, which includes workshops on sustainability ▶ In addition, since 2012 reference to the ING Business Principles is included in all contracts with new employees 	▶▶▶▶
Track progress in the implementation of the Top Employer programme	<ul style="list-style-type: none"> ▶ ING Bank is successfully implementing its Top Employer programme. The main focus in the programme is employee engagement 	▶▶▶▶
ASPIRATION FOR 2013 - 2016	MAIN KPIs	
We will invest in opportunities for the personal and professional development of our employees and we aim to improve the engagement of our employees	<ul style="list-style-type: none"> ▶ Overall employee engagement score in WPC survey (ING Bank) and Yes! survey (ING Insurance/IM) 	

BETTER COMMUNITIES

Ambition: We invest in tomorrow's economy by supporting children in finding their way towards a financially secure and independent future

GOALS FOR 2012	PROGRESS IN 2012	STATUS
At least one million children through the partnership with UNICEF have been reached between 2005 and 2015	<ul style="list-style-type: none"> ▶ The total funds raised in 2012 for UNICEF amounted to EUR 2.8 million. Since 2005, we have raised a total of EUR 23.5 million, which has enabled UNICEF to reach more than 780,000 children. With three years to go, we are well on track to reach the goal of reaching one million children by 2015 	▶▶▶▶
We have increased the share of employees participating in the ING Chances for Children Global Challenge to 28% of our global workforce	<ul style="list-style-type: none"> ▶ During the ING Global Challenge, the participation rate for ING Bank was almost 26%. Our organisation is undergoing several changes as a result of the separation of Insurance/IM and ING Bank. This process has led to a lower participation rate in the Global Challenge than the defined goal of 28% 	▶▶▶▶
Roll out new financial literacy initiatives in 5 new countries	<ul style="list-style-type: none"> ▶ We rolled out financial literacy initiatives in 5 countries 	▶▶▶▶
ASPIRATION FOR 2013 - 2016	MAIN KPIs	
We will strive to positively impact the lives of one million children and increase our employee participation in ING's Community Investments initiatives	<ul style="list-style-type: none"> ▶ Funds raised for the dedicated UNICEF educational projects in Ethiopia, Zambia and Nepal ▶ Employees' participation in community investment initiatives facilitated and organised by ING 	

3.3 External reviews of ING's sustainability performance

Our approach to sustainability is shaped by our specific skills and expertise as a financial company, our vision of the future, and the expectations of our stakeholders. Reviews of our performance by sustainability research and rating agencies help us improve our strategy and policies.

EXTERNAL REVIEWS OF OUR SUSTAINABILITY PERFORMANCE

REVIEWER	2012	2011
FTSE4Good Index Series (EIRIS Score)	▲ Score: 3.8 out of 5 Position: Included	Score: 3.7 out of 5 Position: Included
Dow Jones Sustainability Indexes (RobecoSAM Score)	▼ Score: 69 (out of 100) Not included in World Index and Europe Index	Score: 72 (out of 100) Included in World Index. Not included in Europe Index
Carbon Disclosure Project (CDP)	▲ Score: 93 for disclosure (out of 100) and B for performance	Score: 64 for disclosure (out of 100) and D for performance
Sustainalytics	▼ Score: 77 (out of 100) Position: 3 (out of 148 financial peers)	Score: 82 (out of 100) Position: 1 (out of 135 financial peers)
Newsweek Green Rankings (Sustainalytics/Trucost)	▲ Score: 70.4 Position: 73 (out of 500)	Score: 69.9 Position: 64 (out of 500)
'Transparantie Benchmark' (NL)	▲ Score: 185 Position: 13 (out of 472)	Score: 179 Position: 16 (out of 500)
VBDO Benchmark Responsible Investment by Insurance Companies (NL)	▲ Score: 4.3 Position: 5 (out of 29)	Score: 2.0 Position: 11 (out of 30)

4. ING's external environment

4.1 Taking charge of change

'Taking charge of change', the theme of this Report and the ING Group Annual Report, was the common theme across our operations in recent years: managing change to prepare for a new future as a fully independent bank and fully independent insurance businesses, in rapidly changing circumstances. The drive towards that future began four years ago, in 2009, shortly after the beginning of the financial crisis. It was evident that we needed to change course. Not only because of the economic circumstances, the changing regulatory environment, the crisis and the lessons we drew from it, but also because of the increasing call for sustainable financial services, changing customer needs and higher stakeholder expectations.

CHANGES IN OUR CURRENT EXTERNAL ENVIRONMENT INCLUDE:

1. Challenges in the financial environment
2. Changes in regulation and supervision
3. Evolving customer needs and behaviour
4. Higher stakeholder expectations
5. Debate on the stability and reputation of the financial sector
6. Scarcity of resources

1. Challenges in the financial environment

The economic and financial market conditions in which we operated in 2012 were challenging, especially in the second half of the year. The eurozone in particular, an important market for us, experienced a difficult year. The financial markets were influenced by the continuing European sovereign debt crisis, the future of the euro was debated, the interbank market had virtually stopped functioning, unemployment grew and consumer confidence in Europe declined. Specifically in the Netherlands, current levels of debt remain high, which is hampering economic growth. The need for companies and households to deleverage further is bound to have negative effects on economic recovery in the Netherlands. For Europe as a whole, the demand for lending remained weak in 2012.

2. Changes in regulation and supervision

The current regulatory reforms are intended to make the financial sector more resilient to external shocks and they have an impact on ING. We support the need to make financial institutions more resilient and the system as a whole more stable. We support the majority of international, European and national measures being undertaken, such as the required strengthening of banks' core

capital base and are implementing them to a large extent already. However, ING is concerned about the cumulative impact of the many different measures, the uncertainty regarding when and in what form they will be implemented, and how they will affect our role in financing the real economy.

3. Evolving customer needs and behaviour

The current technological, social and economic forces are changing consumer behaviour. Consumers increasingly demand transparency, simplicity, security and easy access, and use different ways of selecting and buying products. Also, consumers are more actively engaged, informed and self-directed, and there is a growing awareness of the potential social and environmental impact of products. In the financial industry, social media and mobile banking are playing an increasingly important role. As we believe mobility and connectedness will be at the heart of the future business environment, we are working to meet customers changing financial needs in new ways. We are focused on establishing a truly customer centric culture and investing in integrated multi-channel product offering and a strong brand.

4. Higher stakeholder expectations

Demands on companies are rapidly increasing. Stakeholders have distinct expectations from companies, such as transparency, openness, accountability and sound social, environmental and ethical behaviour. There is less trust in companies which leads to more public scrutiny. Employees increasingly want to work for a company they feel proud of. And we receive additional inquiries from our business partners on our environmental and social policies. NGOs' research reports and public actions will continue to have an impact on consumer as well as corporate and government decision-making. We are committed to seeking feedback from all our stakeholders on different issues and aim to engage them in a constructive dialogue.

5. Debate on the stability and reputation of the financial sector

In 2012, the stability and reputation of the financial sector continued to be at the forefront of the public consciousness. Financial institutions continued to suffer reputational damage due to discussions on remuneration packages, the perceived unchanged behaviour after the government bailouts or breaches of regulations. At ING, we recognise the public's concerns and are not only taking action to restructure our company in response of these concerns, but are also playing an active role in the debate. Throughout 2012, we discussed at length the future of finance, including that of our own company, with regulators, policymakers, academics and other concerned groups in society. Also, we set up series of structured dialogue sessions to hear and discuss the views of our own staff on this topic.

4.1 Taking charge of change *continued*

6. Scarcity of resources

With a growing population, increasing GDP levels and improving lifestyles, people are consuming more every day. Renewable and non-renewable resources, such as fresh water, arable land, minerals and fossil fuels, are in ever-higher demand. As both the causes and the solutions to scarcity are complex, manufacturing companies have to find efficient ways to deal with this. However, it also creates opportunities to develop substitute materials, recover alternative resources and create new techniques, processes or products. Companies can reap benefits from consumers' social and environmental concerns and the understanding that resource scarcity will result in a change to traditional business models. Financial institutions such as ING play a role in enabling this transition by financing change, sharing knowledge and using our influence.

RIO +20: STRESSING THE IMPORTANCE OF A GREEN ECONOMY

In June 2012, 20 years after the first Earth Summit in Rio de Janeiro, heads of state and government from 191 countries, NGOs, business leaders, environmental experts and academics gathered once more for the Rio+20 United Nations Conference on Sustainable Development to discuss current environmental and economic issues.

Two topics dominated the Rio+20 conference: the transition to a green economy as the key to achieving sustainable development and eradicating poverty; and the strengthening of the institutional framework for sustainable development at all levels (local, regional, national and global). The UN Principles for Sustainable Insurance (PSI) were launched at the conference and ING was one of the founding signatories. The Principles for Sustainable Insurance are a voluntary and aspirational framework. They provide a global roadmap to develop and expand the innovative risk management and insurance solutions that are needed to promote renewable energy, clean water, food security, sustainable cities and disaster-resilient communities. ING has embraced the United Nations Global Compact and the Principles for Responsible Investment (PRI) since 2009, and we consider the UN PSI a further evolution in our efforts to support building a more sustainable economy.

4.2 ING's position on issues highlighted in 2012

In addition to the above-mentioned changes that shape the current and future financial landscape, we are confronted with various developments, issues or challenges throughout the year. These are brought to our attention by, or discussed with, a wide range of stakeholders – customers, employees, supervisors, shareholders, civil society organisations, citizens and regulators.


The selected topics in this 2012 overview are coherent with the themes identified in our Materiality assessment, but are of a more detailed nature. Also, in this table we make specific reference to ING's position, response or actions taken, in order to optimise transparency with regard to our stakeholder engagement efforts.

POSITION ON ISSUES HIGHLIGHTED IN 2012

STAKEHOLDER GROUP	ISSUE	ING'S POSITION
CUSTOMERS	Determination of prices, fees and rates on ING's products and services	An important element of our customer suitability approach is our commitment to be more transparent on the determination of prices, fees and rates. Our ultimate goal is for all stakeholders to trust that ING charges a reasonable price (value for money) for its products and services. See page 28 of this report for more information on our customer suitability programme.
	Security of online banking systems	ING aims to provide optimal security of client data and of all transactions as well as to ensure fraud protection. At the same time, it is clear that there continue to be risks online. Therefore, we also encourage our customers to protect themselves. We provide more information on this on www.ing.com 

4.2 ING's position on issues highlighted in 2012 *continued*

POSITION ON ISSUES HIGHLIGHTED IN 2012

STAKEHOLDER GROUP	ISSUE	ING'S POSITION
CUSTOMERS (CONTINUED)	Remuneration of ING's employees	More information on our remuneration policy can be found in the ING Group Annual Report 2012 . 
	ING's commitment to enhancing its customers' financial capabilities	One way we try to improve our customers' experience is by enabling customers to further improve their financial capabilities. We offer insight, tools and programmes. See page 32 of this report for more information.
	Gender neutrality in life insurance products	In March 2011, the European Court of Justice ruled that insurers in Europe cannot differentiate in price or benefits for the same insurance products based on gender. This gender-neutral pricing, commonly called the unisex rule, states that as of 21 December 2012 life insurers must offer products that are identical for men and women. To comply with this new regulation, all product portfolios across the insurance business units were reviewed. More than 90 products were re-priced in ING Insurance Central and Rest of Europe. In the Benelux, all products available for sale were reviewed in the past two years to ensure they were compliant with the EU unisex rule. From 21 December 2012, all ING Insurance's products available for sale throughout the European Union have been compliant with the rule.
	Unit-linked policies – insurance products cost structures	In 2008 ING's Dutch insurance subsidiaries (ING Verzekeringen Retail, Nationale-Nederlanden and RVS) reached an agreement to offer compensation to customers who purchased certain unit-linked policies in the past. In 2012, Nationale-Nederlanden stepped up its total compensation for customers with individual unit-linked policies, aligned with the 'Best-of class' criteria formulated by the Dutch Ministry of Finance. By early 2013, all customers were informed about their compensation.
EMPLOYEES	Job certainty	Although it is impossible to ensure job security at all times, ING considers it vital to its success to foster an open, safe, inclusive and stimulating working environment for its employees. For more information on this, see chapter 8 'Better workplace' in this report.
	Diversity	We believe it is right for the composition of our workforce to reflect that of society and for our people to bring a diversity of talents, beliefs and perceptions to their work. To increase the level of diversity, a centralised team helps ING businesses create their own diversity plans. See chapter 8 'Better workplace' in this report.
	Opportunities for employees to participate in, and contribute to, projects serving social and environmental needs	We consider it our responsibility to make a positive contribution to the many communities in which we do business. We facilitate and encourage our employees to join this mission, as they are the cornerstone of the programmes we develop and support. Our global initiatives are complemented by local community investment activities. See chapter 8 'Better workplace' in this report.
SUPERVISORS	Governance structure ensuring transparency of responsibilities and competences	Good corporate governance entails a careful balance between the short-term and long-term interests of the company. ING's aim is to have a governance structure that is transparent and does justice to the interests of all of its stakeholders. See www.ing.com  for more information.


4.2 ING's position on issues highlighted in 2012 continued

POSITION ON ISSUES HIGHLIGHTED IN 2012

STAKEHOLDER GROUP	ISSUE	ING'S POSITION
SUPERVISORS (CONTINUED)	Risk management approach and systems ensuring that ING effectively assesses and controls risks that may potentially impact its financial and operational performance and/or the wider financial system/economy	Taking measured risks is part of ING's business as a financial services company. To ensure measured risk-taking, ING has integrated risk management in its daily business activities and strategic planning. We have a 'three lines of defence' governance model for risk management, whereby ownership for risk is taken at all levels in the Group. The commercial departments form the first line of defence. The second line of defence consists of the risk management organisation, headed by the chief risk officer and the corporate legal function. The third line of defence is the corporate audit function, which independently oversees and assesses the functioning and effectiveness of the first two lines. See ING Group Annual Report 2012  for more information.
	Banking union/ single supervisory mechanism	ING supports the concept of a banking union based on four main pillars: a single supervisory mechanism (SSM), a single rulebook for prudential regulation, a common framework for recovery and resolution, and a harmonised deposit guarantee scheme. Such a union is likely to reduce fragmentation in the interbank and wholesale markets and increase the integrity of the European single market and European single currency. For more information, please refer to the ING Group Annual Report 2012 . 
	ING Bank's agreement with US authorities	On 12 June 2012, ING Bank entered into a Settlement Agreement with US Department of the Treasury's Office of Foreign Assets Control (OFAC) and Deferred Prosecution Agreements with the Department of Justice, the United States Attorney's Office for the District of Columbia and the District Attorney of the County of New York (together the US Authorities) in relation to the investigation by those agencies into compliance with US economic sanctions and US dollar payment practices until 2007. Under the terms of the Deferred Prosecution Agreements, no further action will be taken against ING Bank if it meets the conditions set forth in the agreements during an 18 months period. As part of the settlement, ING Bank has paid a total penalty of EUR 473 million. As announced on 9 May 2012, ING Bank recognised a provision in the first quarter of 2012 by which this issue has been sufficiently covered. ING Bank has cooperated closely and constructively with regulators and other authorities throughout this process. The US Authorities have recognised ING's substantial cooperation in the resolution and ING's efforts and commitment to continuously enhance compliance within the organisation.
CITIZENS AND POLITICIANS	Liikanen High Level Expert Group (HLEG) proposal on structural reform measures for the European banking sector	The European Commission's High-level Expert Group on Bank Structural Reform, better known as the Liikanen Committee, published its report on reforming the EU banking sector on 2 October 2012. If the size of certain trading activities compared to a bank's total activities exceeds certain thresholds, the Liikanen Committee recommends that it may be necessary to require legal separation of these activities into a separate trading entity. The shares of this trading entity could be held by a bank holding company that also holds the shares of the deposit bank. In addition, the Liikanen Committee made a number of other recommendations regarding bail-in instruments, capital requirements and governance and control. The impact of the Liikanen recommendations on ING's business model is unclear, not in the least because it is uncertain if and to what extent the European Commission will follow the Liikanen Committee separation recommendation in its legislative proposal, which is expected around the summer of 2013.
		In the Netherlands the Wijffels Committee, named after the Dutch representative in the Liikanen Committee, was established in October 2012. The task of the Wijffels Committee is to advise the Dutch government on a number of topics, including applying the recommendations of the Liikanen Committee to Dutch banks, or whether additional measures are needed. The Wijffels Committee has been asked to submit its report by 15 June 2013. For more information, please refer to the ING Group Annual Report 2012 . 

4.2 ING's position on issues highlighted in 2012 *continued*

POSITION ON ISSUES HIGHLIGHTED IN 2012

STAKEHOLDER GROUP	ISSUE	ING'S POSITION
CITIZENS AND POLITICIANS (CONTINUED)	Measures to improve the stability of the financial system through stricter solvency and liquidity requirements	Reforms in the financial sector are of particular interest to ING as a cross-border financial institution with operations all over Europe and in other parts of the world. Although we actively support many of the new regulatory proposals and are implementing them to a large extent already, we have strong concerns that the ultimate and aggregated consequences of all the reforms are still not fully clear. We fear that there are too many uncoordinated additions to regulation; that there is too much focus on short-term measures; and too little focus on how the financial sector can contribute to achieving sustainable economic growth. More information can be found in the ING Group Annual Report 2012 . 
	Progress in repayment of the Dutch State	In November 2012, ING paid EUR 1.125 billion to the Dutch State, including a EUR 750 million repayment of core Tier 1 securities and EUR 375 million in premiums and interest. This transaction bought the total paid to the Dutch State to EUR 10.2 billion, including EUR 7.8 billion in principal and EUR 2.4 billion in interest and premiums. See the ING Group Annual Report 2012 for more in-depth information on the current state of affairs with regard to the state support ING received in 2008 and 2009.
CIVIL SOCIETY ORGANISATIONS	Syria	<p>In July, two Dutch NGOs approached ING about its investments in companies allegedly involved in the delivery of (internet-) communication surveillance technology to Syria in 2011.</p> <p>ING was not involved in the financing of these goods and refutes the allegation. ING policy prohibits the financing of weapons, including technology or dual purpose goods, to countries in which there is a clear risk that these products can be used for internal repression, or serious violations of international humanitarian law or for any other use which can reasonably not be considered to have a normal and legitimate national security and defence purpose.</p> <p>The scrutinised companies issued public statements on the allegations made and confirmed to uphold the 2012 EU and US sanctions to ban exports of surveillance technology to Syria. For more information on ING's Environmental and Social Risk policy framework, please refer to ING for Something Better. </p>
	Oil exploration activities in Virunga National Park, DRC	<p>An international environmental NGO raised concerns about ING investing in companies engaged in oil exploration activities in Virunga National Park in the Democratic Republic of Congo (DRC). The park is Africa's oldest national park, a UNESCO-designated World Heritage Site and a Ramsar wetland of international importance.</p> <p>ING policy prohibits the financing of oil exploration in UNESCO World Heritage Sites and areas registered by the Ramsar Convention. The three operating companies planning the exploration are, however, stock-listed in France and the UK and therefore included in ING managed investment funds and/or index trackers. We share the concern expressed by the NGO; hence our policy to abstain from financing oil exploration in UNESCO or Ramsar sites. ING Investment Management will engage with the companies involved to express our concerns about, and oppose to, any possible exploration in the area.</p>
	Ship breaking	<p>In November 2012, a Dutch NGO coalition asked us to broaden our policy to require minimum social and environmental standards from ING clients owning vessels, to be applied to end-of-life ships.</p> <p>ING policy does not allow the financing of ship-breaking activities in Asia. We neither finance ship-breaking yards in Asia, nor the trade or transportation of ships to those yards. In practice we do not finance ship-breaking yards anywhere in the world.</p> <p>We share the concerns expressed with regard to the poor environmental and work conditions that exist within some breaking yards in Asia. We appreciated the fact that the NGO approached us about this, and subsequently contacted all of our main shipping clients to request additional information on their policy framework and the standards they apply to end-of-life ships. Based on the initial feedback we received, we expect our clients to follow a responsible policy of vessel scrapping in most cases. Where this may not be the case, we are keen to enter into an active dialogue with them to encourage a more socially and environmentally responsible approach.</p>

4.3 ING's research on global sustainability trends

ING's research teams are situated in various parts of our business and include, among others, the ING Economics Department and the Commercial Bank Equity team. They publish reports on various sustainability topics throughout the year. These reports, of which a few examples are given below, aim to provide our clients and the market in general with a clear perspective on the effects of various global trends.

Food, Beverage & HPC (Household and Personal Care) – Increasing scarcity: risks and opportunities

This report by the Equity Research Team of ING Commercial Banking confirms that the world economy faces immense challenges due to rising prices, high volatility and the limited availability of agricultural commodities, water and energy. ING's researchers explored how FMCG (fast moving consumer goods) companies are affected by resource scarcity and rising sourcing risks due to such megatrends as demographic growth, strong consumption growth, the social reset and food, energy and water stress. To stimulate more dialogue around this subject, ING held a conference in March 2012 on the scarcity of resources at ING House in Amsterdam. Sustainable entrepreneur Gunter Pauli, CEOs, CFOs and sustainability executives from various multinationals discussed the topic of resource scarcity.

A Billion to Gain? Dutch contributions to the Microfinance sector

In March 2012 the report 'A Billion to Gain?' by the ING Economics Department was presented to H.R.H. Princess Máxima of the Netherlands at the Royal Tropical Institute (KIT) in Amsterdam. The report highlights the various trends in microfinance and initiatives involving Dutch investments in this sector.

Vision on Healthcare 2020

ING is a market leader in the healthcare sector in the Netherlands. In light of new reforms to the Dutch healthcare system, ING wanted to contribute to a stronger focus in the debate. This report by the ING Economics Department was presented in August 2012 to sector experts.

Food 2030, Cooperation from a new Mind set

This report by the ING Economics Department investigates trends and scenarios in the food and retail sector until 2030. One chapter focuses on sustainability as one of the requirements for future success. The report was presented at ING's headquarters in June 2012 to experts and entrepreneurs in the sector.

Entrepreneurship 2020

The ING Economics Department investigated the trends and opportunities for entrepreneurs in a variety of sectors, with a horizon until 2020. The report argues that sustainability, in particular sustainable value chain management, is one of the five key themes for entrepreneurs in the future.

Hotel 2020

Due to the current economic downturn, many hotels are looking for the right and most efficient way to implement their (new) business models. The study by the ING Economics Department looks at the trends for the hotel sector and argues that sustainability is a significant long-term trend for hotels.

Sustainability Alert ING Economics Department – Wind Energy

In November 2012, the ING Economics Department published a Sustainability Alert on how the policies of the new Dutch government would influence renewable energy targets in the Netherlands.

Integrating ESG into the Sovereign Perspective

This report by the Emerging Market Debt Team of ING Investment Management shows why it is important to gauge country creditworthiness through a consistent analysis of ESG factors in emerging market debt investments.

Optimisation of calf farming needed

In October 2012, the ING Economics Department published a report revealing its concerns about the rearing of calves in the Netherlands for veal and recommending that operations in this sector be optimised. ING organised an event for entrepreneurs and representatives in the calf-farming sector to discuss ways to improve the health of calves.

Alternative Transport Fuels

This study was conducted in the wake of communications by the European Commission in October 2012 about alternative transport fuels. The EC wants Europe to seize the full potential of green vehicles as this can help fight the adverse effects of climate change and reduce Europe's dependency away from oil. The report, written by the ING Sector Management Transport & Logistics in cooperation with the Dutch Emissions Authority (Nederlandse Emissieautoriteit) and Transport & Logistics Netherlands (Transport & Logistiek Nederland), aims to provide entrepreneurs in the transport and logistics sector with more insight into the different types of alternative transport fuels and the pros and cons of each option.

For more information on these reports, please visit www.ingforsomethingbetter.com 

5. Better customer experience

HIGHLIGHTS 2012

- ▶ ING Bank in 10 countries achieved first or second place in Net Promoter Scores (NPS) compared to local competitors
- ▶ ING Bank in the Netherlands introduced tools to support homeowners in financially difficult times
- ▶ ING IM Europe successfully completed its Key Investor Information Document (KIID) project

Our intentions to address the needs of our customers first requires us to provide products and services in the way our customers want them delivered: with exemplary service and convenience and at attractive prices. Our customers also expect us to be accessible, to respond to their queries in a fast and efficient way, to be open and transparent about our products and services, and to provide knowledgeable, objective and professional advice. These expectations go beyond the need to comply with consumer protection and financial regulation; they come down to earning our customers' trust by delivering suitable products and services via the right distribution channels and at fair prices or returns. We are also committed to enhancing consumer financial capability and invest in ways to help our customers improve their financial decision-making.

5.1. Customer centricity

Customer centricity is a key strategic priority for our Banking, Insurance and Investment Management businesses. We have defined an overall guiding approach to customer centricity, which our employees across the different business lines can use in order to translate our commitment into their day-to-day work.

A significant part of the customer-centricity strategy, is our customer suitability approach. For ING, customer suitability means designing and providing products and services that are suitable for our customers' needs and risk profile, and selling them at the highest standards of integrity.

The 'five ING Customer Golden Rules' form a key component in our approach towards customer suitability for our banking and insurance operations. They are based on the ING Business Principles and express our commitment to provide our customers with products that meet their needs, to clearly explain the potential risks and returns of our products and services, and to provide them at a fair price. ING's Executive Board approved the Customer Golden Rules in 2009 and made them an integral part of our Product Approval and Review Process (PARP).

Our product approval and review process ensures that Risk and other functions are involved in considering the risks and making an assessment of other relevant factors. Through this process, ING attempts to make sure that all newly developed and existing products and services meet the set requirements for doing business.

5.1 Customer centricity *continued*

ING'S 5 CUSTOMER GOLDEN RULES ARE:

1. We strive to meet customers' needs throughout their life cycle. Through the right products and proper advice, we will keep customers happy.
2. We offer fair value to customers. Depending upon the customer's motivation, offering appropriate risk coverage or monetary value will be the only way to achieve sustained success.
3. We explain the risks, returns and costs of our products and services. Transparency and easy-to-understand language are crucial to our business.
4. We regularly assess products, services and sales practices. Only through constant checks and balances can we ensure that we are giving customers what they want and need most.
5. We work only with professional and licensed distributors. Our partners and distributors are a reflection of us. We will make sure that anyone selling our products is properly trained, qualified and licensed.

CUSTOMER INTEREST FIRST HAS NINE AREAS OF FOCUS:

- Products and services: Constantly reviewing and improving our existing products and reviewing all new products, services and standards
- Customer suitability: Embedding Customer Suitability further in our products and services
- Transparency: Communicating clearly with our customers about our prices and conditions. For example, in 2012 we started a chat service to enable a simpler, more accessible form of communication
- Remuneration: In consultation with regulators in the Netherlands, we are currently developing a remuneration policy that ensures that putting the interest of the customer first is rewarded. For example, in 2012 we eliminated the bonus that mortgage advisors used to receive for selling mortgages
- KPIs: We have key performance indicators (KPIs) for client satisfaction, waiting times in the call centre, NPS scores, the quality of client contacts and more. An example of a KPI is that our clients should rate 60% of our client conversations as 'very good' to 'excellent'. Depending on the type of job, CIF KPIs are part of the employee's coaching and performance assessment. We are also developing an overall CIF dashboard so we can see how we are performing at any moment on a set of CIF KPIs
- Human Resources: Making sure we hire people with a mind set of putting the customer's interest first and providing continuous training to managers and employees
- Customer engagement: Making sure we listen to advice from our customers and use it to constantly improve our business. In 2012, we simplified our range of savings products and reduced our range of variable savings products from 27 to 6
- Complaints management: Making sure all complaints by customers are handled with due care and that we learn from and improve according to these complaints
- Internal communications: Regularly emphasising CIF in our internal communications

IMPLEMENTING CUSTOMER CENTRICITY

In 2012 several of our businesses implemented special client- or customer-centric initiatives.

Retail Banking

Since 2010, ING has been implementing a change programme throughout the international Retail operations called 'Customer Interest First' (CIF). The objective of CIF is to make every aspect of our organisation customer-centric; from the type of people we recruit to the products we sell, and to the way we solve complaints long after the sale was completed.

CIF is about doing what is right for the customer based on our knowledge, experience and duty of care. Putting the customer's interest first does not mean fulfilling every request and satisfying every wish. On the contrary, CIF sometimes requires us to say no to a customer because we do not believe the product or service may be suitable for the client given his or her risk and financial profile.

Private Banking

ING Private Banking works on the basis of the relationship model. Surveys show that a strong fit between the client and the bank is essential in order to form long-term partnerships. For example in the Netherlands, to facilitate a better match between the personal profiles and needs of the clients and their private banker, ING gives prospective clients the opportunity to choose their own private banker. Based on their postal codes, prospective clients are presented with a number of profiles that show the background, expertise and personal interests of the private bankers.

5.1 Customer centricity *continued*

Commercial Banking

In 2012, ING Commercial Banking introduced a new solutions-driven methodology for client engagement called the Integrated Customer Approach (ICA). The ICA requires an in-depth analysis and understanding of the client’s strategy, operations and balance sheet. Relationship managers and product specialists have been specially trained to dissect balance sheets for financial risks and opportunities and to understand and analyse every step in the financial supply chain, from the moment a company’s goods are ordered to the moment they are being paid. After an initial round of internal research and analysis, the ING teams, which consist of the relationship manager and various product specialists, gather additional input from senior leaders at the client company. In the final step, we share the conclusions of our analysis with the client and present various financing options. This approach is different from the one we used in the past, when our clients typically met with multiple product specialists.

The Integrated Customer Approach was piloted with several clients in 4 countries in Central & Eastern Europe (CEE). Based on positive feedback from our clients, we also introduced it in the 5 other CEE countries. In 2012, ING pitched to 27 clients based on the new approach; the goal is to pitch to 87 selected clients by May 2013. We expect that our new approach will create more sustainable and profitable relationships because it focuses on the topics that matter most to our corporate clients in the current environment. In 2012, 270 employees in the CEE region were trained in the ICA approach.

SUPPORTING OUR CUSTOMERS IN FINANCIAL DISTRESS

ING strives to be a business partner for its customers in both good and challenging times. We want to assist our customers through a financially difficult period by making allowances that enable them to have a longer grace period to recover and meet their financial obligations. When mortgage customers in the Netherlands encounter difficulties in meeting their monthly payments, ING Bank will sit down with them to discuss their payment schedule and try to find a solution that is acceptable for both sides. In other countries, we try to assist customers affected by natural disasters. For some of our insurance products, policyholders can access their pension investments or savings in the event of financial distress.

BUSINESS UNITS THAT OFFER PRODUCTS DESIGNED TO SUPPORT CUSTOMERS IN FINANCIAL DISTRESS*

In percentage

ING Bank	21
ING Insurance/IM	29
ING Group	24

* The data in this table covers 54 out of 56 business units which are part of the reporting scope. 90% of our FTEs have been covered.

ING Insurance

In our insurance and investment management business, we aim to differentiate our customer experience from that of our peers by providing clarity about our products and services, terms and conditions, and pricing. We also aim to comprehend our customers’ circumstances and needs and consequently provide better guidance on the customers’ financial situation. Our intention is to create a multi-channel customer experience. In this framework, ‘multi-channel’ refers to our communication channels; personal, telephonic, email or online customer service, as well as to multi-channel distribution, which comprises tied agents, our banking partners, broker partners and online sales. Especially creating a strong ING customer experience via independent brokers or banks can be complicated as they have their own brands, service models and processes.

INDICATORS FOR FURTHER IMPROVING CUSTOMER SUITABILITY

Each ING Insurance business in the Central & Rest of Europe (CRE) region has made customer suitability a regular agenda point during management meetings. We also developed five indicators that represent the key customer suitability risks. We collect and analyse data on these indicators and use the conclusions to improve our products, services and sales processes. The 5 indicators are:

1. Net Promoter Score: What has been the trend of the NPS scores over the past few months and quarters? Which touch points score well and which do not? What conclusions can be drawn from the scores about the quality of our customer engagement?
2. Customer complaints: What are the top five complaints in the Business Unit and how can they be used to deliver better services and products?
3. Welcome Call Analysis: A sample group of customers who have purchased ING insurance products are called by an ING representative to ensure that the customer is satisfied.
4. Policy persistency rate over the last few quarters: Most of the policies we sell have a long-term duration. If a policy is ended after a few years, this could indicate that the product was not a good fit for our customers.
5. Agent turnover rate: This gives us an indication of the quality of service provided in the selling process or the quality of the products sold.

5.1 Customer centricity continued

An example is the Customer Experience Programme that was implemented within Insurance Central & Rest of Europe (CRE), helping us establish the minimum standards that must be delivered to our customers in terms of service and experience.

In the Czech Republic and Slovakia, the businesses make greater use of email to communicate with customers and they have enhanced the claim process – leading to 80% of claims being resolved within five days. In Poland, Hungary and Romania, the introduction of a new business process management platform has made customer interaction and processing more efficient. In Hungary, Bulgaria and Romania, client portals were introduced or enhanced to enable online transactions and e-statements.

FOR YOU

An example of a value proposition that is more than a product or service is 'For You', an insurance offering that has been designed specifically for women. It was launched in the Czech Republic in December 2012. 'For You' not only provides financial support in the case of a diagnosis of breast cancer or cancer of the female reproductive organs. It also includes an online community platform (www.foryou.cz) where women can learn everything about prevention and treatment and engage in a confidential dialogue with other women, psychologists or medical practitioners. This interactive community forum is a key differentiator. The Czech launch is currently in its pilot stage. If the pilot is successful, we will launch it in other countries in Europe as well.

In 2012, ING Insurance further improved its 'Need Based Sales Approach' to ensure customers are offered financial solutions that match their needs as closely as possible. The sales approach ensures that the minimum standards expected of an insurance company are applied and consists of four basic steps:

1. Need identification – Identify the client's needs
2. Solution Development – Work out the right offering and support the agent to develop an adequate offering
3. Solution Presentation – Introduce the solution to the client
4. Training – Prepare and educate the whole sales force

ING Investment Management

In 2012, ING IM Europe successfully completed its Key Investor Information Document (KIID) project, which has helped embed customer suitability within ING IM Europe. The objective of this document is to increase transparency and equip clients with information on the service provided to them. This information consists of:

- More details on fee structures
- A unified way of showing past performance
- Market conform risk information on our funds
- Clear description of investment objectives

TRAINING EMPLOYEES ON CUSTOMER CENTRICITY

ING offers its employees regular and mandatory e-learning modules. These modules are accompanied by team dialogue sessions in order to discuss the takeaways from the training, emphasise the importance of customer centricity and keep awareness high. This form of training aims to sharpen ING employees' awareness of the issues and behaviours that can have a direct impact on customers' trust in ING.

One of the most important training programmes is the Promoting Integrity Programme (PIP), an educational and behavioural change programme that consists of several training modules, designed to ensure that all ING staff understand how their actions can support or undermine the trust of our customers and other stakeholders. Until 2012, the PIP training module 'Customer Trust' was rolled out across the Bank and Insurance/IM operations, with 61,000 employees having completed this module.

5.2 Net Promoter Score

We have made it possible to assess how we are progressing towards our customer centricity ambition by linking KPIs to ING's annual Net Promoter Score (NPS), which is indicative of customer satisfaction and loyalty. NPS is a methodology used by ING to learn more about the satisfaction and loyalty of our customers based on their experience in doing business with us. Using NPS as a core means of measuring the current status of how our customers view ING also involves immediately acting upon the provided feedback.

ING BANK

In the 12 countries in which ING has retail banking operations, NPS is measured twice a year to benchmark ourselves against the top 3 local competitors in these geographical markets. For each country, the demographics of the sample and the questions asked vary as per local circumstances and per product offered. This involves conducting customer surveys around such aspects as the

5.2 Net Promoter Score *continued*

conduct of our staff, how customers experience our branches, the quality of our products and the ease of our processes. The answers our customers provide through these surveys give us insight into the number of clients who are dissatisfied, have a neutral opinion, or are so positive that they would recommend ING to friends and family. Also, dissatisfied customers are contacted and consulted on their complaints so that remedial action can be taken. Neutral customers are asked what we can improve further. And promoters are the clients who provide us with input on what we do well, so that we can replicate this information across our businesses.

NPS RANKING ING BANK

COUNTRY	BUSINESS UNIT	NPS RANKING*
Australia	ING Direct Australia	1
Austria	ING-DiBa - Austria	2
Belgium	ING Bank Belgium	1
France	ING Direct France	3
Germany	ING-DiBa - Germany	1
Italy	ING Direct Italy	1
Netherlands	ING Bank Netherlands	1
Poland	ING Bank Poland	2
Romania	ING Bank Romania	1
Turkey	ING Bank Turkey	n/a
Spain	ING Direct Spain	1
UK	ING Direct UK	1

n/a: not available

* Benchmark against our local top 3 competitors.

ING's customer-centric focus has proved a success, with 10 countries achieving first or second place in Net Promoter Scores (NPS) compared to competitors.

ING INSURANCE & INVESTMENT MANAGEMENT

ING Insurance/IM continued to use insights from its Net Promoter Score (NPS) programme in 17 countries to make process improvements in 2012. Businesses in Europe and Asia revised written customer communications to ensure the language used was easier to understand. Customer contact was improved through more effective use of email. ING's tied agency transformation programme reviewed agents in many countries, which improved agent productivity. ING Insurance/IM's strategy of being a customer-driven business providing first-class products and services through multi distribution channels was recognised in several awards and special mentions received during the year. Please refer to [page 34](#) for more information.



5.3 Enhancing financial capability

In addition to integrating better customer suitability in our product and service offerings, we are also committed to enhancing the financial capability of our customers. We do this by providing insights, tools, and programmes to improve consumers' financial decision-making through offline and online channels. By investing in financial education and awareness-building campaigns, we try to support our customers in understanding the advantages and risks associated with financial products and services, as this can enable them to take decisions that are better adapted to their personal circumstances.

Better insight on customer behaviour and needs

The ING International Survey (IIS) aims to gain a better understanding of how customers of ING Bank's retail operations around the globe spend, save, invest and feel about money. Four times a year, consumers are surveyed on different topics related to personal finance, with the results publicly available. The first in this programme of studies was the Q4 2011 Survey on Savings, which revealed the attitudes of more than 18,000 people in 19 countries. The results were released in January 2012.

The 2012 ING International Survey on Homes and Mortgages polled more than 15,000 people in 15 countries about where they live, how they pay for their home, and what they thought about their mortgage as a financial product. The ING International Survey on Financial Competence polled 11,077 people in 11 countries. The ING International Survey on Pensions and Long Term Savings polled more than 12,000 people in 12 countries in Europe on a wide range of topics related to savings and retirement.

ING US often served as a source of information about important industry trends and information during the year. The company issued findings from an extensive consumer study that highlighted the retirement saving behaviours, attitudes and trends of multicultural and women's groups. In addition, ING US conducted and shared findings from a separate study that highlighted consumer behaviours, attitudes and trends on purchasing life insurance. Finally, the company launched a research-based programme that re-promoted ING US's pioneering peer benchmarking web-tool, www.INGCompareMe.com , as well as created an interactive map – www.INGStateofSavings.com  - to illustrate how Americans are saving across the country.

5.3 Enhancing financial capability *continued*








Initiatives to enhance financial knowledge and awareness

Financial information events in the Netherlands were organised for ING Bank in the form of online seminars in which financial experts share their insights and recommendations with customers on various financial topics. In 2012, 27 seminars took place and were attended by nearly 5,000 customers.


Together with 'Elsevier', a leading Dutch magazine, ING organised a conference called 'Managing your Capital' ('Grip op je Vermogen'). Research conducted by ING at the beginning of 2012 concluded that customers feel the need for more information about their capital. This conference aimed to provide the participants with the information they needed regarding savings, investments, pensions, fiscal possibilities and financial planning. There were 2,000 participants, of which 1,300 were customers of ING Personal Banking.

This table provides a snapshot of financial education platforms launched by ING Bank in various countries:

FINANCIAL EDUCATION PLATFORMS

BUSINESS	TYPE	DESCRIPTION
ING Group	Website eZonomics 	eZonomics is an ING website aimed at making economic information more accessible to non-specialists and showing how it can influence our way of living now and in the future
ING Bank Netherlands	Website 'Mijn Geld' 	An interactive financial education website that creates awareness of financial matters and provides information about financial products
ING Direct France	Sponsored channel 'MonnaieTime' 	Yahoo channel for financial education, promoted and sponsored by ING Direct France
ING Direct Spain	Corporate Blog 'Ennaranja' 	The blog provides information about financial products and financial education
ING Direct Italy	Corporate Blog 'Vocearancio' 	An interactive financial education website where smart savings tips are shared
ING-DiBa Germany	Website 'Finanzversteh'er' 	An interactive financial education website
ING-DiBa Austria	Website 'Gut Mit Geld' 	The website created awareness of financial matters and of Commercial Banking's Lending Services as part of an employee engagement programme at ING-DiBa in Austria. The website won the Preferred Bank Award, an internal ING award.

For ING Insurance in the Netherlands, interactive information sessions were organised by Nationale-Nederlanden with their customers to provide them with additional information about their pension.

ING Insurance launched the website [www.myfinancialpersonality.com](#)  to help customers understand their particular 'financial personality' type and make better decisions for themselves. Users could fall into one of four distinct financial personalities depending on their attitude towards risk and whether they make financial decisions with 'their mind or their heart'.

The Financial Personality type allows predictions to be made for longer-term financial planning behaviour (pension, emergency fund, life insurance), but also for short-term behaviours like holiday habits. The web analytics of the website and financial personality tested this in the first five countries that launched the website. There were 45 million unique views and 230,000 people completed the test. The website also helped ING to understand its customers' behaviour and needs.

5.4 Financial inclusion and accessibility

We endeavour to be increasingly inclusive in providing access to our financial products and services by responding to the gaps identified in the channel and format of delivery.

Digital and online services

A growing number of our retail customers make use of mobile and online banking. At least 23 of the 35 ING Bank business units offer online banking services to their customers. Our insurance customers are also increasingly using online services. At least 7 of the 19 ING Insurance business units we surveyed at the end of 2012 confirmed that they offer online insurance services.

5.4 Financial inclusion and accessibility *continued*

Banking services for customers with special needs

We aim to offer our financial products and services to all segments of society, including young people, the physically challenged and the economically disadvantaged. Our branches therefore have barrier-free access, ATMs are adapted for the visibly challenged and we develop products such as savings accounts for children and insurance products for cancer patients.

BUSINESS UNITS THAT OFFER PRODUCTS AND SERVICES TO PEOPLE WITH SPECIAL NEEDS*



In percentage	
ING Bank	30
ING Insurance/IM	28
ING Group	29

* The data in this table covers 55 out of 56 business units which are part of the reporting scope. 92% of our FTEs have been covered.

5.5 Awards in 2012

Throughout the year, ING's business units were awarded for their performance on a variety of customer centricity-related subjects.

AWARDS WON RELATED TO CUSTOMER CENTRICTY IN 2012

AWARD	ING BUSINESS UNIT	GRANTED BY
Highest in Customer Satisfaction among midsize Retail Banks in Canada	ING Direct Canada	J.D. Power and Associates
Most Popular Financial Website of 2012	ING Netherlands (ing.nl )	Public award (voted through websitevanhetjaar.nl )
Best Sub-custodian bank	ING Bank Romania	Global Finance Magazine
Best in Business Finance	Commercial Finance Netherlands	Incompany magazine
Best Private Bank	ING Bank Netherlands	Incompany magazine
Best Corporate Internet Banking Initiative award	ING Vysya	Asian Banker Technology Implementation Awards
Best investment management company in terms of investment products and services	ING IM Netherlands	CASH's People's Choice Award 2012
Most Dynamic Pension Insurance Company	ING Insurance Bulgaria	2012 Insurer of the Year Awards Bulgaria
Best Insurance Company Hungary	ING Life Insurance Hungary	World Finance
Best Insurance Company of the Year	ING Insurance Czech Republic	Fincentrum Bank of the Year Awards
Company of the Year 2012	ING Pensions Romania	PRIMM (one of the main publications in the Romanian insurance and pensions landscape)
Most Client-friendly Insurance Company 2012	ING Insurance Czech Republic	Fincentrum Bank of the Year Awards
Best Direct Bank and Best Term Deposits	ING Direct Australia	Mozo People's Choice Awards 2012

6. Better business

HIGHLIGHTS 2012

- ▶ ING nearly doubled its Sustainable Assets Allocated in 2012
- ▶ ING financed 'Northwind' – Belgian offshore wind park rewarded 'European Renewables Deal of the Year'
- ▶ The scope and application of ING's Environmental and Social Risk Framework was expanded and further developed
- ▶ ING was elected as the new chair of the Equator Principles Association Steering Committee for 2012/13 mandate

As a mainstream financial institution, ING engages with all industry sectors. From our financing and lending activities to payroll and cash management, we witness first-hand how trends can impact our business and that of our clients. Therefore, the conditions we set for our activities take into account a range of social, ethical and environmental considerations.

6.1 Finance and transparency

People entrust their money to ING if they believe we are committed to managing their money well. We are aware that the expectations our customers and broader society have about responsible finance are on the rise. The financial crisis of 2008 and the following years have highlighted the importance of financial institutions to prioritise the needs and expectations of stakeholders specifically our customers. We aim to be as transparent as possible on the sources of the funds entrusted to us, and how we use them. In this report we provide insight into how our funds entrusted are allocated.

6.1 Finance and transparency continued

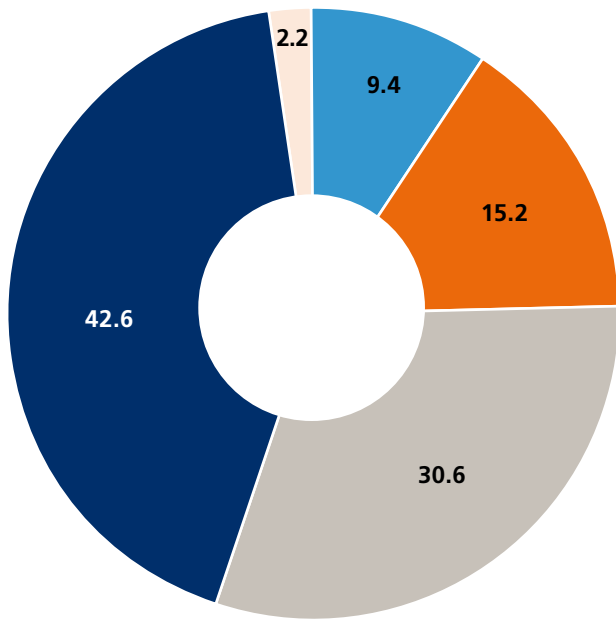
SEGMENT BREAKDOWN LENDING & INVESTMENT ING BANK

The figure below shows an overview of ING Bank's risk diversification of its lending and investment activities based on economic sectors. The data are derived from ING Bank's internal credit risk measurement methodologies. ING Bank's portfolio, which stood at EUR 733.5 billion at year-end 2012, is divided into

five client segments. Consumer lending is the largest segment, accounting for 42.6% of the total portfolio. Nearly 50% of our consumer lending is for residential mortgages in the Netherlands. Regarding our financing of corporate customers, a further breakdown of sectors can be found on [page 38](#) of this report.

CREDIT RISK PORTFOLIO PER CLIENT SEGMENT

In percentage

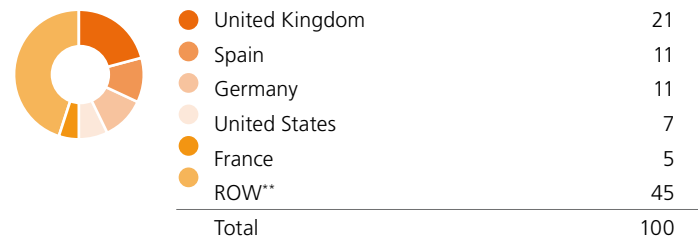


	2012	2011
● Governments	9.4	8.7
● Financial Institutions	15.2	18.8
● Corporates	30.6	26.9
● Consumer Lending	42.6	40.8
● Other	2.2	4.8
Total	100	100

GOVERNMENTS



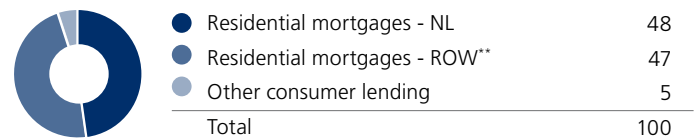
FINANCIAL INSTITUTIONS



CORPORATES



CONSUMER LENDING



* Greece, Italy, Ireland, Portugal and Spain.

** Rest of the World.

*** Other financial instruments such as lending, pre-settlement.

6.1 Finance and transparency continued

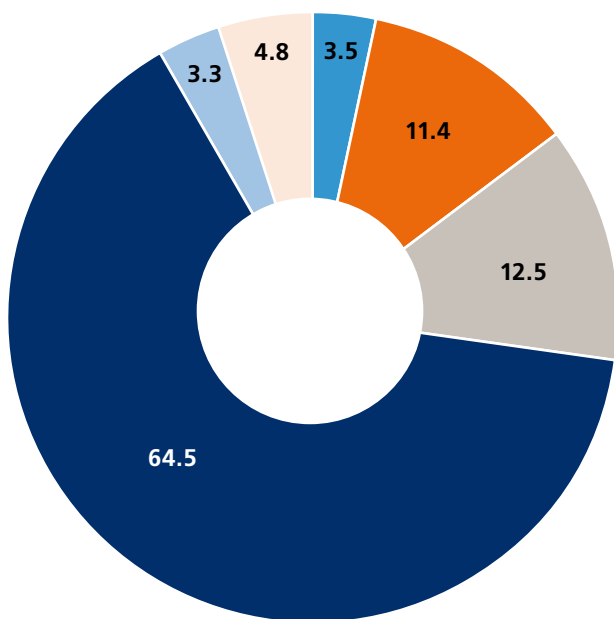
ING INSURANCE: ASSET BREAKDOWN INVESTMENTS AND LENDING

The overview below, also derived from our internal credit risk measurement methodologies, shows that the total investment portfolio of ING Insurance is divided over six asset classes. The total value of these assets, which are ING Insurance proprietary

assets (General Account), amounted to EUR 160 billion at year-end 2012. In order to meet our long-term (life insurance) obligations the majority (64.5%) of assets are invested in bonds, of which 48% is allocated to government bonds and 42% to corporate bonds. The allocation of the investment portfolio of ING Insurance to economic sectors can be found on [page 39](#) of this report.

CREDIT RISK PORTFOLIO PER ASSET CLASS

In percentage

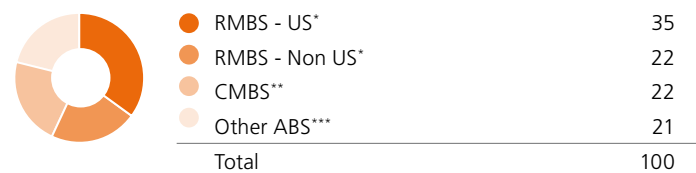


	2012	2011
Equity	3.5	4.8
Securities	11.4	11.1
Loans	12.5	14.3
Bonds	64.5	60.1
Cash	3.3	4.2
Other	4.8	5.5
Total	100	100

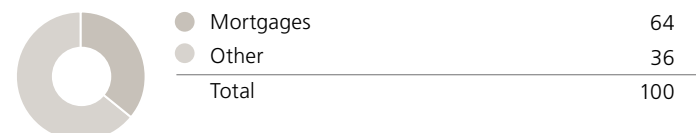
EQUITY



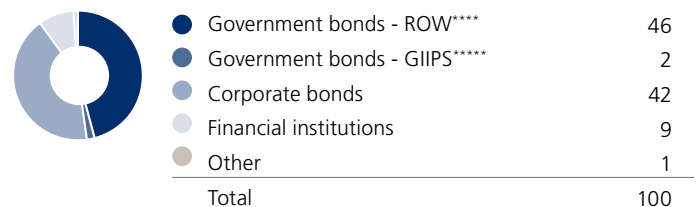
SECURITIES



LOANS



BONDS



* Residential Mortgage - Backed Securities.
 ** Commercial Mortgage - Backed Securities.
 *** Asset-Backed Securities.
 **** Rest of the World.
 ***** Greece, Italy, Ireland, Portugal and Spain.

6.1 Finance and transparency *continued*

ECONOMIC SECTORS ING BANK

As indicated on [page 36](#), corporate customers account for 30.6% of our total lending portfolio, equivalent to about EUR 220 billion at year-end 2012. The table below represents the different sectors that are used to classify our corporate clients. The column with 'Exposure 2012' reflects the percentage of our total lending and investment activities in the different sectors. The sector breakdown for corporate clients below is based on the NAICS classification applied by ING Bank Credit Risk Management in our internal measurement methodologies. The table illustrates for example that the largest portion of our total lending to corporates

and investment activities is used in real estate (6.7%) and the smallest (0.3%) for the technology sector.

Through this table we aim to illustrate which ING environmental and social risk policies apply to various economic sectors. For example, the activities of companies categorised within the 'utilities' sector are covered by 4 ESR policies, on top of the ING Business Principles; environmental compliance, human rights, nuclear energy and the Equator Principles.

ING BANK CREDIT RISK PORTFOLIO PER ECONOMIC SECTOR AND APPLICATION OF ESR FRAMEWORK

In percentages

	EXPOSURE 2012	BP	Human rights	Environmental compliance	Animal testing	Defence	EP	Forestry & plantations	Fur	Gambling	Genetic engineering	Labour rights (manufacturing/agriculture)	Natural resources & chemicals	Nuclear energy	Pornography
Consumer Lending	42.6	●	●	●											
Financial Institutions	15.2	●	●	●											
Governments	9.4	●	●	●											
Other	2.2	●	●	●											
Corporates	30.6	●	●	●											
- Real Estate	6.7	●	●	●			●								
- Natural Resources	4.9	●	●	●			●	●				●	●		
- Transportation & Logistics	2.8	●	●	●		●	●	●				●	●		
- Services	2.4	●	●	●	●		●		●	●	●	●			●
- Food, Beverages & Personal Care	2.3	●	●	●	●		●	●	●		●	●			
- General Industries	2.1	●	●	●		●	●	●						●	
- Builders & Contractors	2.0	●	●	●			●								
- Chemicals, Health & Pharmaceuticals	1.6	●	●	●	●		●	●			●	●	●		
- Utilities	1.4	●	●	●			●							●	●
- Media + Telecom	1.2	●	●	●		●	●								●
- Other	1.1	●	●	●											
- Retail	1.0	●	●	●			●					●			
- Automotive	0.8	●	●	●		●	●								
- Technology	0.3	●	●	●	●	●	●				●			●	

Note: we have several specific policies, such as our country risk policies, which apply to the different sectors but which are not part of our Environmental and Social Risk Framework.

ING'S ESR POLICY OVERVIEW

- Business principles
- Human rights
- Environmental compliance
- Animal testing
- Defence
- Equator principles
- Forestry & plantations
- Fur
- Gambling
- Genetic engineering
- Labour rights (manufacturing/agriculture)
- Natural resources & chemicals
- Nuclear energy
- Pornography

6.1 Finance and transparency *continued*

ECONOMIC SECTORS ING INSURANCE

The overview below specifies how ING Insurance’s investment portfolio (General Account) is allocated to economic sectors. The breakdown is based on the NAICS¹ classification applied by ING Insurance risk management in our internal measurement methodologies². For instance, it illustrates that the largest portion of ING Insurance assets (30%) are allocated for investments in ‘Governments and the public sector’. ‘Retail’ and ‘Builders & contractors’ account for the smallest portion of asset allocation with 1.2% each.

We have also indicated which ESG policy is applicable to which sector. Most if not all the activities of companies in the sectors

¹ Please refer to the Glossary for explanation of these terms.
² Please refer to the ING Group Annual Report 2012 for more information.

Governments & public administration, Non-bank financial institutions, Commercial & central banks and Private individuals do not carry a high environmental or social risk and therefore do not trigger the screening of any specific ESR policies.

An important instrument in implementing the ESR Framework is our restricted list. Governments and companies that breach our policies are placed on this list to ensure that no harmful investments are made. The rationale for the restrictive list is, that ING Insurance/IM can only decide to invest or not invest in listed assets; it cannot specifically exclude certain company activities in which it does not want to invest - a distinction that ING Bank, by contrast, is able to make in its lending engagements.

ING INSURANCE CREDIT RISK PORTFOLIO PER ECONOMIC SECTOR AND APPLICATION OF ESR FRAMEWORK

In percentages

	EXPOSURE 2012	BP	Human Rights	Environment	Weapons	Controversial Weapons	Alcohol	Tobacco	Gambling	Adult Entertainment	Weapons	Controversial Weapons	Alcohol	Tobacco	Gambling	Adult Entertainment
Governments + public administration	30.0	●	●	●												
Non-bank financial institutions	25.9	●	●	●												
Commercial + central bank	10.1	●	●	●												
Private individuals + other	6.7	●	●	●												
Real estate	5.2	●	●	●												
Utilities	3.7	●	●	●												●
Natural resources	3.6	●	●	●			●					●	●			
Media + Telecom + Technology	3.2	●	●	●	●	●				●					●	●
Food, Beverages & Personal Care	2.1	●	●	●	●		●	●		●	●					
Automotive + general Industries	2.0	●	●	●	●								●			●
Chemicals, Health & Pharmaceuticals	1.8	●	●	●	●		●			●	●	●				
Transportation & Logistics	1.8	●	●	●		●	●					●	●			
Services	1.5	●	●	●	●			●	●	●						●
Builders & Contractors	1.2	●	●	●												
Retail	1.2	●	●	●									●			

Note: we have several specific policies, such as our country risk policies, which apply to the different sectors but which are not part of our Environmental and Social Risk Framework.

6.2 Environmental and Social Risk management

ING integrates sustainability considerations and objectives in its business strategies and actively manages social and environmental risks from its business engagements. Doing so, we mitigate risks and contribute to positive change as we support clients to seek continuous improvement in environmental and social practices.

ING's Environmental and Social Risk (ESR) Framework applies to all business conduct and has been developed to ensure informed decision-making that is consistent with ING's Business Principles and commitment to provide responsible financial services.

ING's ESR Framework was first formalised in 2003. The framework sets out our minimum standards for such issues as human rights, protected areas, biodiversity and ethical dilemmas. By implementing our ESR standards, we have not only steered away from activities that do not match our Business Principles but we have also helped our clients to strengthen their overall risk profile and to raise their own ESR standards. A dedicated Environmental and Social Risk team within Corporate Credit Risk Management advises relationship managers, the credit committee, senior management and clients on business transactions with potential environmental or social sensitivities.

ING'S CURRENT SET OF ESR POLICIES IS GROUPED INTO THE FOLLOWING CATEGORIES:

ESR EXCLUSION POLICY

This policy defines our minimum standards. It ensures we are not engaging with activities beyond what we find acceptable. Our general exclusion policy deals with a variety of issues that might be present in any sector or business activity.

The ESR Framework is built on the basis of the ING Business Principles and underlying commitment to respect human rights and the environment. Under these pillars, ING has developed the ESR Exclusion Policy. ING will not engage in business activities that are mentioned in the ESR Exclusion Policy table.

ING will exclude business engagements with companies or organisations where the majority of activities relate to activities that ING excludes. When the excluded activity is a minority¹ of the total operations of a company or organisation, we may finance its non- controversial activities. If so, we will obtain satisfactory assurance based on the nature of the transaction, or a confirmation stating that ING funds are not directly used to finance excluded activities.

¹ Minority thresholds vary per ESR sector

ESR EXCLUSION POLICY

POLICY	EXCLUSIONS
Animal Testing	▶ Animal testing for cosmetic purposes
Defence / Controversial weapons*	▶ The production, maintenance or trade of anti-personnel landmines, cluster munitions, depleted uranium ammunition, or nuclear, biological and chemical weapons ▶ Controversial weapons trade, such as making arms available to UN, EU or US weapon embargoed countries
Fisheries	▶ The use of dynamite or poison related to the catching of marine and fresh water species and shellfish in the wild ▶ Shark finning ▶ Commercial whaling
Fur	▶ Operating fur farms ▶ The manufacturing of fur products ▶ The trade of fur products
Gambling	▶ Online gambling
Genetic Engineering	▶ The development of Genetic Engineering or Genetic Modification (GM) on humans ▶ The development of Genetic Engineering or Genetic Modification (GM) on plants or animals for non-medical purposes
High Conservation Value Forest	▶ Removal of primary or High Conservation Value Forests ▶ Deforestation and/or burning down tropical rainforest, or High Conservation Value Forests with the intention to set up a plantation, or for any other purposes, like sale or wood processing
Internationally protected Areas	▶ UNESCO World Heritage Sites ▶ Wetlands registered by the Ramsar Convention ▶ Critical natural habitats registered by the International Union for the Conservation of Nature ('IUCN') Category I and II (See ESR Sector Policy)
Pornography	▶ Online pornography
Ship Breaking	▶ Ship dismantling facilities in - and ships traded or transported for dismantling to - Asia

ING aims to apply the ESR Exclusion Policy to all its products and services in a consistent and systematic manner. ING acknowledges that the application of this Policy can be challenging in some business areas.

* For more information, please refer to our ESR Policy Framework on www.ingforsomethingbetter.com 

6.2 Environmental and Social Risk management *continued*

ESR SECTOR POLICY

These policies deal with environmental, labour and human rights issues that are specific to a particular sector. They guide us in our aim to support companies across these sectors to assess their environmental and social performance.

PROJECT-RELATED POLICIES

These policies (e.g., the Equator Principles) deal with issues related to project finance, but we also apply them to project-related advisory and lending, for both financing and advisory work.

Please refer to our website for more information
www.ingforsomethingbetter.com 

The Equator Principles

The Equator Principles (EP) are the standard in the financial industry for assessing and managing environmental and social risk in project finance transactions. The EP are adopted and applied voluntarily by financial institutions, which are referred to as Equator Principles Financial Institutions (EPFI). The EP are based on the International Finance Corporation Performance Standards on social and environmental sustainability (IFC PS) and the Environmental, Health, and Safety Guidelines (EHS Guidelines). The EP Association was formed by the EPFI. The goal of the EP Association is also to ensure long-term viability of the framework. The EP are approaching their tenth anniversary, growing from 10 members in 2003 to 79 members today.

ING strongly supports the EP as we recognise their ability to positively contribute to society. Application of EP requires in-depth research on environmental and social risks. By raising awareness of these risks, we help our customers in identifying opportunities to mitigate them. ING encourages clients to seek continuous improvement in environmental and social risk management and supports them to move towards international best practices. We incorporate conditions related to our ESR Framework in the financial documentation, making them part of the commercial relationship.

Equator Principles application in 2012

In 2012, out of the 386 enquiries centrally reviewed by ING's ESR team, approximately 35 project-finance deals were subject to screening under the Equator Principles. The remainder of the ESR screening covered other aspects of our business. In order to improve our environmental and social risk management, ING is taking a proactive role in applying best practices and testing the application of the EP in areas other than project finance. For example, ING applies the EP for corporate loans that will be used to develop projects.

Project financing and project advisory transactions undertaken by ING in 2012 are detailed below. The table includes transactions that commenced in 2011 but where the review and engagement were on-going in 2012. The Environmental and Social Risk (ESR) team has reviewed transaction documentation and provided specific advice to transactions located in non-high income OECD countries. Transactions in high-income OECD countries have been reviewed by the front office and risk management, in accordance with compliance with environmental and social host country laws and regulations and the relevant principles that apply. The table below provides a breakdown per EP category, region and outcome of ING's ESR advice. ING applies the EP beyond project finance transactions; this is referred to in the table under the column 'EP Spirit'. The depth and requirements applied under the 'EP Spirit' may vary based on our capacity and position to influence the underlying project. ING did not proceed with any transactions that received a negative ESR advice.

ING Chairs Equator Principles Steering Committee

On 1 May 2012, ING was elected as the new chair of the EP Association (EPA) Steering Committee for a one-year mandate. During the first six months in this role, ING led the review of a new version of the Equator Principles, called EP III. EP III is a significant development as it extends the scope of the Equator Principles beyond just project finance. Though ING Bank has been working with this focus for several years, this development will have a large impact on the world of financing with the potential to positively impact borrowers of all sorts.

The revisions incorporate changing market practices and emerging environmental and social concerns. EP III also aims to increase transparency and consistency and further grow the acceptance of the EP within the financial sector. Furthermore, EP III is focused on creating a more level playing field of the EP across the banking industry by reconciling the diversity of policies, practices, cultural settings, client relationships, risk appetites and legal boundaries of its existing and potential new members.

In August 2012, ING initiated the formal 'EP III Stakeholder Consultation and Public Comment'. This is a 60-day consultation process involving more than 30 external stakeholders (industry representatives, NGOs and other financial institutions) in North America, Latin America and Europe. We believe this open consultation with external and internal stakeholders will be reflected in a more robust and feasible EP III. The EP III will be finalised in 2013.

6.2 Environmental and Social Risk management continued

EQUATOR PRINCIPLES SCREENING AT ING BANK IN 2012

GEOGRAPHICS	SECTOR	OECD		ADVICE			SCOPE	
		HI	NON-HI	NEGATIVE	POSITIVE	CONDITIONAL	EP FULL	EP SPIRIT
North America	Infrastructure	0	0	0	0	0	0	0
	Natural resources	1	1	0	1	1	2	0
	Power & utilities	0	1	0	1	0	1	0
	Other	0	0	0	0	0	0	0
	Total	1	2	0	2	1	3	0
Europe	Infrastructure	0	0	0	0	0	0	0
	Natural resources	4	1	0	4	1	5	-
	Power & utilities	2	1	0	3	0	3	-
	Other	2	4	1	5	0	3	3
	Total	8	6	1	12	1	11	3
Latin America	Infrastructure	0	0	0	0	0	0	0
	Natural resources	0	1	0	0	1	1	0
	Power & utilities	0	0	0	0	0	0	0
	Other	0	0	0	0	0	0	0
	Total	0	1	0	0	1	1	0
Central & Eastern Europe	Infrastructure	0	1	0	1	0	1	0
	Natural resources	0	3	0	3	0	3	0
	Power & utilities	1	0	0	1	0	1	0
	Other	0	1	0	1	0	1	0
	Total	1	5	0	6	0	6	0
Asia	Infrastructure	0	0	0	0	0	0	0
	Natural resources	1	4	0	4	1	4	1
	Power & utilities	1	0	0	1	0	1	0
	Other	1	3	0	3	1	3	1
	Total	3	7	0	8	2	8	2
Africa	Infrastructure	0	0	0	0	0	0	0
	Natural resources	0	0	0	0	0	0	0
	Power & utilities	0	1	0	1	0	1	0
	Other	0	0	0	0	0	0	0
	Total	0	1	0	1	0	1	0
Middle East	Infrastructure	0	0	0	0	0	0	0
	Natural resources	0	0	0	0	0	0	0
	Power & utilities	0	0	0	0	0	0	0
	Other	0	0	0	0	0	0	0
	Total	0	0	0	0	0	0	0
	TOTAL	13	22	1	29	5	30	5
		35		35			35	

6.3 ESR Framework application

ESR FRAMEWORK APPLIED BY ING BANK

ING's ESR Framework is applied at client and transaction level. Whenever ING receives a request to offer a product or service for a client, ING verifies compliance with the ESR Framework on corporate level, meaning that ING will ask questions on the general ESR performance and track record of the company. When entering into specific business engagements, another in-depth verification takes place related to the specific transaction. To illustrate this, the risk level of a corporate engagement with a major client in the extractive industry sector may involve a different risk level than a specific project. It could be the case that all corporate policies conform with international best practice, but that an individual project may be exposed to risks because of the specifics of the project and the country. If this is the case, it requires either significant due diligence and monitoring, or it is considered beyond our risk appetite.

The chart on [page 44](#) illustrates how our ESR governance model is applied in practice. For specific transactions or engagements, ING's Front Office staff first checks whether the engagement is in line with ING's Business Principles. The second step is to determine whether the engagement carries 'high' or 'low' risk under the ESR Framework. When assessing the applicability of the ESR policies, we focus on the (potential) client as well as the sector and country where it operates. The criteria used to flag risk in a business engagement refer (among others) to:

- Impact on protected areas (as identified by international institutions such as the International Union for the Conservation of Nature (IUCN), the Ramsar Convention, and the United Nations Educational, Scientific and Cultural Organisation (UNESCO))
- Environmental and social performance of the client and the purpose of the financing
- Involvement in countries defined as 'high risk' by ING
- Projects with high and medium environmental and social impacts (Equator Principles Category A/B)

In the case of low-risk transactions, our Front Office and risk managers proceed with the engagement. However, if the transaction is considered to be 'high risk', a further ESR assessment is carried out, often in close cooperation with ING's Sustainability department. Based on the assessment, an advice is given on how to proceed. Exemptions to a negative ESR advice may occur on a very exceptional basis and can only be agreed upon by the Executive Board or ING's highest credit committee.

ESR POLICIES APPLIED BY ING INSURANCE/IM

ING distinguishes different types of assets that are managed for its own account and for third parties. The majority of ING's assets are managed by ING Investment Management (ING IM). These assets can be divided into the following categories:

1. Proprietary assets are those that back insurance contract liabilities. ING invests this money in a prudent way in order to pay future claims under these contracts. The return (profits and losses) is for ING's own account.
2. Mandates that ING manages for institutional clients. ING IM selects specific investments based on the investment criteria defined by the client. The return is for the account of the client.
3. ING managed funds are investment portfolios that we offer to retail and institutional clients. The returns made by these funds are for the account of the client. A specific group of ING managed funds is our SRI funds, which use sustainability criteria to determine the investment universe.

Both categories 2 and 3 are considered third party assets.

As mentioned in paragraph 6.1, the ING ESR policy framework provides one restricted list of non-eligible defence companies that is applicable to third party assets invested in actively managed ING funds. The restricted list for proprietary assets consists of the restriction of investments associated with certain activities in the areas of controversial weapons, animal testing, environmental compliance, fur, gambling, genetic engineering, human rights, nuclear energy and pornography.

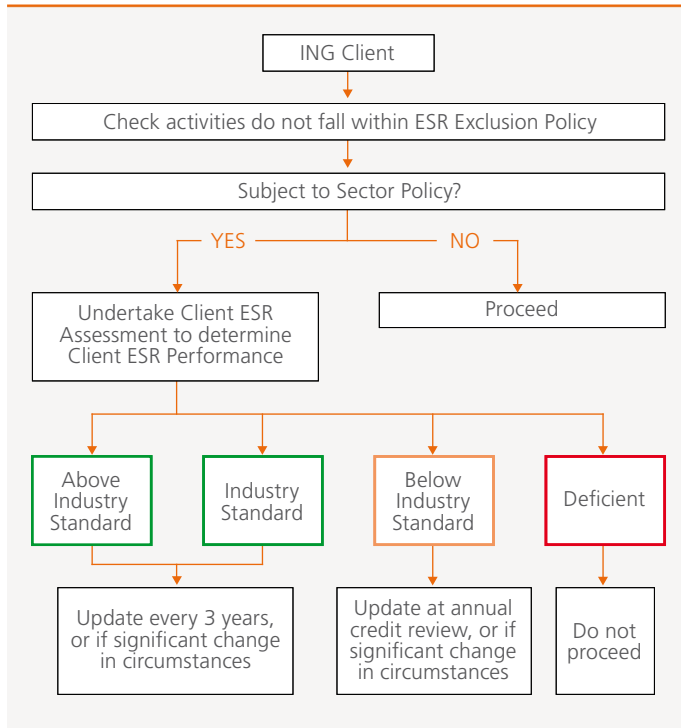
ING's ESR policy framework includes two policies that specifically address responsible investing, including investments for third parties: the ING Voting Policy and the ING Defence Policy.

- ING's Voting Policy states that not only is information about financial, economic and corporate governance important to determine shareholder value, but also social, ethical and environmental considerations
- The ING Defence Policy states that ING will not invest its proprietary assets in companies that produce, trade or maintain controversial weapons as defined in the policy. Furthermore, ING will ensure that customer funds are not placed in such companies through ING managed funds, with the exception of discretionary mandates and trackers (ETFs) and wherever legally possible and independently enforceable by ING

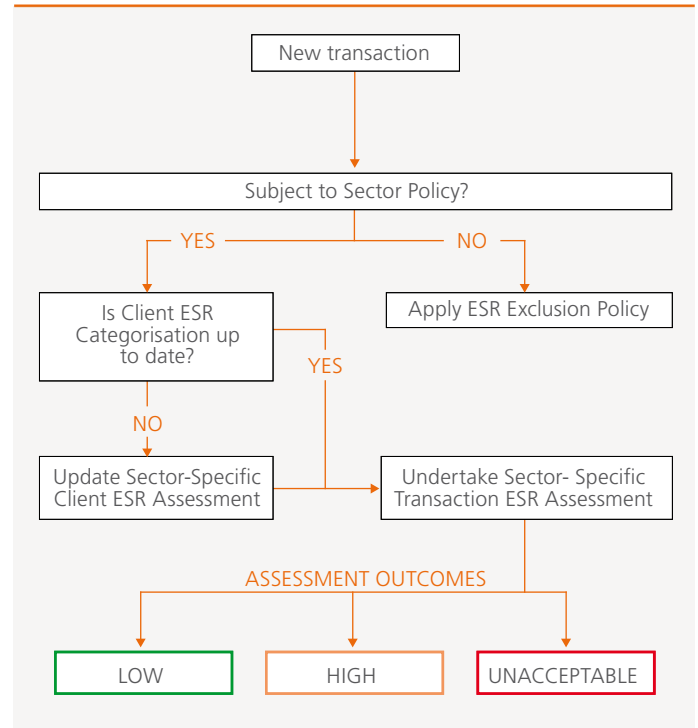
For more information, please refer to ING's ESR Framework on www.ingforsomethingbetter.com  and www.ingim.com 

6.3 ESR Framework application continued

FLOWCHART FOR CLIENT ESR ASSESSMENT



FLOWCHART FOR TRANSACTION ESR ASSESSMENT



The outcome of the Transaction ESR Assessment together with outcome of the Client ESR Assessment will determine the overall risk profile of the business engagement and approval process thereafter. The table below illustrates the combinations and outcomes of the Client and Transaction ESR Assessment ('ESR Outcome').

TRANSACTION ESR PERFORMANCE	CLIENT ESR PERFORMANCE			
	ABOVE INDUSTRY STANDARDS	INDUSTRY STANDARDS	BELOW INDUSTRY STANDARDS	DEFICIENT
Transaction Low Risk	ESR Low risk	ESR Low risk	ESR Medium Risk	Unacceptable
Transaction High Risk	ESR Medium Risk	ESR High risk	ESR High risk	Unacceptable
Unacceptable	Unacceptable	Unacceptable	Unacceptable	Unacceptable

6.4 Updated ESR Framework 2012

Review of our ESR Framework

In 2012, we reviewed our ESR Sector Policies for the following sectors: mining and metals, energy, manufacturing, chemicals, forestry and agro-commodities. As part of the updating process, the ESR team consulted more than a hundred ING employees around the world to collect and integrate their feedback on the newly drafted ESR policy framework. This consultation has enhanced ING’s internal network of experts who act as the main contact point for ESR issues in specific countries, regions and business units. This intensive consultation process ensured a high-quality review of ING’s ESR policies and created a strong communication platform for ESR-related issues.

During the review, the risks in these sectors were reassessed, resulting in two key changes:

1. We are introducing a more decentralised approach to assess risks in these sectors. Local risk managers will be trained to apply the ESR Framework in their countries, as well as to deals and clients within their mandate. Higher mandate deals and deals and/or clients whereby further in-depth assessment is required will continue to be assessed by the head office.
2. Any business engagement undertaken in ESR-sensitive sectors will be subject to an ESR assessment on both the transaction and client level by integrating the ESR assessment into the ‘Know your Client/Client Due Diligence’ process (KYC/CDD), as described above. This will ensure a consistent, systematic approach when applying the ESR Policies and facilitate an enhanced audit trail. These checks are also the basis for establishing ESR expectations, both internally and with our clients, because the checks are the first step in determining the ESR risk profile for a client engagement. In 2012 we completed the integration of the ESR Exclusion Policy into the client on-boarding process, and in 2013 the ESR Sector Policy will follow. Users of the CDD systems receive explicit guidance and examples to ensure consistent use of the systems across the company. Information about the environmental performance of our clients, grouped per sector, enables us to better manage the risk and take advantage of opportunities arising from it.

The objective of the client assessment is to understand the company’s ESR management approach specific to its sector and business activity. The client assessment will benchmark the company’s ESR performance against the industry standard. The client assessment is part of the client on-boarding process (‘Know Your Client’). It identifies the company’s potential involvement in activities restricted by ING’s policies and its environmental and social performance, while taking into account the countries where the company operates, its

environmental and social standards, and its track record. In addition to the basic client assessment, the specific transaction or facility being considered also goes through a rigorous ESR assessment in order to flag potential environmental and social risks. This ESR assessment of the transaction is part of the credit approval process and determines if additional ESR due diligence is needed.

6.5 Internal training and awareness building for environmental and social risk

In addition to further developing and applying our ESR Framework, the ING ESR team delivers policy training and awareness programmes to our employees. During these training sessions, staff that deal with specific ESR Policies get together for in-depth discussions on how the policies work and the benefits and challenges of implementing them. In 2012, the ESR team trained approximately 50 people. This was considerably lower than previous years and was due to the updating process of the ESR Sector Policies that took place in 2012. Extensive training will be offered to local risk managers in all banking business units in 2013.

6.6 Promoting sustainable business within ING Bank

Sustainable products and services are defined broadly as there are many varieties of such products. For example, our private banking colleagues offer investment funds that include sustainability criteria, while in India we offer affordable savings accounts for people in remote and rural areas. And ING Belgium offers the Real Estate Eco Loan, which allows customers to finance green home improvements. For an overview of our total Sustainable Assets Allocated, please see [page 51](#).

BUSINESS UNITS THAT OFFER SUSTAINABLE PRODUCTS OR SERVICES*

In percentage

ING Bank	33
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* The data in this table covers 54 out of 56 business units which are part of the reporting scope. 83% of our FTEs have been covered.

ING Commercial Banking – Sustainable Lending team

ING has created a Sustainable Lending team (SLT) to support sustainable business opportunities within commercial banking. The team has a global mandate, and acts on behalf of all Lending Services business units. It has been challenged to identify and promote growth areas in the sustainability arena. The team has the following objectives:

6.6 Promoting sustainable business within ING Bank *continued*

- Develop a scorecard to identify clients with a progressive sustainability agenda
- At the deal level, promote transactions in sustainable sectors, like renewable energy, energy efficiency and sub-sectors like waste and water management
- Work closely with the ESR Policy Desk, the ING Groenbank, the ING Sustainability department and several other specialist teams within ING Bank and ING Lending Services to contribute to ING’s understanding of sustainability issues and the business opportunities that could arise from them

DILEMMA

ING wants to facilitate the transition towards a low-carbon and more sustainable economy. The energy sector can underpin sustainable development both in emerging and industrialised economies, and as a financial institution ING can help bridge investment gaps in the renewables sector. Though it has been our ambition to grow the share of renewables within our project finance portfolio to 50% of the total portfolio, a range of external factors, combined with our risk appetite, slowed the pace of growth in 2012.

An outcome of the global financial crisis is that many countries have decided to review their support regimes and policy mechanisms such as feed-in tariffs that have helped accelerate growth in renewable energy technologies. Changing political and legislative circumstances also play a role in the evolution of the energy mix. For example, though we are keen to finance onshore wind projects in Poland, new legislation needs to be in place which has been delayed from 2012 to 2014, while low renewable energy certificate prices have held back investments in Sweden. Similarly, technical problems such as access to grid, storage and transmission can pose challenges in how fast the sector grows in different geographical regions of the world. For instance, despite strong government support for the sector in Germany, developments in offshore wind are being held back due to transmission problems.

Renewables portfolio: diversification and growth

During 2012, the Utilities, Power and Renewables team, part of Commercial Banking, Structured Finance, financed eight large renewable energy projects in Europe. The projects included onshore and offshore wind parks and solar photovoltaic plants in Norway, Slovakia, the UK, Romania, Belgium and Italy.

Notable deals include the Northwind project, which will construct a 216 MW wind park off the coast of Belgium. It will provide electricity for around 230,000 Belgian households and reduce CO2 emissions by 235,000 tonnes by June 2014. Northwind was named ‘European Renewables Deal of the Year’ by industry

group Project Finance International. ING also participated in facilities to build the 80 MW Chirnogeni wind farm in Romania. This transaction was named ‘European Onshore Wind Deal of the Year’ by Project Finance Magazine.

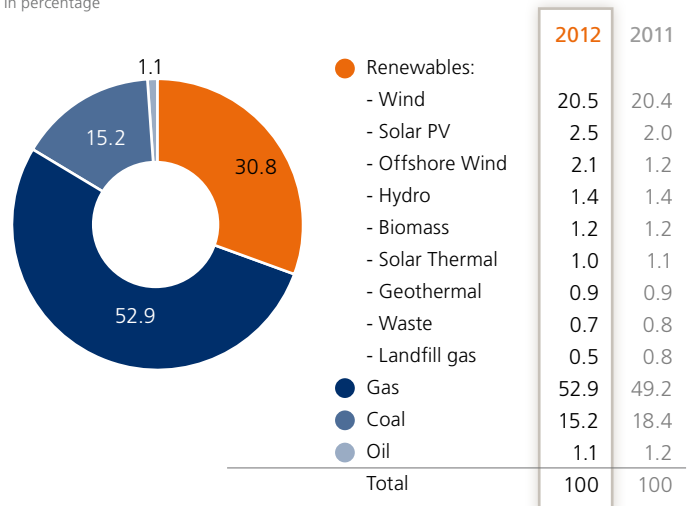
ING also helped Italian group ERG Renew become a leading player in renewable energy in Italy by co-financing its acquisition of the 97 MW Fossa del Lupo wind park. Part of the documentation fees received for this transaction were donated to ING Chances for Children, enabling UNICEF to equip a school in Zambia with clean water and sanitation facilities. Finally, ING financed its first renewable energy project in the UK, providing facilities for the 16.4 MW AES Yelvertoft wind project. The team also participated in a refinancing of debt borne by Drax Power to help the company convert three of its six coal-fired units into biomass-generated units.

ING BANK ENERGY PORTFOLIO

Below is an overview of ING Bank’s energy portfolio, equivalent to the total outstanding loans to energy generation projects executed by our Utilities, Power and Renewables team in Structured Finance. 31% of the outstandings, or nearly EUR 1.1 billion, is allocated to renewable energy projects.

ING BANK ENERGY PORTFOLIO

In percentage

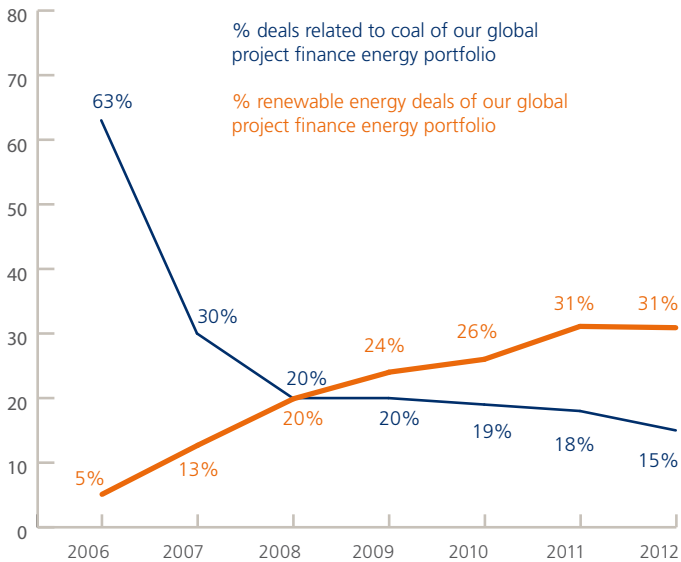


As is clear from the graph on [page 47](#), the composition of the portfolio has shifted over the last few years: the percentage of renewable deals has increased while the exposure to projects related to coal used to generate electricity has decreased. The composition and trend of our portfolio is on the one hand a reflection of our risk appetite and knowledge of this sector and on the other a reflection of market developments, the economic

6.6 Promoting sustainable business within ING Bank *continued*

environment, political influences and the underlying energy mix in different geographic regions.

RENEWABLE ENERGY DEALS AND DEALS RELATED TO COAL



Energy & Carbon Efficiency Team

The Energy & Carbon Efficiency team, part of the Structured Finance department of Commercial Banking, provides advice and project finance debt for greenhouse gas emission reduction projects and for investments in energy efficiency measures.

The Energy & Carbon Efficiency team was established in 2006 in response to the entering into force of the Kyoto Protocol and the EU Emissions Trading Scheme. Unlike other banks, ING's efforts were focused on developing projects under the Kyoto Protocol's CDM and JI mechanisms rather than on trading carbon credits. In the intervening years, ING has built up a rare combination of carbon market knowledge and project finance expertise. More recently, this team has broadened the scope of its business beyond the carbon market to address the growing awareness among ING's clients of the value of investment in energy efficiency.

With the Energy & Carbon Efficiency team and the Utilities, Power and Renewables team, ING has a robust structured finance product offering to assist clients with the three main elements that are critical for the transition to a low-carbon economy: increased renewable energy supply, decreased greenhouse gas emissions and greater energy efficiency.

DILEMMA

Within the first few years of the UN's Kyoto Protocol on climate change, ING established itself as a frontrunner in structuring debt finance for projects where the majority, or only source of income, is the sale of carbon credits. ING's approach to the carbon market created by the Kyoto Protocol and the EU Emissions Trading Scheme (ETS) was to combine its knowledge of the carbon market with its project finance expertise in order to assist our clients in developing greenhouse gas emissions reduction projects. ING provided the project loan for the Kyoto Protocol's first-ever Programme of Activities, a domestic energy efficiency programme in Mexico.

However, despite this early success, the past two years have seen a far more modest development of ING's emissions reduction loan portfolio. The reason for this has been a pronounced reduction in demand from our clients for debt to finance such projects. This can be explained by a decreased interest to continue investing in projects due to the severe drop in the price of carbon credits - caused by the growing oversupply in the EU ETS, the world's largest carbon market. In its 'State and Trends of the Carbon Market Report 2012', the World Bank asserts that "effective carbon pricing offers the potential to mobilise finance at scale that can impact the climate challenge. The investment signal of a strong carbon price leverages finance from the private sector and redirects it to lower emissions outcomes". ING supports this statement and is working with market participants and policy makers nationally, regionally and internationally, through such organisations as the Climate Markets Investors Association and the UNEP FI to create a stable, long-term and effective price for carbon.

ING Private Banking

In 2012, ING Bank in the Netherlands developed and introduced the CS ING SRI Index Fund in cooperation with Credit Suisse. The investment objective of this fund is to provide shareholders with a return linked to the ING Socially Responsible Investments Index. Since its introduction in 2008, the underlying ING Socially Responsible Investments Index has outperformed both the MSCI World Index and the Dow Jones Sustainability World Index.

ING Groenbank

Established in 1996, ING Groenbank ('Green bank') is among the top three green banks in the Dutch market. ING Groenbank offers our corporate customers in the Netherlands advice and 'green' banking products. ING Retail clients can also deposit their savings or buy notes in ING Groenbank. In 2012, the total assets of ING Groenbank amounted to EUR 804 million. All projects financed by the Groenbank are certified by the Dutch government as environmentally friendly; the Dutch government calculates the reductions in emissions from these projects.

6.6 Promoting sustainable business within ING Bank *continued*

In the future, ING Groenbank intends to invest in green initiatives that do not depend on fiscal advantages. The activities of the Groenbank will also be expanded. It will develop a new advisory desk to help ING in the Netherlands identify sustainable partners.

ING Microfinance

In many countries around the world access to basic financial services is not the norm. Microfinance can help reduce poverty and lay the foundation for long-term social and economic development. ING Groenbank began its microfinance activities by providing loans to microfinance institutions (MFIs), which are specialised financing institutions for the microfinance sector. In 2012, we provided microloans in India and Africa through local MFI institutions.

In India, the ING Vysya Microfinance portfolio has meanwhile grown to EUR 50 million. At the end of 2012, total outstandings were more than EUR 45 million. Based on an average loan of EUR 125, we serve more than 360,000 Indian micro entrepreneurs. The loans are split as follows:

- Retail loans: ING Microfinance has developed a training-and-lending model that ensures the loan recipients have the skills they need to manage their new credit lines
- Wholesale loans: financing of MFIs

In addition, we have financed small entrepreneurs in Africa through our partner Oikocredit. Total financing reached EUR 5 million in 2012. Based on an average loan of EUR 400 we support 12,500 entrepreneurs.

6.7 Responsible investment at ING Insurance/IM

Sustainable products and services come in many varieties. Within the range of our insurance and investment products, most of them are funds or investments that include sustainability elements defined according to certain environmental, social and governance criteria. This happens both on an exclusion basis but also through best-in-class selection.

BUSINESS UNITS THAT OFFER SUSTAINABLE PRODUCTS OR SERVICES*

In percentage

ING Insurance/IM	59
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* The data in this table covers 54 out of 56 business units which are part of the reporting scope. 83% of our FTEs have been covered.

The majority of ING Insurance's assets are managed by ING Investment Management (ING IM). ING IM's Responsible Investment Strategy is based on its investment principles, which state that ING IM is committed to investing responsibly and delivering customer-oriented investment solutions.

The strategy is based on four pillars:

PILLAR 1. ACTIVE OWNERSHIP

Exercising voting rights at shareholder meetings

ING IM recognises that the rights inherent in stock ownership, including the right to vote proxies, are assets just as the economic investment represented by the shares themselves. Investors have a role to play in ensuring proper checks and balances in the corporations that they are invested in. Exercise of voting rights is one of the most effective ways for investors to hold management accountable. ING IM Europe is committed to being represented at shareholder meetings in person, but primarily in meetings held in the Netherlands.

ING IM's voting policy describes its approach to analysing proposals put to vote at shareholder meetings that ultimately determines how ING will vote. Proposals are analysed on seven key themes: 1) Boards and directors related agenda items; 2) Remuneration and benefits related agenda items; 3) Audit related agenda items; 4) Capital structure, asset sales, M&A and other special transactions; 5) Proposed changes to statutes, bylaws and legal structure of the company; 6) Anti-takeover defence mechanisms; and 7) Social, ethical and environmental issues. These are topics that generally appear on the agenda of shareholder meetings of companies that ING IM invest funds in.

In 2012, ING IM Europe went one step further by adding even more detail around the seven themes. This updated voting policy is implemented by the proxy research agency ISS on behalf of ING IM Europe for the purpose of analysing all relevant shareholder meetings worldwide. In 2012, ING IM Europe substantially expanded the number of funds for which it exercises its voting rights at shareholder meetings. Currently, it votes on behalf of all Dutch, Belgian and Luxembourg ING funds with at least EUR 100 million of assets under management. All votes cast by ING IM Europe at shareholder meetings can be reviewed on its website.

Shareholder meetings of its Dutch and Belgian holdings as well as all companies that are held in ING IM's Sustainable Equity Fund are individually scrutinized by an in-house proxy voting committee of fund managers and analysts. This committee ensures a clear alignment between ING's voting and investment activities.

6.7 Responsible investment at ING Insurance/IM continued

In the United States, Japan and a number of other countries, shareholder resolutions are often used to raise ESG issues. ING IM's policy is to actively vote on shareholder proposals that are related to ESG issues relevant to the company at stake. ING IM takes a rational approach in its analysis of the shareholder proposals at hand, supporting proposals if it believes they help address significant social and environmental issues that can be material to a company. ING IM is generally supportive of proposals for greater transparency and accountability about how companies address key environmental and social issues, especially proposals that seek to bring an investee company's corporate governance in line with best practices.

Dialogue and engagement with companies and policymakers

Dialogue and engagement with companies are part of ING IM Europe's fundamental approach to the investment process as an active investor. Engagement activities are conducted by its own specialists and to a certain extent through its external (ESG data research and proxy voting) providers. Analysts, portfolio managers and ESG specialists have regular meetings with company management teams. The company meeting reports are filed in ING IM's research database and made accessible to all of ING IM's investment professionals globally.

By engaging with the companies, ING IM encourages them to adopt environmental, social and corporate governance practices that we deem appropriate to comply with. IM Europe expects all companies in which it invests to adopt standards, policies and management processes covering potential ESG risks that affect them. ING IM Europe manages a well-diversified portfolio of investee companies on behalf of its clients. As a result of that investment strategy, ING IM Europe only holds a limited percentage of the outstanding shares per company we invest in. In the event that a difference of opinion arises with the board of one of our investee companies on either a financial or non-financial aspect of the business, we may need to cooperate with other investors to convince the company to take action. Also, in the event that we seek regulatory changes, we may only be successful if we cooperate with other investors.

When cooperating with other investors, we take the necessary precautionary measures to prevent that we receive inside information, or that we are in breach of acting in concert regulation. ING IM Europe also regularly discusses sustainability and shareholder rights with legislators and regulatory bodies. It is a member of several investor networks through which it actively takes part in policy debates, such as the International Corporate Governance Network (ICGN), Eumedion, the European Fund and Asset Management Association (EFAMA) and the Dutch Fund and Asset Management Association (DUFAS).

PILLAR 2. INTEGRATING ESG FACTORS INTO THE INVESTMENT PROCESS

ING IM believes that integrating environmental, social and governance (ESG) factors into the investment process enables it to take into account factors which are often out of scope of traditional financial analysis but can have a significant impact on long-term performance. This allows ING IM's analysts to unlock potential value by identifying opportunities and/or risks from an ESG perspective on which fund managers base their investment decisions.

ESG factors covered include environmental damage and climate change, corruption, human rights, health and safety and good governance. Analysts have access to the ESG database, which includes information on how each company scores on different ESG factors compared to its sector average and if there are any structural issues or controversies regarding people, planet and society. The analysts incorporate this data into their investment cases, thereby looking at the materiality (i.e., the impact on the valuation) for each company that is reviewed for investment. Fund managers base their decisions upon these investment cases. This process is applied to equities and corporate bonds. A similar procedure is in place for government bonds; however, instead of using ESG data on a company level, we make use of ESG data at a country level.

In 2012, ING IM published two papers on sovereign debt and ESG. ING IM Europe's Emerging Market Debt team conducted a back test, using data from 2004 to 2011. The results of the back test are encouraging as they add to the increasing evidence that ESG issues can be material to the performance of emerging markets debt, particularly over the longer term and regardless of the development of the markets. The most important findings have been published in FTfm (Financial Times fund management).

PILLAR 3. RESTRICTIONS

The basis for ING IM's responsible investment approach is ING's ESR policy framework. Based on this framework, we have developed a restricted list, i.e., a list of non-eligible companies that are considered to be the worst offenders in sensitive areas. In addition, ING IM maintains a restricted list specifically for the defence sector. The restricted list is applicable to the proprietary assets (i.e., premiums) and the SRI funds, while the restricted list for the defence industry is applicable to all proprietary and third party assets invested in actively managed ING funds, both SRI and mainstream.

PILLAR 4. OFFERING SPECIALISED SRI FUNDS AND TAILOR MADE RESPONSIBLE INVESTMENT SOLUTIONS

ING is meeting the growing demand for products that generate good financial returns and are good for society and the environment by developing appropriate products.

6.7 Responsible investment at ING Insurance/IM *continued*

Specialised SRI funds

ING IM's flagship ING Sustainable Equity Fund has been offered since 2000. It makes use of both best-in-class and exclusionary criteria. On the back of a solid performance record and investment approach, the assets under management of the Sustainable Investment Strategy tripled in 2012 after attracting new clients and mandates. Part of this growth is attributable to the fact that ING Investment Management Europe was selected by the 'Fonds de compensation commun au régime general de pension' (FDC) to manage a EUR 400 million global equity mandate. FDC is the Luxembourg state-owned institution that manages the financial reserves of the state pension scheme.

The launch of the ING Sustainable Credit Fund in 2011 was very successful and assets under management in this fund almost doubled within a year. The ING Sustainable Credit Fund invests in euro bonds of companies that score sufficiently on ING's environmental, social and governance (ESG) criteria. By managing this type of fund, ING IM is extending its capabilities in the field of socially responsible fund management.

Offering tailor-made responsible investing solutions

ING IM offers clients the possibility to set up separate mandates according to their specific preferences with respect to best-in-class and exclusionary criteria. In addition, ING IM provides investment advice for various sustainability issues. ING IM will manage the global equity mandate using its sustainable investment strategy criteria. In 2012, ING IM was also mandated by a client to manage EUR 1.5 billion in a fixed income portfolio using sustainability criteria.

Governance of the ESG activities

In 2012, ING Investment Management installed an ESG Board, which is chaired by the Chief Investment Officer and consists of senior managers and ESG specialists. The ESG Board approves all sustainability and corporate governance policies of ING Investment Management. It also provides advice to the management board about ING IM's positioning and future initiatives in the ESG area. An internal UN Principles for Responsible Investment (PRI) committee is responsible for implementing, reviewing progress and providing feedback to the relevant teams in their regions with regard to ING IM's commitment to the UN PRI.

Each region has its own dedicated ESG and SRI investment professionals who have extensive experience in analysing ESG data and managing sustainable funds. With their expertise and experience, they are able to educate other colleagues in our organisation about responsible investment and to coach them on how to take ESG information into account.

Environmental and Social Advocacy

ING IM is the co-chair of the International Corporate Governance Network (ICGN) Shareholder Rights Committee, a global membership organisation with 600 corporate governance leaders based in 50 countries with a mission to raise standards of corporate governance worldwide. In this capacity ING IM responded on behalf of all ICGN members to key policy initiatives related to corporate governance and shareholder rights. In 2012 ING IM also organised a seminar on the cross-border voting process of shareholder meetings.

6.8 Social Value Added through business

Through business innovation in our core activities we try to find value-added solutions for societal and environmental challenges. Beyond just understanding and mitigating potential environmental and social risks, ING is actively investing in products and services that are environmentally and socially responsible in addition to generating a good return. To support our customers in their aim to make a positive contribution to society and the environment, we offer various products that provide these benefits. For example, our Dutch customers have the option to invest in an actively managed sustainable portfolio, starting at EUR 1,000. The dedicated sustainable portfolio centres on the theme of sustainable development and accompanying business risks and opportunities. This value added is not limited to our retail business activities, but is becoming more common across several key functions.

For an overview of our activities in this field, please visit www.ingforsomethingbetter.com 

6.9 Sustainable Assets Allocated

In our function as a bank and asset manager, ING allocates assets to a wide range of companies, projects and funds. Increasingly, we include sustainability criteria in these capital allocation choices. For reporting purposes, we have combined all the assets from both our financing and investments activities and applied sustainability criteria. The result appears under the heading 'Sustainable Assets Allocated'.

6.9 Sustainable Assets Allocated *continued*

SUSTAINABLE ASSETS ALLOCATED

In EUR million

			2012	2011	2010
ING Bank	Financing	ING Groenbank*	804	821	866
	Financing	Loans to renewable energy projects	1,091	1,053	889
	Financing	Loans energy & carbon efficiency projects	3	0	0
	Subtotal		1,898	1,874	1,755
ING Bank	Funds	Sustainable portfolios and funds (offered by Westland Utrecht Bank)	13	14	0
	Funds	Sustainable Portfolios (managed by ING Private Banking)	696	528	517
	Funds	ING Liric SRI Top 50 (managed by ING Private Banking)	20	23	30
	Funds	CS ING SRI Index Fund (managed by ING Private Banking)	13	0	0
	Subtotal		742	565	547
ING Insurance/IM	Funds	ING Duurzaam Aandelen Fonds (managed by ING IM)	95	66	63
	Funds	INI Duurzaam Rendement Fonds (managed by ING IM)	64	50	511
	Funds	ING (L) Invest Sustainable Equity (managed by ING IM)	148	80	61
	Funds	ING (B) Invest Solidarity Mixed/Child Focus Euro (managed by ING IM)	2	2	2
	Funds	ING (L) Renta Fund Euro Credit Sustainable (managed by ING IM)	382	209	0
	Funds	ING (L) Renta Sustainable Fixed Income (renamed to ING Renta Fund Euro Credit Sustainable)	0	0	20
	Funds	Enhanced Core Socially Responsible Equity Common Trust (not offered anymore)	0	0	26
	Funds	ING (L) Climate Focus (not offered anymore)	0	0	10
	Funds	ING Thai Global Water Fund (not offered anymore)	0	4	5
	Subtotal		691	411	698
ING Insurance/IM	Mandates	Sustainable Fixed Income Mandate (managed by ING IM)	1,920	0	0
	Mandates	European Sustainable Equity Mandate (managed by ING IM)	124	77	60
	Mandates	Global Sustainable Equity Mandate (managed by ING IM)	406	0	0
	Subtotal		2,450	77	60
Total			5,781	2,927	3,060
Correction to eliminate double counting**			56	27	31
Total sustainable assets allocated			5,725	2,900	3,029

* The amounts for Groenbank over 2011 and 2010 have been adjusted. Previously, we reported on outstanding loans, while this year and going forward we will report the balance sheet total, i.e. total assets of ING Groenbank.

** Correction to eliminate double counting: Due to overlap in allocated assets in the sustainable ING equity and fixed income reported funds and the managed sustainable portfolios in which some of these funds are part of the managed allocation, the total allocated amount is adjusted accordingly.

6.9 Sustainable Assets Allocated *continued*

Within ING Bank two activities can be discerned that relate to the financing and investment of sustainable activities. The first are the loans that we make to sustainable projects and companies; loans to renewable energy projects executed by our Utilities, Power and Renewables team in Structured Finance and loans provided by ING Groenbank. ING Groenbank (reported here are total assets) finances two activities; 1) sustainable projects and companies that fall under the Dutch Regeling Groenprojecten and 2) microfinance institutions (MFIs).

The second type of activity related to the financing and investment of sustainable activities are the investment funds and portfolios offered and managed by ING Private Banking.

The assets allocated by ING Investment Management also fall in two categories: investment funds and mandates. Investment funds are funds offered to retail clients. ING IM offers clients the possibility to set up separate mandates according to their specific preferences with respect to best-in-class and exclusionary criteria. In addition, we provide investment advice relating to various sustainability issues.

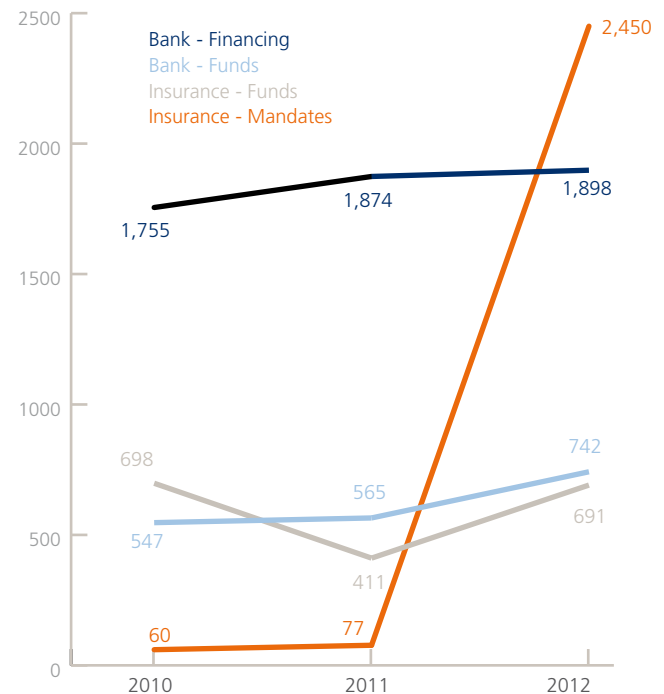
In 2012, Sustainable Assets Allocated nearly doubled as compared to 2011. All asset classes – financing, funds and mandates – contributed to this growth, with the largest growth coming from two new sustainable mandates at ING Insurance/IM.

The 2012 scope of Sustainable Assets Allocated reported in this report is different from 2011 where only reported on Sustainable Funds (Sustainable Assets under Management).

For an overview of asset class definitions that make up our Sustainable Assets Allocated and a description of how we apply sustainability criteria to them, please refer to www.ingforsomethingbetter.com 

SUSTAINABLE ASSETS ALLOCATED BY ASSET CLASS

In EUR million



TIMELINE ENVIRONMENTAL AND SOCIAL RISK FRAMEWORK



7. Better environmental footprint

HIGHLIGHTS 2012

- ▶ ING Bank launched the ING Procurement Sustainability Standards (based on the UN Global Compact principles) to take into account the environmental and social aspects of the products and services we procure
- ▶ ING Group again achieved carbon neutrality in 2012
- ▶ 70% of the purchased electricity was derived from renewable sources
- ▶ The Carbon Disclosure Project (CDP) score for ING's disclosure on our CO₂ emissions rose to 93 in 2012, from 64 in 2011

We aim to further decrease our CO₂ emissions, water use, air travel and paper consumption, and we seek ways to incorporate various environmental insights into our operations – from risk management and investing in renewable energy and low-carbon technologies, to supporting companies we finance. We also work with our suppliers to purchase better products.

Our indirect environmental footprint is covered by ING's Environmental and Social Risk policy framework, which is described in the previous chapter, Better business. In this chapter, we focus on the measures that we implement to limit our own operational footprint.

7.1 Environmental management system

In line with our ambition to actively manage and limit our environmental impact, we have been measuring and reporting on our emissions since the publication of our first Environmental Statement in 2005.

We manage our direct environmental impact by:

- Proactively limiting our consumption of resources such as electricity, fuel and paper. We do this by aiming for higher efficiency in our operations and facilities
- Upgrading our IT systems, using more efficient data centres, introducing new ways of working to reduce energy use and piloting innovations in the area of e-waste
- Embedding sustainability into our operational supply chain
- Establishing targets for our key environmental impacts and monitoring our performance against them
- Working with internal and external stakeholders to promote environmental sustainability and share best practice

In 2012, we further improved our environmental management system on several levels in order to be more eco-efficient in our operations. For example, we have added extra aspects and questions to our online sustainability tool. In addition to gathering data on emissions and usage, we now also collect best practices and examples to share with our business units to encourage better environmental management.

7.1 Environmental management system *continued*

DILEMMA

Due to the nature of our business and our activities, we are not heavily dependent on the use of natural resources. Consequently, our direct footprint is relatively smaller than companies in for example manufacturing sectors. However, since ING began measuring and reducing its direct impact, we have been focusing on improving the energy efficiency of our buildings and operations. Some of the initiatives to date include replacing hardware, relocating offices and changing the way our employees work and travel. However, we are rapidly reaching a saturation point in areas of eco-efficiency in which the costs and benefits are in balance. We are now at a stage where further improvements require significantly larger investments. In the current economic environment, this is an area that demands our careful consideration.

Energy consumption 2012

The largest part of our total carbon footprint comes from our use of electricity. We are committed to purchasing electricity from renewable sources – if and where available, feasible and reasonably affordable. In 2012, 70% of the electricity we used came from renewable sources. We have learned that the procurement of green electricity remains challenging in certain countries, for example in Turkey.

ING'S CARBON EMISSIONS

In kilotonne

	2012	2011	2010
Coverage (% of employees)	75	77	83
ING Bank Total carbon	117	133	147
ING Insurance/IM Total carbon	52	36	52
ING Group Total aggregated carbon	169	169	198
ING Group Total carbon per FTE (in tonne)	2.4	2.1	2.3
ING Group Total extrapolated carbon	209	225*	231

* Due to a more accurate calculation of FTEs, this figure has been adjusted.

We collect carbon data through our online tool. In 2012, this resulted in a coverage of 75% of our employees. At 169 kilotonnes, the aggregated carbon emissions from business units in 2012 remained unchanged from 2011. However, the relative emissions, calculated per FTE, was higher due to a decrease in FTEs in 2012. Our on-going organisational restructuring process has led to several divestments and the restructuring of our operations.

In 2012 we implemented several initiatives to lower our daily operational footprint, as illustrated through the following examples:

- Business travel** - Despite the increase in electronic communication in recent years, it does not always replace the value of face-to-face contact with clients and colleagues. However, we remain committed to eliminate unnecessary travel and to make necessary business travel as energy efficient as possible. Several measures were taken in 2012 to reduce travel.
- Paper usage** - We invest in technology to meet our customers' demand for easy access. The fact that 1.2 million retail customers in the Netherlands use ING's mobile app for online banking helps us to reduce paper usage in our operations. Our employees are also encouraged to print less, both through installed software and awareness campaigns. In a growing number of offices, for example in the ING Insurance headquarters in Amsterdam, stand-alone desktop printers are being removed and replaced by central printers per floor.
- Waste Management** - Traditionally, our waste management has been focused on paper recycling. However, increasingly redundant electronic and computing equipment is contributing to the waste that we produce. In 2012, a pilot was initiated to use the services of a recycling partner that uses innovative technology, which leads to higher residual value and lower waste at the end of the recycling process. In 2013, the management team of the Operations and IT department of ING Bank will be working on a plan to implement e-waste management in a more structured way across business units.
- Water** - Although our water usage is relatively limited, we have started monitoring our water consumption and we are exploring ways to reduce our H₂O footprint.

For more information, please visit www.ingforsomethingbetter.com

In 2012, as a result of improvements in our monitoring and disclosure of our environmental performance, we improved our score in the Carbon Disclosure Project assessment from 64 to 93.

Carbon neutrality

To calculate our total carbon emissions, we extrapolate on the basis of total FTEs within ING Group. Including 100% of our employees, we calculated a total extrapolated carbon emissions of 209 kilotonnes in 2012. This is a slight decrease compared to 2011. We offset our emissions through the purchase of Voluntary Carbon Units (VCUs) from wind power projects in China. As a result, we again achieved 100% carbon neutrality in 2012.

7.2 Supply chain management

ING is a sizable organisation that procures goods and services from many suppliers around the world. We believe we have a responsibility to engage with these suppliers, and to work together with them, to improve our procurement practices and to lower the social and environmental impact of our services.

ING BANK

As stated in ING's Procurement Charter, 'Sustainable Procurement' means taking into account the environmental and social aspects of the products and services we procure, as well as the attitude of the supplier towards sustainability. The Charter targets all our suppliers globally, with whom ING Bank has a contractual relationship. As such, we build long-term relationships, while we encourage our suppliers to adhere to our sustainability standards. By influencing our suppliers to share our standards and work towards continual improvement, we believe we can make a visible impact on the environment and society in which we operate while mitigating reputational risks.

ING Bank Global Procurement has initiated the following process to embed sustainability in its procurement services;

- Apply the minimum standards outlined in the ING Procurement Sustainability Standards via supplier qualification prior to contracting a new supplier
- As the foundation of our Sustainable Procurement Programme, we require our suppliers to commit to the ING Procurement Sustainability Standards prior to entering into a contractual agreement
- Process suppliers through a formalised risk assessment to determine the levels of social, environmental, or financial risks inherent with the supplier
- Enter a collaborative process of remediation in the case of increased risks or non-qualification to improve the social, environmental, or financial performance of a supplier
- Disengage with suppliers that refuse to remediate or whose risk/performance level is unacceptable
- Operate on the basis of transparency and thus request social, environmental and/or financial performance data to validate and monitor suppliers' commitments
- Employ product- and service-specific sustainability criteria in cooperation with our business partners
- Commit to dealing with suppliers in a respectful and mature way to optimise the supplier relationship and maximise the supplier contribution to the strategic objectives and values of ING Bank

In 2012, we launched an official supplier qualification (SQ) process to enhance our supplier risk management (SRM) process and improve our global supply chain management. The supplier risk management process helps us determine the levels of social, environmental or financial risks associated with a supplier. If risks are identified, ING Procurement: has two options: 1) enters into a dialogue with the supplier about the risks, 2) in the worst case stops doing business with the supplier if it refuses to reduce and/or eliminate the risks, or if its risk levels are considered unacceptable. Suppliers are also checked against a 'restricted list' of companies which we have drawn up with companies we have already stopped doing business with.

Once suppliers pass the supplier risk process, they are qualified to become ING suppliers and the ING Procurement Sustainability Standards (IPSS) apply. The IPSS are a code of conduct, based on the UN Global Compact Principles, which suppliers need to comply with to ensure they operate according to international best standards on 4 themes: labour, human rights, environment and anti-bribery.

Since the launch of our supplier qualification (SQ) process in 2012, we have been able to apply the IPSS to 7.8% of our global spend. In the Netherlands, where the roll-out of the IPSS began, the process covers 19.3% of the total spend. It is our ambition to govern all our relationships with our suppliers by the IPSS in the future. Also, we aspire to integrate additional sustainability criteria into our procurement decisions.

ING INSURANCE/IM

ING Insurance/IM has also embedded sustainability aspects in its renewed procurement policy in 2012, and will be developing the implementation process in the coming year.

For 2013, ING Bank and ING Insurance/IM have committed to work with FIRA Sustainability B.V. in order to heighten the level of transparency in its supplier base. FIRA will be acting as an independent third party, applying its expertise in sustainable supply chain management to assess the sustainability performance of ING suppliers. FIRA applies a methodology based on ISO26000 and GRI standards and assumes an engagement-centred approach to suppliers. The FIRA platform will provide ING with the opportunity to connect with sustainable suppliers through FIRA's database of assessed suppliers. Furthermore, FIRA will provide verification services for assurance of suppliers' sustainability commitments and claims.

For more information about FIRA, please visit: www.fira.nl 

7.2 Supply chain management *continued*

DILEMMA

When embedding a policy that is applicable to suppliers, we have to take into account and translate existing policies and build appropriate controls around it. Furthermore, this has to be effectively communicated to the entire business and supplier base. This implies that we manage supplier participation, monitor their compliance and manage deviations while communicating outcomes throughout this process.

Suppliers of ING range from large to small companies, from major multinational corporations to locally owned businesses with only four employees. Therefore, there is a difference between asking a very large company to sign a legal agreement that binds them to a high level of social and environmental responsibility and asking a very small company to do the same. The latter might simply not have the capacity to implement the proper policies and processes internally to ensure their compliance to ING's standards. Our approach to these situations is to engage rather than simply withdraw. If a supplier is unable to agree to standards due to logistical reasons, a lack of expertise, it is our aim to work with them, provide tools and establish an improvement plan. We believe that by engaging with the supplier and providing help and incentives to improve, we are able to support them to progress. However, if a supplier consistently flaunts sustainability requirements and shows no commitment towards making improvements, we are able to exercise the option to disengage.

Foundation (WWF) for its annual Earth Hour programme. Earth Hour aims to enhance awareness among the general public about climate change. A record number of ING business units in 25 countries turned off their lights and took part in hundreds of initiatives to raise awareness about climate change and risks to the environment and learn how to reduce our carbon footprint.

7.4 Collating and calculating carbon data

The collation and extrapolation of the submitted data are made more complex due to regional differences in how energy use is technically measured and interpreted. For this reason, it is difficult to generalise across all the values submitted by our regional offices for the purpose of calculating a total figure for energy use for ING Group as a whole. The centralised data processing team at ING Group is assisted by an independent external agency (Royal HaskoningDHV) that helps to validate and process the large amount of data gathered from the ING facilities around the world. We have developed a basic reporting protocol and defined the requests for specific data in our collection tool to align the understanding of what data are required from the country offices. However, over the past few years we have learned that this data gathering guidance needs to be even more detailed in order to be able to report cohesively.

An overview of the data we collected to quantify our direct carbon footprint can be found on our website www.ingforsomethingbetter.com 

7.3 Environmental advocacy and awareness

Besides raising in-house awareness, ING invests in learning more about global warming and gets involved in working groups and other initiatives:

- We have signed the Climate Change Statement of the Global Roundtable on Climate Change in 2005
- ING is a member of the Climate Change Working Group of the UNEP Finance Initiative
- ING supports the Carbon Disclosure Project (CDP) as a signatory partner. ING's disclosure score on the annual CDP assessment improved strongly to 93 points from 64 in 2011. In November 2012, ING hosted the official publication of the report of the CDP's 'Benelux 150 Climate Change Report 2012'. This report assessed the activities undertaken by the top 150 listed Benelux companies to reduce the risks posed by climate change.

For more information please refer to '[Benelux 150 Climate Change Report 2012](#)' on the [Carbon Disclosure Project website](#) 

Engaging our employees in WWF Earth Hour

In March 2012, ING joined thousands of companies and organisations around the world to support the World Wildlife

BREAKDOWN OF ENERGY CONSUMPTION

Carbon emissions in kilotonne

Coverage (% of employees)		2012		2011		2010	
		77		79		84	
		MWH (X 1,000)	KILOTONNE	MWH (X 1,000)	KILOTONNE	MWH (X 1,000)	KILOTONNE
ING Bank	Electricity	101	60	144	69	150	76
	Renewable electricity	235	0	230	0	264	0
	Natural gas	103	21	123	25	141	28
	Fuel oil	9	2	8	2	10	3
	District heating	23	2	24	3	48	5
	Total energy	471	85	529	99	613	112
ING Insurance/IM	Electricity	38	23	34	19	55	36
	Renewable electricity	83	0	80	0	70	0
	Natural gas	19*	4	6*	1	2	0
	Fuel oil	0	0	0	0	0	0
	District heating	14*	2	2*	0	1	0
	Total energy	154	29	122	20	128	36
ING Group	Electricity	139	84	179	87	206	111
	Renewable electricity	318	0	311	0	333	0
	Natural gas	122	25	128	26	143	29
	Fuel oil	9	2	8	2	10	3
	District heating	37	4	26	3	49	5
	Total energy	625	115	652	118	741	148
	Total energy per FTE**	8.8	1.6	7.9	1.5	8.3	1.7

* The increase from 6 to 19 MWH (x1000) and from 2 to 14 MWH (x1000) is due to the fact that the scope of data collection of ING Insurance in the Netherlands was extended in 2012.

** Total energy per FTE in MWH and in tonne.

RENEWABLE ENERGY CONSUMPTION

In percentages

		2012	2011	2010
ING Group	Renewable energy	70	63	62
	Non-renewable energy	30	37	38

ENERGY CONSUMPTION AND CARBON EMISSIONS THROUGH BUSINESS TRAVEL BY CAR AND AIR

Carbon emissions in kilotonne

		2012		2011		2010	
		KM (X 1 MILLION)	KILOTONNE	KM (X 1 MILLION)	KILOTONNE	KM (X 1 MILLION)	KILOTONNE
Coverage (% of employees)		74		75		80	
ING Bank	Car travel	62	16	74	18	70	17
	Air travel	130	16	141	17	131	18
	Total travel	192	32	215	35	201	35
ING Insurance/IM	Car travel	59*	15	16	4	17	4
	Air travel	68	8	102	12	92	12
	Total travel	127	23	118	16	109	16
ING Group	Car travel	122	31	90	22	87	21
	Air travel	197	24	243	29	223	30
	Total travel	319	55	333	51	310	51
	Total travel carbon per FTE in tonne	-	0.78	-	0.64	-	0.58

* The increase from 16 to 59 (km in million) is due to the fact that ING Insurance in the Netherlands for the first time reported car travel data in 2012.

CARBON EMISSIONS EXTRAPOLATED

In kilotonne

		2012	2011	2010
Coverage (% of employees)		75	77	83
ING Bank	Total carbon	117	133	147
ING Insurance/IM	Total carbon	52	36	52
ING Group	Total carbon	169	169	199
	Total carbon per FTE in tonne	2.4	2.1	2.3
	Total extrapolated carbon	209	225**	231
ING Group	Total carbon Scope 1*	27.0	28.1	31.6
	Total carbon Scope 2*	87.7	90.1	116.1
	Total carbon Scope 3*	54.7	51.0	51.3

* Scope 1: comprises of emissions from our use of natural gas and fuel oil; Scope 2: comprises of emissions from our use of electricity, renewable electricity and district heating; Scope 3: comprises of emissions from our business travel by car and air.

** Due to a more accurate calculation of FTEs, this figure has been adjusted.

8. Better workplace

HIGHLIGHTS 2012

- ▶ The Top Employer Programme was rolled out in ING Bank
- ▶ ING Insurance/IM Europe established a Diversity Council (EDC)
- ▶ At ING Bank, 81% of the employees participated in the Winning Performance Culture (WPC) Survey
- ▶ The response rate for the YES! engagement survey of ING Insurance/IM was 79%

At ING, we want to foster an open, safe, inclusive and stimulating working environment for our employees. We also have the ambition to be a top employer for our existing and future employees. We aim to consistently provide our people with the tools they need to be successful and to create a work environment that supports their physical and mental wellbeing. We seek to empower our people to make a positive difference to our customers and we encourage them to grow, develop themselves and contribute to society. We pay special attention to creating an inclusive corporate culture that embraces differences.

8.1 People management

ING BANK – TOP EMPLOYER PROGRAMME

Along with Customer Centricity and Operational Excellence, to be recognised as a Top Employer is the third key global strategic priority for the Bank. To achieve this ambition by 2014, the Human Resources (HR) function within the Bank translates the business strategy into a people strategy, focusing on 1) professionalism and accountability; 2) a lean and agile company; and 3) collaborative and inspiring leadership.

The goal of the Top Employer programme, which was launched in 2011, is to consistently attract, develop and retain the best people. The Top Employer framework describes what we believe it means to be a top employer and gives guidance on becoming one. The framework consists of 22 standards that form our internal benchmark, and we aim to implement them consistently throughout ING Bank. It is up to leaders and employees to implement the Top Employer standards in a practical, relevant and achievable way.

8.1 People management *continued*

THE 22 STANDARDS OF THE TOP EMPLOYER PROGRAMME COVER 5 BROAD AREAS:

1. Get Started

This is about making sure ING consistently attracts the best people and provides them with an on-boarding programme that welcomes them to ING.

2. My Work Environment

Providing all employees with the tools they need to be successful and creating a flexible work environment that supports physical and mental wellbeing.

3. High Performing Teamwork

This focuses on working as a team to serve our customers better and being recognised and rewarded for our success.

4. Develop My Talent

ING encourages all employees to grow and develop themselves and provides them with feedback on their performance. We also encourage employees to seek new job opportunities in the organisation, and we offer an open internal job market to stimulate this.

5. ING Ambassador

If employees are proud to work for ING and speak positively about ING to others, then we have achieved our goal of becoming a Top Employer. We aim to make every employee an ING ambassador for life.

new way of looking at engagement provides us with a more complete picture of what our employees need to sustain high performance for our customers.

In order to measure sustainable engagement, employees are asked to respond to the following statements:

- I would gladly refer a good friend or family member to ING for employment
- I am proud to work for ING
- I believe strongly in the goals and objectives of my company
- I am willing to work beyond what is required to help my company succeed
- There are no substantial obstacles at work to doing my job well
- I have the equipment/ tools/ resources I need to achieve excellent performance
- My team is able to meet our work challenges effectively
- I am able to sustain the level of energy I need throughout the work day
- My work gives me a sense of personal accomplishment

There is a strong correlation between how engaged ING employees are and whether people consider ING to be a Top Employer. Many of the elements that determine engagement are also part of the Top Employer framework. The engagement score provides an overall indication of our Top Employer status.

2. Regretted loss as a percentage of average headcount

A 'regretted loss' is an employee who has voluntarily left ING but whom we would have liked to have retained.

3. Development spend as % of total employee expenses

Development spend refers to ING's development and training expenses relative to its overall employee expenses. These expenses include external costs (programme fees, training facilities, consultancy) and internal costs (compensation and benefit costs for employees in the Learning and Development function, materials, and other overhead). This indicates how important development expenses are in relation to other employee expenses.

4. Internal hiring for key positions

The percentage of vacancies for key positions that are filled with internal candidates. Key positions are those that most directly relate to ING's ability to achieve and sustain a competitive advantage in the marketplace. In essence, they are the business strategy translated into the organisational capabilities needed to achieve it.

TOP EMPLOYER PROGRAMME IMPLEMENTATION

A Top Employer network across the ING business is driving the implementation of the programme. The network is supported by a central team based in the Netherlands. Each Top Employer team determines together with their management local priorities and action plans, as well as how they want to measure their progress. The teams in this network also collaborate with each other to share best practices and lessons learned. A global Top Employer dashboard enables us to track and measure the progress made between 2012 and 2014.

The dashboard comprises four measurement parameters:

1. Overall engagement score

We define employee engagement as the extent to which our employees are committed to contribute to our business performance and are willing to walk the extra mile to achieve ING's success.

In 2012 we introduced a new way of looking and measuring engagement called 'sustainable engagement', which focuses on how engaged, enabled and energized our employees are. This

8.2 Employee engagement

ING BANK – WPC SURVEY

The Winning Performance Culture (WPC) survey is a vehicle designed to hear the voice of our employees and better understand what helps or hinders them to execute our strategy. It stimulates dialogue and helps our organisation to determine concrete actions for improvement and to measure progress. In 2012, a record of 81% of our Bank employees filled out the WPC survey.

The overall Bank ‘sustainable engagement’ score was 68%, which is higher than the average of the Financial Services norm from our new vendor Towers Watson. The sustainable engagement score will be used as of 2013 and onwards. Furthermore, the survey results show that throughout ING our efforts to provide clarity on our overall strategic direction and our enhanced career and learning opportunities are paying off. However, opportunities for improvement still exist in process management and for creating efficiencies. All departments and teams are requested to review the outcomes of the WPC – both the positive and the negative – and address them in the personal performance reviews of their employees.

EMPLOYEE ENGAGEMENT SCORE IN WINNING PERFORMANCE SCAN

In percentage of employees

	2012	2011	2010
ING Bank	68*	66	69

*Due to a change in the questions, the WPC results provided 2 scores:

- 68% of which was based on the same index that ING used until 2011 (the Kenexa index) and allows us to compare results versus the previous year.
- During 2012, a new Sustainable Engagement index was introduced and will be used from now on. This is measured by following the Towers Watson (our new supplier) engagement model. Based on this index, the employee engagement score for 2012 was 73%.

We will use the 2012 employee engagement score of 73% for comparison reasons in the years to come.

OUTCOME WINNING PERFORMANCE SURVEY - ING BANK

In percentage of employees

	2012	2011
I would gladly refer a good friend or family member to ING for employment	68	68
I am proud to work for ING	74	75
I am extremely satisfied with ING as a place to work	72	75
I rarely think about looking for a new job with another company	57	48

ING INSURANCE – YEAR EMPLOYEE SURVEY (YES!)

Every year, we ask all our employees at ING Insurance/IM how they feel about our company, their business unit, team and manager. In this annual survey, we cover many elements: leadership, strategy, integrity, the customer experience, how we manage change and our business culture.

We collect feedback in order to improve on the results. We want to maintain what we are doing well and improve what can be done better. The survey helps us get insight into the opinions of employees: How do we perceive the experience of working at our company? What really drives us? What can we do to act upon the results? The YES! survey is an important starting point for a dialogue between managers and their teams.

The YES! survey is aligned with the ING Group measurement systems, but takes into account specific values for Insurance/IM. The response rate in 2012 was 79%, just 1 percentage point lower than the year before. The engagement score was 70%, which shows that in spite of turbulent times, the commitment levels remain strong.

EMPLOYEE ENGAGEMENT SCORE IN THE YES! SURVEY

In percentage of employees

	2012	2011	2010
ING Insurance/IM	70	67	68

OUTCOMES OF THE YES! SURVEY - ING INSURANCE/IM

In percentage of employees

	2012	2011
I would gladly refer a good friend or family member to ING for employment	67	66
I am proud to work for ING	72	67
I am extremely satisfied with ING as a place to work	77	72
I rarely think about looking for a new job with another company	64	55

8.2 Employee engagement *continued*

NATIONALE-NEDERLANDEN: A TOP-10 EMPLOYER

For the past 11 years, the Dutch organisations 'Effectory' and 'VNU Vacature Media' have conducted a nationwide survey to determine the best employers in the Netherlands. This year, Nationale-Nederlanden was ranked 9th out of 269 participating companies. The Best Employers in the Netherlands are determined by surveying general employee satisfaction among the participating companies.

8.3 Training and development

Below are the amounts spent annually on training and development for our employees, as supplied by external parties.

BUDGET TRAINING AND DEVELOPMENT EMPLOYEES

	2012		2011	
	In EUR million	Per FTE	In EUR million	Per FTE
ING Bank	63	969	69	n/a
ING Insurance/IM	18	947	17	n/a
ING Group	81	964	86	n/a

ING BANK

ING takes a structured approach to training and development because we are convinced that development and education programmes for staff make them more engaged.

The focus of our executive and leadership training is now on three core areas:

- **Leadership and customised development**

New programmes at the senior career level are being developed. These programmes will offer ING leadership knowledge and skills to help them face the challenges of our ever-changing banking environment and will align everyone with our 'Orange Leadership' profile.

- **Professional development**

Lean Six Sigma Programmes, which were offered during the last five years by the ING Banking Academy (IBA), will now be run by the business units. Currently we offer 350 e-learning modules on such topics as understanding the financial crisis, Basel 3, financial markets, risk, private banking and sales, to name a few.

- **ING International Talent Programme (IITP)**

The ING International Talent Programme (IITP) is ING's global trainee programme, whereby international graduates are attracted, selected, on-boarded and developed using a clearly defined and internationally aligned framework. The IITP Team developed a new three-year IITP curriculum that offers a blend of leadership and core banking skills.

ING Bank 'Better Ideas' Summit for employees

On 29 November, the first ING Sustainability Summit 'Better Ideas' took place in Amsterdam. During the Summit internal as well as external speakers shared their thoughts and best practices with regard to innovation, sustainability and doing business in tomorrow's world. The Summit was part of the ING for Something Better platform for sustainability and focused on sharing knowledge and expertise.

ING INSURANCE/IM

In mid-2012 an extensive talent review was carried out to further strengthen the new organisation. This resulted in an up-to-date overview and succession plans now in place for key positions.

In addition to leadership programmes, ING Insurance/IM also offers opportunities for professional development through courses like 'the Art of Insurance' and the 'Solvency Academy'. In addition to leadership programmes, ING Insurance/IM also offers specific training and educational opportunities.

In 2012 the ING International Graduate Programme at ING Insurance delivered its final module of a 4-year programme. For the new organisation, a new programme called Generation 2020 is being developed. It will focus on strategy, business innovation and product development. Nationale-Nederlanden also launched a new trainee programme. Insurance Central & Rest of Europe continued its successful Talent Council programme in which 18 potential leaders from across the region find solutions to strategic business challenges.

As mentioned in the Better customer experience chapter, an important training programme for both the Bank and Insurance/IM is our 'Promoting Integrity Programme' (PIP).

8.4 Diversity

We believe that diversity is about creating an inclusive corporate culture that embraces the differences of our employees. Diversity contributes to a winning performance culture because it values collective wisdom in business decision-making. This ultimately helps us to better connect with our current and potential customers, as well as to each other. This is why at ING we:

- treat others the way we want to be treated
- promote a workforce in which diverse thinking and the free expression of personal values are genuinely appreciated
- stand for equal treatment and work opportunities for everyone at ING
- work closely together in the recognition that collaboration leads to better results

Diversity goes beyond the male/female ratio. We want to be inclusive in our hiring process across race, age, sexual orientation, physical abilities and personal philosophies. However, we mainly report on gender equality. This is due to different legal definitions in measuring diversity.

ING INSURANCE/IM

To promote diversity within Insurance/IM Europe, a renewed diversity council was established in January 2012. The Insurance/IM Europe diversity council meets regularly to discuss progress on the diversity agenda and to promote diversity initiatives. Three priorities were defined: inclusive culture, female leadership (a Female Leadership Network was established and the first event was held in November 2012) and connecting to younger generations.

TOTAL WORKFORCE GENDER BREAKDOWN*

In percentage of employees

	2012		2011		2010	
	Female	Male	Female	Male	Female	Male
ING Bank	49.9	50.1	49.6	50.4	n/a	n/a
ING Insurance/IM	47.7	52.3	49.4	50.6	n/a	n/a
ING Group	49.2	50.8	49.6	50.4	50.3	49.7

MANAGERS OVERSEEING OTHER MANAGERS*

In percentage of employees

	2012		2011		2010	
	Female	Male	Female	Male	Female	Male
ING Bank	23.4	76.6	23.8	76.2	n/a	n/a
ING Insurance/IM	32.3	67.7	33.5	66.5	n/a	n/a
ING Group	26.5	73.5	27.7	72.3	24.6	75.4

INTERNATIONAL MANAGEMENT COUNCIL**

In percentage of employees

	2012		2011		2010	
	Female	Male	Female	Male	Female	Male
ING Bank	14	86	n/a	n/a	n/a	n/a
ING Insurance/IM	26	74	n/a	n/a	n/a	n/a
ING Group	17	83	16	84	15	85

n/a: not available

* The data in this table is collated and analysed by Workforce Analytics, ING Group HR.

** We report ING Bank and Insurance/IM separately since the Management Council was divided over ING Bank Management Council (93 members) and ING Insurance/IM Leadership Group (39 members).

8.5 Human rights in the workplace

In December 2006, ING adopted a Human Rights Statement relating to its employees. The Statement expresses our commitment to support international labour rights standards for our employees. We consider certain human rights fundamental and universal for our workforce including the right to freedom of association, the right to collective bargaining and freedom from discrimination based on race, colour, sex, religion, political opinion and national and social origin. ING upholds the elimination of all forms of forced labour and child labour.

8.6 Work conditions

We aim to ensure that our people work under conditions that meet all labour standards and laws of the countries in which we operate. We only employ people above the legal working age and our human resources framework aims to provide just and

8.6 Work conditions *continued*

favourable conditions for all. We perform regular reviews, taking into account internal and external comparisons, broader labour and marketplace developments and issues raised by our people or their representatives.

8.7 Health and safety

ING offers its employees a range of services related to health, safety, availability and vitality, in the following areas:

- Vitality and work (work-life balance, fitness programmes)
- Workload and stress
- Working environment (workplace layouts, work posture, work breaks, workload)
- Absenteeism and reintegration (absenteeism and occupational disability, workplace disputes, pregnancy, reintegration)
- Incidents at work (extreme situations, occupational incidents, preventing incidents, undesirable behaviour)
- Managing major health crisis (guidelines).

Through various internal communications (e.g., intranet portals), ING employees and managers become familiar with topics related to health and safety. ING also follows various national and international guidelines and workplace health and safety directives. These directives set out general principles for the protection of the workers' occupational safety and health (e.g., EU 89/655, NEN 2738, NEN 2729, NEN 7730, NEN 3087, NEN 12464, NVN 3438, ISO 9921, etc.).

SUPPORT FOR HEALTH AND SAFETY CONCERNS

All ING employees in the Netherlands, which account for approximately one third of our global workforce, have access to a dedicated health and safety intranet site. Here they can find information on many topics related to health and wellness. Our Health & Safety department also has several experts who advise staff on issues in the workplace that can affect their physical and mental health and sense of wellbeing. These conversations are always confidential.

Health & Safety works with other staff departments and business lines to continuously improve the working environment. We use the '4 W's' – work layout, work posture, work breaks and workload pressure – to test whether we consistently meet high standards for health and safety in the workplace. Employees are also provided with training, tools and regular monitoring to ensure they have the right mix of the 4 Ws in their specific situation.

DEALING WITH NEGATIVE INCIDENTS AT WORK

At work, as in life, there can be negative surprises. Examples are conflicts with a supervisor or a colleague, disagreement about one's

role or performance assessment, or a reorganisation. Employees are equipped with information about situations that could arise, such as harassment and discrimination, and how to react in these situations. Employees are encouraged to reach out for help through a dedicated helpline, or to discuss it with their manager.

Risk based monitoring

ING regularly monitors compliance with its health and safety policies. Incident reporting happens on a quarterly basis through the Non-Financial Risk assessment framework. This is done per business line. The risk of incidents occurring and mitigation measures are summarised and presented to ING's Boards.

8.8 Work-Life balance

Balancing work and private life – known as 'work-life balance' – contributes to good health and wellbeing. At ING, managers and employees are jointly responsible for maintaining an optimal working environment. Employees are encouraged to discuss with their managers if they feel they are under too much stress. The manager is responsible for making sure that there is a balance between the organisation's objectives and the targets the employee has to achieve. Both parties may ask the Health & Safety department for help.

The new world of work

Over the next four years, employees in the Netherlands will experience a new way of working, focused on helping us be more efficient and giving employees greater flexibility. This is a result of a successful 18-month pilot where 1500 employees participated, with the majority (89%) voting to continue the new way of working. This new approach called 'The new world of work' gives employees the freedom and responsibility to organise their own work, and enhance their work-life balance, in consultation with their managers. For ING, the motivation for this new approach is to become a more flexible organisation, to build a stronger position in the labour market and to increase productivity at a lower cost.

8.9 Remuneration of employees

One of the 22 standards of the Top Employer programme is about performance-related compensation. It determines that reward policies are transparent and lead to fair compensations linked with performance. This means that:

- Managers apply the reward policy consistently and make sure employees' reward is linked to the contribution and the value they deliver

8.9 Remuneration of employees *continued*

- ING formulates a clear reward policy that is ethical and links reward to the results that are realised individually, as a team, as a business line and as an organisation. ING regularly benchmarks itself to the market and adjusts the reward system if needed. Alterations or deviations from the policy are communicated at the earliest stage possible
- Every employee has the responsibility to make sure they understand the reward process and their personal reward

For more information on the remuneration policy of the Executive Board please refer to [ING Group Annual Report 2012](#) 

able to take charge of change. To guide the organisation through these challenging processes, we took numerous initiatives to provide employees with tools to manage the change process. These include training, coaching and consulting.

For more information on reduction in employment please refer to [ING Group Annual Report 2012](#) 

8.10 Freedom of association

Within our sphere of influence and wherever permitted by law, we will support the aims of the Universal Declaration of Human Rights (UDHR), International Labour Organisation (ILO) Core Conventions and of the UN Global Compact. In countries where local legislation goes further than the principles set out by the UDHR, ILO Core Conventions and/or UN Global Compact, ING will also apply to the additional local legislation. In countries where local legislation prevents ING from upholding aspects of the UDHR, the ILO Core Conventions, provisions of the UN Global Compact or ING's own human resources policies, ING strives to act in the spirit and nature of these principles while respecting and adhering to applicable local legislation.

Under our Human Rights Statement, we uphold the freedom of association for all our employees and recognise the right to collective bargaining. The way employees are consulted depends on local legislation and culture. In some countries employee consultation is a legal requirement. In many European countries, employee consultation is arranged via works councils. In 1996, ING instituted a European Works Council. In 2002, the European Works Council and the Executive Board signed a Social Framework with common principles for social policy and labour management.

8.11 Reduction in employment

In 2012 ING sharpened its overall strategy for the Bank. We also announced the first divestments of our Asian Insurance/IM units, as well as the delayering of the support functions and the acceleration of the transformation programme at Insurance in the Netherlands. Both ING Insurance/IM Europe and ING US made progress in their preparations for an IPO. These developments have had an immediate impact on ING's employees, resulting in a reduction in employment at the Bank and at Insurance/Investment Management. ING is strongly committed to supporting employees who are directly affected by organisational changes while focusing on retaining the right talent and ensuring staff are engaged and

9. Better communities

HIGHLIGHTS 2012

- ▶ The global ING-UNICEF partnership was extended for 3 years
- ▶ Together with our employees and customers, ING raised approximately EUR 2.8 million for UNICEF
- ▶ ING supported the launch of the Children's Rights & Business Principles
- ▶ ING issued the first 'Creating Chances for Children' report
- ▶ More than 15,000 ING Bank employees, or almost 26% of total Bank staff worldwide, joined the annual ING Chances for Children Global Challenge

We consider it our responsibility to make a positive contribution to the many communities in which we operate. We have chosen to prioritise our global initiatives around two themes – children and education and financial education and entrepreneurship – because they align with the goal of our business to invest in tomorrow's economy by supporting people to plan for a secure financial future.

9.1 Children and education

In 2005, we set up the ING Chances for Children programme, which brought together all of our charitable activities in support of children's education and wellbeing under one roof. We believe investing in children, and in particular in their education, is one of the most important ways to invest in tomorrow's economy. A good education gives children a better opportunity to realise their full potential and achieve financial security and success. That is why:

- We invest time, money and human capital in programmes that educate children
- We encourage and facilitate our employees to contribute to ING Chances for Children programmes through skills-based volunteering, fundraising and donations
- We partner with – and financially support – global and local non-profit organisations to generate joint value in the area of children & education
- We have had a strategic global partnership with UNICEF since 2005 to provide children with access to schooling, better quality education and safer and healthier living conditions. In this way, we want to contribute to the United Nations' Second Millennium Development Goal, which is to ensure that every child has access to primary education by 2015

DILEMMA

2012 was a demanding year. On the one hand, we aim to meet our financial targets by staying focused on our customers, exercising vigilance in relation to our risks and managing our cost base more closely than ever. At the same time, the need to make a positive contribution to society is increasing, and charitable giving is an important element of this. We find ourselves confronted with difficult decisions on the financial aspect of our community investment programmes. There are several internal and external stakeholder expectations to consider before we make decisions or commitments. Having weighed all relevant issues, we chose to primarily invest in the education of children, financial literacy and entrepreneurship as the building blocks of our community investment strategy. To bring us closer to this objective, we extended our partnership with UNICEF until 2015.

9.1 Children and education *continued*

ING Chances for Children Programme

What makes the ING Chances for Children programme unique is that it has both a global and a local scope:

- Globally, we target our charitable giving through our partnership with UNICEF towards selected educational projects in Africa and Asia.
- Locally, in the many different countries where we do business and where our employees live and work, we partner with a number of charitable causes to support local educational projects in support of children.

In both cases, our employees play the leading role: they invest their time, expertise and money to help children build a better future for themselves, their families and their communities.

CREATING CHANCES FOR CHILDREN REPORT

In 2012, ING published the ING Creating Chances for Children Report, which describes our community investment activities in support of children. It is a collection of stories from our employees and local businesses from around the world, from our charitable partners and from children we have supported.

Please refer to www.ingforsomethingbetter.com 

Partnership with UNICEF

At global level, we have been cooperating with UNICEF in countries such as Brazil, India, Haiti, South Africa, Pakistan, Ethiopia and Zambia. Thanks to the support of our employees, customers and our local business units, we have provided more than 780,000 children around the world with access to primary education. The funds raised have been used to build schools, train teachers, supply children with books or provide clean water and sanitation. Both ING and UNICEF commit to complete transparency on how the funds are spent and the consequent impact on children and their communities.

ING BANK

In 2012, ING Bank extended its partnership with UNICEF for 3 years. The aim is that in 2015, the ING-UNICEF partnership will

have positively impacted the lives of at least one million children in need by providing them with access to school, better-quality education, and safer and healthier living conditions. Moreover, we expanded the partnership strategy beyond a mere focus on primary education. Together with UNICEF, we agreed to broaden the scope of the partnership to also include programmes in the area of financial education and entrepreneurship.

ING INSURANCE/IM

As ING Insurance/IM is preparing for a standalone future with a new strategy, the partnership between UNICEF and ING Insurance/IM was extended to cover 2012. As from 2013, ING Insurance/IM will develop a separate programme, in line with its business strategy, new brand values and geographic focus.

The table below shows our total charitable contributions to UNICEF. Since we work with UNICEF in several countries around the world and are involved in several education projects, UNICEF provided us with the global average costs to allow a child to go to school for one year, which is calculated at EUR 30. This gives us an idea of the impact of our fundraising and our collaboration with UNICEF.

Employee participation

We facilitate and encourage our employees to support our ING Chances for Children programme by getting involved in (skills-based) volunteering, fundraising and donating funds. Encouraging and facilitating our staff to contribute to society are among our Top Employer priorities.

Each year, thousands of ING employees volunteer for projects aimed at improving educational and job opportunities for young people in local communities. Employees donate their time in several ways, from enhancing the reading skills of children to helping with homework, and from mentoring young people to painting classrooms and renovating playgrounds. And many of our employees volunteer time by organising fundraising events for UNICEF or local causes. Depending on the ING Human Resources policies in different countries, we make it possible for employees to do volunteer work during working hours. In 2012, employees

CHARITABLE DONATIONS TO UNICEF

	2012		2011		2010	
	EUR	CHILDREN WITH ACCESS TO EDUCATION	EUR	CHILDREN WITH ACCESS TO EDUCATION	EUR	CHILDREN WITH ACCESS TO EDUCATION
ING Bank	2,214,128	73,804	n/a	n/a	n/a	n/a
ING Insurance/IM	559,944	18,665	n/a	n/a	n/a	n/a
ING Group	2,774,071	92,469	3,540,00	118,100	3,760,000	125,200
Total since 2005	23,514,071	783,869	20,740,000	691,400	17,200,000	573,300

9.1 Children and education continued

participated in several volunteering activities for ING Chances for Children and UNICEF.

ING Chances for Children Global Challenge

An example of how we combine employee time, cash contributions and advocacy for children is the ING Chances for Children Global Challenge, which takes place on and around the United Nations' Universal Children's Day on 20 November. Held for the fifth time in 2012, this annual flagship event sees ING employees rising to the challenge of supporting disadvantaged children and families everywhere.

As can be seen in the overview below, tens of thousands of employees have participated in this global fundraising and volunteering event over the past years. In 2012, more than 15,000 ING Bank employees, or almost 26% of total Bank staff worldwide, joined in the Global Challenge initiatives. A total of EUR 531,661 was raised at Group level during the 2012 Global Challenge.

For more information please refer to www.ingforsomethingbetter.com

RESULTS OF THE 2012 ING CHANCES FOR CHILDREN GLOBAL CHALLENGE

		2012	2011	2010
Percentage of employee participation	ING Bank	26	n/a	n/a
	ING Insurance/IM	3	n/a	n/a
	ING Group	19	28%	20%
Number of countries participating	ING Bank	28	n/a	n/a
	ING Insurance/IM	3	n/a	n/a
	ING Group	28	34	38
Funds raised in EUR	ING Bank	465,161	n/a	n/a
	ING Insurance/IM	66,500	n/a	n/a
	ING Group	531,661	538,400	927,600
Number of hours volunteered by employees	ING Bank	28,629	n/a	n/a
	ING Insurance/IM	5,500	n/a	n/a
	ING Group	34,129	42,800	32,100

Note: Our organisation is undergoing several changes as a result of the separation of our Insurance/IM activities from ING Bank. This shifted the focus of our employees and management, leading to a lower participation rate in the Global Challenge in 2012. The decrease in the number of countries that participated in the 2012 Global Challenge was influenced by divestments of several business units in 2012. Please note that the funds raised during the Global Challenge are also included in the charitable contributions to UNICEF overview on [page 68](#).

Charitable contributions

Employees are encouraged throughout the year to donate, initiate or participate in fundraising activities of their choice. To stimulate the involvement of our employees, ING's Executive Board matches every amount that employees raise for UNICEF. In 2012, we developed a special online donation tool to make it easier for employees to give to UNICEF.

Our local business units also make many charitable contributions to causes related to children's education as part of their own local partnerships. A few examples are:

ING BELGIUM

In 2012, ING Belgium teamed up with the training bureau Streetwize to organise a two-day activity for ING trainees to become 'streetwise'. In October, 13 ING trainees lived on the streets and provided themselves with their own needs during two days and one night. Streetwize spent the proceeds of this training on the building of mobile schools in developing countries.

ING SINGAPORE

In 2012, 23 ING Singapore employees cycled seven days from Bangkok to Phuket for the 'Tour of Hope'. This initiative aimed to raise funds for school children in Thailand. As part of this event, ING Singapore also donated orange bikes to help the children get to school.

For an overview of our total charitable contributions in 2012, please refer to www.ingforsomethingbetter.com

Customer campaigns

In 2012, we continued to invite our customers to join us and support UNICEF. This was done through a variety of cause-related marketing and social media campaigns which raised awareness and invited customers to support UNICEF. Various ING businesses developed such campaigns during the December period.

Please refer to www.ingforsomethingbetter.com for more information about these campaigns

Advocacy on education

Next to supporting activities to provide children with education, ING also advocates for children, education and children's rights. We also explore other ways of assisting UNICEF's work for children, such as co-branding public announcements and promotions. In 2012 for example, ING committed itself to the Education First movement, an initiative from the United Nations Secretary-General Ban Ki-moon that strives to put every child in school, improve the quality of learning, and foster global citizenship.

9.1 Children and education *continued*

Endorsement of the Children's Rights & Business Principles

Another area of advocacy in 2012 was ING's support in launching the Children's Rights & Business Principles. UNICEF, Save the Children and the United Nations Global Compact joined forces to increase attention for underprivileged children around the world by launching 10 Children's Rights & Business Principles. These principles provide a comprehensive framework for understanding and addressing the impact of business on the rights and wellbeing of children. ING was involved in the drafting process and has publicly endorsed the Principles. We also committed to promote the Principles by inviting other companies to do the same. Moreover, we have taken a first step in integrating the Principles into our business activities by including them in our revised Environmental and Social Risk (ESR) Framework.

Please refer to www.ingforsomethingbetter.com  for more information about the ESR Framework.

To read more about the Children's Rights & Business Principles and for an overview of the 10 Principles, please refer to the information provided by the United Nations Global Compact: www.unglobalcompact.org/Issues/human_rights/childrens_principles.html 

9.2 Financial education and entrepreneurship

Facilitating people, specifically children and women in developing countries, to become financially stronger is a strategic part of our corporate community investment approach. Financial and business skills are essential in both the developing and the developed world, and across all socio-economic classes.

We want to support present and future generations by sharing our core knowledge, expertise and skills. We do so by investing time and other resources to educate youth on various financial issues. We not only teach children how to manage their own money, but also show them how to start up a business. In several of our home markets, we invest in programmes that teach young people in a fun and experimental way how to make a business plan and manage money.

Partnership with UNICEF and financial education and entrepreneurship

In 2012, we expanded our existing partnership strategy with UNICEF to also include programmes for financial education and entrepreneurship. The first project in this field already started in 2012 through the Unconditional Cash Transfer (UCT) pilot project

in India. This project took place in 22 villages in Madhya Pradesh. It supports financial literacy interventions in order to build the capacities of households and individuals and facilitate the optimal use of their incomes for social development outcomes. The project is focused on developing training modules for financial literacy and delivering the training to women, couples and adolescent boys and girls as distinct target groups within the villages.

2012 overview and results:

- A total of 100 training sessions have been conducted in all the 22 villages
- A total of 1,500 women have been trained
- A team of 25 ING volunteers were involved in preparing the training modules, and training trainers in Indore, one of the villages

In 2013, the programme will be extended through the addition of an Adolescent Development and Participation programme with UNICEF in Nepal.

Employee participation

Employees worldwide contribute their time and expertise to the activities that are organised by ING in the field of financial education and entrepreneurship for children and young people. The table on [page 71](#) provides a snapshot of global and local initiatives.

Advocacy on financial education and entrepreneurship

Next to sharing our expertise, we aim to raise awareness about financial literacy and entrepreneurship by being an active promoter – and participant – of activities that are organised by interests groups in these fields. In 2012, we sponsored the OECD Conference on Financial Literacy in Madrid as well as the Global Financial Literacy Summit in Amsterdam.

In light of the Women in Business Challenge, we also invested in the Young, Female, Entrepreneur (YFE) research, which addresses the significant underinvestment in young women-led small and growing businesses in developing countries around the world.

9.2 Financial education and entrepreneurship continued

SELECTION OF LOCAL FINANCIAL EDUCATION INITIATIVES

ENTITY	INITIATIVE	AIM	IMPACT IN 2012
ING Group	Women in Business Challenge A joint initiative of ING, Business in Development (BiD) Network and ICCO since 2009	To provide women entrepreneurs from developing countries with practical training and support in setting up and managing a business	54 ING volunteers from 7 countries coached and guided women entrepreneurs to refine their business plans for a final assessment. 300 women joined the challenge in 2012
ING Bank Netherlands	Money Week Organised by the Money Wise Platform (platform 'Wijzer in geldzaken') since 2010	To teach children about how money works	ING volunteers gave over 500 guest lectures at elementary schools
ING Direct Italy	Coltiva il tuo sogno An educational project initiated by ING since 2009	To teach elementary school students the value of saving	1,097 classrooms were reached
ING Direct France	Family Day A financial education initiative of ING Direct France	To give children an impression of how a bank works through playful workplace visits	115 children visited the ING Direct France offices during the Family Day
ING Direct France	Opération 'Mon Quotidien' A special news edition on money matters aimed at children	To increase children's financial knowledge	76,000 subscribers of Mon Quotidien
ING Direct Spain	Professionals at your School A volunteering project of ING Direct Spain	Promoting entrepreneurial knowledge to young people	ING volunteers gave guest lectures to 15 primary and high schools
ING Hungary	Financial Education programme Initiated by ING in 2012	Teach young people about finance	10% of employees gave guest lectures to a total of 170 schoolchildren
ING Direct Australia	The Social School for Entrepreneurs (SSE) Supported by ING Direct and the ING Foundation	To provide learning programmes to enhance the effectiveness of Australia's social entrepreneurs and their social ventures that ultimately create long-term and meaningful social impact and help improve the lives of young people in particular	200 SSE Fellows at the end of 2012
ING Commercial Bank UK	Risks and Rewards website A collaboration between ING, The Baring Archive and educational website experts E2BN. The website was launched in July 2012	To improve children's understanding of the world of finance. It draws on the archives of Barings Bank	ING employees donated their time by adding a section explaining what it is like to work in today's financial sector. The website reached 3,499 visitors in 2012, with 103,664 page views
ING Corporate and Institutional Clients (CIC) Americas	Museum of American Finance With a grant from ING, the museum provides free guided tours to 'Title 1' school groups	To provide students from 'Title 1' schools in the New York area with financial education, discussing topics such as 'Tracking the Credit Crisis' and 'Checks and Balances: Presidents & American Finance'	A total of 21 'Title 1' schools participated in the programme; a total of 747 students were introduced to the Museum's educational programming ING CIC Americas employees from the Finance department volunteered 46 hours mentoring students in financial literacy
ING Turkey	Orange Volunteers, Küçüklere Büyük Destek Project Initiated by ING Turkey in 2012	Opening up children's horizons on matters related to thrift and saving	30 Orange Volunteers (160 hours in total) made presentations on savings to nearly 1,000 children in 18 primary schools in 8 provinces
ING Vysya Bank	Financial literacy programme in Bangalore In partnership with Christel House	Using film and theatre to teach basic financial skills to primary school children and their parents	30 ING volunteers organised 6 guest lectures for 435 children and took them on a fieldtrip to a bank branch

9.3 Global focus, local flavour

At ING country level, we also invest in building relationships with community organisations outside our priority themes of children and education and financial education and entrepreneurship. The reason for this is that the social realities, needs and priorities differ in the various markets we work in. Our businesses and local Foundations have started partnerships with a number of different charitable organisations, for example active in the area of nature preservation, health or sports.

The table provides some examples of local partnerships. For more information on our charitable partnerships see the ING Creating Chances for Children report.

ING DIRECT AUSTRALIA
 To bring to life its core strategy of creating positive social change through innovation, ING Direct Australia's Foundation has teamed up locally with four community partners: United Way, Cerebral Palsy Alliance, School for Social Entrepreneurs and National Centre of Indigenous.

NATIONALE-NEDERLANDEN
 Nationale-Nederlanden has partnered with the Dutch 'Make-a-Wish' Foundation since 2011 to make the wishes of children with life-threatening medical conditions come true. In 2012, almost 500 employees were involved in activities for the Make-a-Wish Foundation.

ING BANK NETHERLANDS
 Since 1995 ING Bank Netherlands has been a partner of Natuurmonumenten, the Society of preservation of nature monuments in the Netherlands. The collaboration is focused on raising awareness of the value of Dutch nature and on giving children the opportunity to discover nature from a young age. Since 2012 ING has committed to the nature restoration of the

Beekbergerwoud, one of Holland's last primary forests that was logged in 1871. ING's contribution is to plant 10,000 trees in the area in three years. Employees and customers contribute to this goal by purchasing trees for this forest through ING's loyalty points programme 'Rentepunten'. Our employees also have the opportunity to plant their own trees during the annual Family Tree Planting Day. In 2012, we planted more than 3,000 trees.

ING HONG KONG

In Hong Kong, 26 ING employees including their families and friends participated in the 'Eco-Walk'. Organised by the Hong Kong Staff Club on the occasion of Earth Hour, this event raised funds for the World Wildlife Foundation (WWF) Hong Kong.

9.4 Employee and customer choice

Next to community investment on a global and national level, a third line of charitable giving is based on the choices and preferences of our employees. We encourage their active involvement in society and want to facilitate them in their wish to donate time and money to causes they value.

In several countries, ING businesses have set up charity funds that enable employees to request a donation for the club or cause they volunteer for. Examples are 'We Care' (ING-DiBa), the 'Solidarity Prize' (ING Belgium and ING Luxembourg), 'Echt Goed Doen' (ING Bank Netherlands) and 'Wij en de Maatschappij' (ING Insurance/IM Netherlands).

RESULTS OF ING'S EMPLOYEE CHARITY FUNDS IN 2012

EMPLOYEE CHARITY FUND	AMOUNT OF DONATIONS*	SUPPORTED ORGANISATIONS	NUMBER OF EMPLOYEES VOTED
ING Belgium Solidarity Prize	129,000	44	6 (Voted by a jury)
ING Insurance/IM Netherlands Wij en de Maatschappij	450,000	263	2,500
ING Bank Netherlands écht@goed doen	1,300,000	678	6,000

* In EUR.

9.4 Employee and customer choice *continued*

In other countries, ING's local businesses may decide to match the donations that employees made to (selected) charities. By facilitating the efforts and interests of our colleagues in different ways, we aim to both inspire them to become even more active in their community as well as respond to the local needs in the countries we work in.

Public selection

In Germany and Luxembourg, special funds were launched to support local community organisations. ING-DiBa set up a programme called 'DiBaDu und Dein Verein' (DiBaDu and your club) which sponsored 1,000 non-profit organisations in 2012 with EUR 1,000 each. The German Ministry of Family Affairs supports the initiative.

In 2012, ING Luxembourg launched the ING Solidarity Awards. The concept of these awards is similar to the Solidarity Prize in Belgium and 'DiBaDu und Dein Verein' in Germany. But, in addition to the option for the public to vote for the projects proposed by NGOs, a jury of experts was invited to vote on the larger projects. In 2012, 210 NGOs participated in the ING Solidarity Awards. Of that number, 40 NGOs received the most online votes and received EUR 1,000 each. ING Luxembourg received 48,000 votes from the public on their website during the contest. Of the 210 NGOs that participated, 110 proposed a larger project to the appointed jury. Eight of these projects were supported by ING Luxembourg with donations ranging from EUR 2,000 to 8,000 each.

PLATFORM FOR EMPLOYEE VOLUNTEERING AND GIVING

In 2012, ING launched the online employee platform 'Jij in de Samenleving' ('You in Society') in the Bank in the Netherlands. The platform's objectives are to heighten internal awareness about the initiatives ING is taking in society, increase participation in socially responsible projects and raise company pride. On this platform, employees can learn about all of ING's social initiatives in the Netherlands, find volunteer work, make a donation, or download financial education material for guest lectures in schools.

9.5 Disaster relief

When disaster strikes, ING works together with its partners and other organisations to deliver immediate disaster response in the short run, and disaster recovery in the long run. Whether the challenge at hand is fighting malnutrition or a natural disaster, our partners advise us on how we can efficiently support them in their efforts. In 2009, ING set up a Disaster Relief Fund together with the Netherlands Red Cross. ING also works with UNICEF when a disaster hits, as children are most vulnerable in these situations.

Supporting the victims of Hurricane Sandy and Typhoon Bopha

In 2012, the ING Bank Disaster Relief Fund contributed EUR 60,000 to the International Red Cross (IRC) to help finance the IRC's emergency relief efforts to help victims of Hurricane Sandy on the islands of Haiti, Cuba and Jamaica.

The ING Foundation in the United States, the charitable giving arm of ING Insurance US, made a USD 500,000 contribution to the Mayor's Fund to Advance New York City to support immediate and long-term disaster relief and recovery efforts in response to Hurricane Sandy. The company also matched its employees' contributions to relief efforts.

ING Corporate and Institutional Clients (CIC) Americas employees pitched in to help the victims of Hurricane Sandy around the New York area by donating basic needs items, money and time.

In December 2012, EUR 40,000 was donated by the ING Bank Disaster Relief Fund to the International Red Cross (IRC) to help the victims of Typhoon Bopha in the southern Philippines.

OVERVIEW ING FOUNDATIONS

ING Group (The Netherlands)	ING for Something Better Foundation
Australia	ING Foundation
Belgium	ING Mecenaatfonds
India	ING Vysya Foundation
Poland	Fundacja ING Dzieciom
USA	ING Foundation
The Netherlands	ING Foundation 'Medewerkers Goede Doelenfonds' ING Foundation 'Wij en de Maatschappij'

TIMELINE COMMUNITY INVESTMENT

2012	ING extends UNICEF partnership to help 1 million children in 2015	Publication of the 'Creating Chances for Children' report	ING Foundations US, ING CIC Americas and ING Bank donate for Hurricane Sandy emergency relief
2011	Global campaign for UNICEF's relief work in the Horn of Africa	Launch of employee charity funds in the Netherlands	
2010	ING (incl. clients and employees) donates EUR 1,5 million to Haiti disaster relief	Launch of the Solidarity Prize in Belgium	
2009	ING for Something Better Foundation was established	Launch ING Disaster Relief Fund and partnership Netherlands Red Cross	Start of the BiD Women in Business Challenge programme
2008	Launch 'ING Global Challenge'		
2005	Launch ING Chances for Children and UNICEF partnership	Founding of the 'We Care Fund' in Germany	
2004	ING Hong Kong receives 'The Caring Company Award'		
2002	ING Foundation USA is founded		
1998	Creation of ING employee donation fund in the Netherlands	ING China launches 'ING insurance scholarship fund'	
1996	ING becomes main sponsor of 'Natuurmonumenten' in the Netherlands		
1992	ING employees start volunteer activities		
1978	ING Vysya Foundation is established in India	ING Foundation Australia is established	

10. Governance and compliance

10.1 ING Business Principles

Our business revolves around people and trust. Being entrusted with other people's money is a responsibility we take very seriously. Only by acting with professionalism and integrity we can gain and maintain our customers' confidence and preserve our company's reputation. The ING Business Principles play an important role in this.

First introduced in 1999, the ING Business Principles set a global standard for the behaviour ING expects of every employee. The ING Business Principles are refreshed every five years to ensure their relevance in a changing environment. Each of the four principles is equally important. Taken as a whole, they form our collective conscience. They are the foundation of our strategy, culture and day-to-day work. Living the ING Business Principles helps us make decisions that can stand the test of time.

- We act with integrity
- We are open and clear
- We respect each other
- We are environmentally and socially responsible

These Principles are not voluntary suggestions. They are non-negotiable, and every single ING employee is responsible for living up to them. The ING Business Principles enable us to do what we do best, both today and tomorrow: to help our customers manage their financial future.

Our business principles are expressly pointed out to every new employee of the bank when he or she joins the bank by inserting a reference to the ING Business Principles in the employee's contract of employment.

10.2 Corporate governance

ING's aim is to have a governance structure that is transparent and does justice to the interests of all its stakeholders: customers, employees, business partners, shareholders and society as a whole. ING has a two-tier board structure consisting of the Executive Board and the Supervisory Board:

- The Executive Board is responsible for day-to-day management of the business and long-term strategy.
- The Supervisory Board is responsible for controlling management performance and advising the Executive Board. The Supervisory Board is made up exclusively of outside directors.

Banking and Insurance have their own management boards.

Full details about our management structure and implementation of Dutch Corporate Governance Code can be found on www.ing.com

10.3 Dutch Banking and Insurance Codes

Dutch Banking code

The Dutch Banking Code ('Banking Code') is applicable to ING Bank N.V. and not to ING Group. The Banking Code can be downloaded from the website of the Dutch Banking Association (www.nvb.nl). The principles of the Banking Code as a whole are considered as a reference by ING Bank N.V. and their application is described in the publication 'Application of the Dutch Banking Code by ING Bank N.V.', available on the website of the Company (www.ing.com). ING voluntarily applies the principles of the Banking Code regarding remuneration with respect to the members of its Executive Board, and considers these principles as a reference for its own corporate governance. ING Group's remuneration policy for the Executive Board and Senior Management is compliant with these principles.

For more information about the application of the Dutch Banking Code, please refer to www.ing.com

Dutch Insurance code

The Dutch Insurers' Code ('Insurers' Code') is applicable to the Dutch subsidiaries of ING Insurance Eurasia N.V. pursuing insurance business and not to ING Group, ING Verzekeringen N.V. or ING Insurance Eurasia N.V. The Insurers' Code can be downloaded from the website of the Dutch Association of Insurers (www.verzekeraars.nl). However, insurance companies that are part of a group (concern) can decide whether to apply all or parts of the Insurers' Code at the group level. ING Insurance Eurasia N.V. voluntarily applies the corporate governance related principles of the Insurers' Code. ING Insurance Eurasia N.V.'s remuneration policy for its Management Board and Senior Management is compliant with these principles. The application of the Insurers' Code principles is described in the publication 'Application of the Insurers' Code by ING Insurance Eurasia' available on the website of the Company (www.ing.com).

For more information about the application of the Dutch Insurance Code, please refer to www.ing.com

10.4 Non-Financial Risk (NFR) - Operational and Compliance

NON-FINANCIAL RISK MANAGEMENT

Non-financial risk management includes operational risk management and compliance risk management. To ensure robust non-financial risk management, ING monitors the implementation of its Risk Policies and Minimum Standards. Business units have to demonstrate that the appropriate steps have been taken to control their operational and compliance risks. Processes are in place to identify key threats, vulnerabilities and the associated risks which might cause adverse events. Different techniques for event identification exist within ING Bank, e.g. Risk & Control Self-Assessments scenario analysis, external events inventories, internal incident analysis (e.g. lessons learned based on information from incident reporting), key risk indicator events and threat scans. At least once a year, business units and departments perform a Risk & Control Self-Assessment with the involvement of the business and their Operational Risk, Compliance and Legal departments.

Non-financial Risk Dashboard (NFRD)

The NFRD is based on a defined risk tolerance within the business and gives a clear overview of the risks and responses enabling management to prioritise and to manage operational, compliance and legal risks. The NFRD is a quarterly report and a fixed item on the agenda for the meetings of the Management Board Banking (MBB) and the Risk Committee and sent to the Supervisory Board for information. For Insurance it is discussed in the Management Bank Insurance (MBI) Eurasia and Risk Committee and sent to the Supervisory Board for information.

Non-Financial Risk Committees

Non-Financial Risk Committees (NFRCs) are established at all levels in the organisation to ensure appropriate management action is taken by the responsible line managers and at the appropriate level of granularity. At the executive level there is an NFRC Bank, which is accountable for the design and maintenance of the risk management framework including the ORM, Compliance and Legal policies, minimum standards, procedures and guidelines, the NFRC structure, development of tools, methods and key parameters (incl. major changes) for risk identification, measurement and monitoring/reporting. NFRCs have furthermore been established at the regional and BU level. They are chaired by the CEO of the entity and steer the risk management activities of the first and second line of defence in their entities.

NON-FINANCIAL RISK MANAGEMENT - OPERATIONAL RISK

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk can lead to financial loss but also to non-financial loss in the form of reputation, regulatory or personal impact. Risks falling under this category include:

- **Information Technology Risk**

Information and the supporting business applications, IT processes, databases and underlying infrastructure are important assets of ING and, like other important assets, must be suitably protected. The availability, integrity and confidentiality of information assets are essential in maintaining our competitive edge, cash flow, profitability, regulatory and legal compliance and respected company image. ING's Information Technology Risk management baseline is formed from the international standards Cobit and ISO, which are used as industry good practice in the financial services industry. The objective is to provide ING's approach to managing information technology risks and the protection of information assets to all ING organisational units and to those contracted to provide services.

- **Business Continuity Risk**

Continuity Risk is the risk of events leading to a situation that threatens the safety and security of people or business continuity. Examples of such events are natural disasters, power outages and terrorism.

The implementation of a consistent business continuity management process and plans that are in alignment with requirements is essential in order to provide appropriate and effective recoverability from any disruption or disaster. Business continuity plans identify the critical processes and describe the corrective measures and resources necessary in case a business is disrupted and cannot be resumed within the normal environment.

- **Fraud Risk**

Risk of fraud is defined as the deliberate abuse of procedures, systems, assets, products and/or services of ING by those who intend to deceitfully or unlawfully benefit themselves or others. Policies and standards are used to increase fraud detection and reduce fraud-related losses.

NON-FINANCIAL RISK MANAGEMENT - COMPLIANCE RISK

ING is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which it operates. All employees are expected to adhere to these laws, regulations and ethical standards, and management is responsible for ensuring such compliance.

For more information about our compliance risk management, please refer to www.ing.com 

10.5 Financial and economic crime

ING implements a Corporate Policy on Financial Economic Crime (FEC) to prevent its businesses from involvement in money laundering and terrorist financing. This policy is based on international laws and regulations. Local ING management is responsible for the implementation of, and compliance with, the policy.

The Financial Economic Crime Policy defines the minimum requirements and refers specifically to the following risk areas:

- Anti-Money Laundering (AML)
- Counter Terrorism Financing (CTF)
- Sanctions (economic, financial and trade), Ultra High Risk countries (UHRC)
- Export Trade and Proliferation Financing Compliance

In countries where ING's Financial Economic Crime Policy is stricter than local rules, ING's policy applies. Also, ING commits to the Wolfsburg Group principles on topics such as Know Your Customer, Anti-Money Laundering and Counter Terrorist Financing policies, which are applicable to all ING entities within ING Bank.

For more information, please refer to our Zero-Tolerance Bribery Statement on www.ing.com 

10.6 Gifts, entertainment and anti-bribery policy

ING has zero tolerance towards bribery and corruption, regardless of the identity or position of the originator or recipient of the bribe. Gifts and entertainment must not involve activities, products, services or venues that might embarrass, be considered of bad taste or violate the ING Business Principles. Maximum limits apply to offering and receiving gifts and entertainment. Written approval must be obtained before offering gifts or entertainment to public officials. Facilitation payments are strictly prohibited.

For more information, please refer to our Zero-Tolerance Bribery Statement on www.ing.com 

10.7 Insider regulation and Chinese Walls

The Insider Regulation ING is an ING policy based on the Dutch Financial Supervision Act ('Wet op het financieel toezicht'). An essential element of this policy is to prevent (the appearance of) trading in ING securities while having inside information regarding ING. ING has a system of Chinese Walls in place to prevent the uncontrolled flow of sensitive information between banking and investment departments that can have different interests.

More information can be found on www.ing.com 

10.8 ING Whistleblower Procedure

The ING Whistleblower Procedure applies to all ING entities worldwide. Employees of ING Group and its Group companies can report complaints and/or highlight concerns via this procedure as an additional option outside of their normal reporting lines.

For more information, please refer to www.ing.com 

10.9 Promoting integrity

The Promoting Integrity Programme (PIP) was created to ensure that every ING employee in every part of the organisation understands how their actions and behaviours can help earn and retain customer and stakeholder trust, or undermine their trust in ING. PIP consists of multiple e-modules and dialogue packs that teams can use to discuss the impact of key priorities within ING.

10.10 Political donations and public advocacy

With regard to political donations, ING businesses are not permitted to make gifts or political donations or to offer entertainment to political parties or candidates for political office. This is governed by the ING Gifts, Entertainment and Anti-Bribery Policy.

Political donations at ING US

In line with our policy, ING US Insurance itself does not make political contributions. For US employees, ING falls under the US Federal Election Commission (FEC) regulated system of Political Action Committees (PACs), and employees can make voluntary contributions to PACs that are organised by their employers. ING US Insurance reports to the FEC all contributions made by its employees. ING US Insurance itself does not contribute any corporate funds to federal election campaigns.

Public Advocacy

In order to strategise, develop and coordinate the company's positions on important public affairs issues, ING is actively involved in public policy and regulatory developments in its relevant constituencies. It does so with the objective of enhancing (implementation of) financial regulation and supervision that support the interests of ING's stakeholders. In the Netherlands, ING is registered in the lobbying register of the House of Representatives and is a member of the Dutch Association for Public Affairs.

10.10 Political donations and public advocacy *continued*

Code of Conduct

ING is registered in the EU Transparency Register and therefore adheres to the code of conduct of the EU for organisations and self-employed individuals engaged in EU policymaking and policy implementation.

For more information about our Code of Conduct, please refer to www.ing.com 

10.11 Competition


ING's reputation is based not only on how effectively it serves its customers and how successful it is at increasing shareholder value, but also on the way it conducts its business and its competitive practices in the market place. Competition law is more than a legal requirement: it is vital for ING's reputation and long-term success and helps ING to operate in accordance with the ING Business Principles.

ING businesses and their employees worldwide are required to strictly observe and adhere to the competition law rules. ING wants to be unmistakably clear both outside and inside ING that we compete fairly and lawfully. It is ING Group's policy to fully comply with all competition laws applicable to its entire range of activities.

10.12 Remuneration policy

ING's remuneration policy is an integral part of ING's corporate strategy and risk profile and maintains a sustainable balance between short-term and long-term value creation, building on our long-term responsibility towards society, our clients and all other stakeholders. Remuneration at ING is appropriately set against a variety of factors, such as the complexity of functions, the scope of responsibilities, market practice and competitiveness, the alignment of risks and rewards, and the long-term objectives of the company and its stakeholders, which is all the more important given the continuously changing regulation and international standards for responsible remuneration. These factors differ for each role, line of business and country. This is especially the case for ING with its operations in more than 40 countries and 84,718 employees of whom around 58,242 are based outside the Netherlands (over 58% of senior management is non-Dutch). As much as possible for a global financial institution of this size, ING aims to take account of all these differences and also of the standards applied within similar financial institutions in the various countries in which it operates.

Remuneration policy for the Executive Board

More information on the remuneration of the Executive Board members can be found in the [ING Group Annual Report 2012](#),  page 80.

Risk adjusted sustainable and responsible performance

Executive Board members' remuneration is directly linked to the achievement of performance criteria critical to the execution of ING Group's strategy. In 2012, ING took significant steps to further complete the restructuring plans, rebuild customer trust and to deliver strong performance in the Bank and Insurer. This is reflected in the individual performance criteria set for Executive Board members. The performance of the Executive Board is annually set and measured against different financial and non-financial performance drivers.

PERFORMANCE INDICATORS OF EXECUTIVE BOARD

FINANCIAL PERFORMANCE INDICATORS INCLUDE:	NON-FINANCIAL PERFORMANCE INDICATORS INCLUDE:
<ol style="list-style-type: none"> Underlying net profit for ING Group Reduce double leverage in ING Group Reduce the loan-to-deposit ratio of ING Bank to strengthen liquidity position ahead of Basel III Reduce leverage in Insurance US in preparation for IPO base case Reduce leverage in Insurance EurAsia to prepare for standalone future 	<p>The non-financial indicators depend on the specific responsibilities of the individual Executive Board member and typically include:</p> <ol style="list-style-type: none"> Improve customer centricity, including full implementation of Net Promoter Score measurement across the Bank and Insurance companies Improve sustainable business practices and corporate responsibility based on the KPIs published annually in the ING Sustainability Report Execute the restructuring and separation plans for the Group and continue repayment of Dutch State Improve employee engagement across the Banking and Insurance operations Improve leadership development, strengthen talent pipeline, retention and diversity Improve operational excellence

ING VALUES AND LEADERSHIP

ING leadership behaviours are also evaluated as part of each Executive Board member's annual performance appraisal. The overall appraisal along with performance on predefined indicators is part of ING's Remuneration Committee review in determining variable remuneration.

For more information about our remuneration policy, please refer to the [ING Group Annual Report 2012](#) 

11. Additional information

11.1 Independent Assurance Report

TO THE READERS OF THE ING IN SOCIETY REPORT 2012

We were engaged by the Executive Board of ING Groep N.V. (further 'ING') to provide assurance on the ING in Society Report 2012 (further 'The Report'). The Executive Board is responsible for the preparation of The Report, including the identification of material issues. Our responsibility is to issue an assurance report based on the engagement outlined below.

SCOPE

Our assurance engagement was designed to provide limited assurance on whether The Report is presented fairly, in all material respects, in accordance with the reporting criteria.

We do not provide any assurance on the achievability of the objectives, targets and expectations of ING.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

REPORTING CRITERIA AND ASSURANCE STANDARD

ING applies the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative supported by internally developed guidelines as described in the chapter About this report. It is important to view the performance data in the context of these criteria.

We conducted our engagement in accordance with the International Standard for Assurance Engagement (ISAE 3000): Assurance Engagement other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board. This standard requires, among others, that the assurance team possesses the specific knowledge, skills and professional competencies needed to provide assurance on sustainability information, and that they comply with the requirements of the Code of Ethics for Professional Accountants of the International Federation of Accountants to ensure their independence.

WORK UNDERTAKEN

Our procedures included the following:

- A risk analysis, including a media search, to identify relevant sustainability issues for ING in the reporting period.
- Evaluating the design and implementation of the systems and processes for the collection, processing and control of the information in the Report.
- Interviewing management at corporate level responsible for the

sustainability strategy and implementation.

- Interviews with relevant staff at corporate and business level responsible for providing the information in The Report.
- Evaluating internal and external documentation, based on sampling, to determine whether the information in The Report is supported by sufficient evidence.
- An analytical review of the data and trend explanations submitted by businesses for consolidation at group level.

During the assurance process we discussed the necessary changes in the Report and reviewed the final version of the Report to ensure that it reflects our findings.

CONCLUSION

Based on the procedures performed, as described above, nothing has come to our attention to indicate that The Report is not fairly presented, in all material respects, in accordance with the reporting criteria.

OBSERVATIONS

Without affecting the conclusion presented above, we would like to draw the readers' attention to the following:

In the context of ING's separation process, ING has made further progress in redefining its sustainability strategy for ING Bank and ING Insurance/IM including ambitions and Key Performance Indicators (KPIs).

We recommend ING to continue to work towards a comprehensive set of KPIs and related targets as well as to align these with stakeholder expectations through the continuous dialogue process that ING has in place. In order to demonstrate progress against the ambitions set, we recommend ING to further implement reporting systems to enable reporting on progress and the impact of ING's sustainability efforts in next year's sustainability report.

Amsterdam, 22 March 2013



KPMG Sustainability,
Part of KPMG Advisory N.V.

W.J. Bartels RA, Partner

11.2 GRI table reference

STRATEGY & ANALYSIS		
1.1	Statement from the most senior decision-maker of the organisation	Sustainability Report pages 6-8: Chairman's message
1.2	Description of key impacts, risks, and opportunities.	Sustainability Report pages 6-8: Chairman's message, pages 12-17: Sustainability vision and strategy, pages 22-27: ING's external environment, Annual Report page 4: Chairman's message, pages 17-21: Strategy
ORGANISATION PROFILE		
2.1	Name of the organisation	Sustainability Report front cover
2.2	Primary brands, products, and/or services.	Annual Report pages 6-7: ING at a glance www.ing.com/Our-Company/About-us.htm 
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures.	Annual Report pages 6-7: ING at a glance www.ing.com/Our-Company/About-us.htm 
2.4	Location of organisation's headquarters.	Annual Report pages 6-7: ING at a glance www.ing.com/Our-Company/About-us.htm 
2.5	Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	Annual Report pages 6-7: ING at a glance www.ing.com/Our-Company/About-us.htm 
2.6	Nature of ownership and legal form.	Annual Report pages 6-7: ING at a glance www.ing.com/Our-Company/About-us.htm 
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	Annual Report pages 6-7: ING at a glance www.ing.com/Our-Company/About-us.htm 
2.8	Scale of the reporting organisation.	Annual Report pages 6-7: ING at a glance www.ing.com/Our-Company/About-us.htm 
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	Press Room: www.ing.com/Our-Company/Press-room.htm 
2.10	Awards received in the reporting period.	Sustainability Report page 34: Better customer experience www.ing.com/Our-Company/About-us/Mission-Strategy.htm  www.ingforsomethingbetter.com/reporting 
REPORTING PARAMETERS		
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	Sustainability Report front cover, pages 4-5: About this report
3.2	Date of most recent previous report (if any).	Sustainability Report pages 4-5: About this report
3.3	Reporting cycle (annual, biennial, etc.)	Sustainability Report pages 4-5: About this report
3.4	Contact point for questions.	Sustainability Report back cover
3.5	Process for defining report content.	Sustainability Report pages 4-5: About this report, pages 15-16: Sustainability vision and strategy
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.	Sustainability Report pages 4-5: About this report www.ingforsomethingbetter.com/reporting 
3.7	State any specific limitations on the scope or boundary of the report (see completeness Principle for explanation of scope).	Sustainability Report pages 4-5: About this report

11.2. GRI table reference *continued*

3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations.	Sustainability Report pages 4-5: About this report www.ingforsomethingbetter.com/reporting 
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	Sustainability Report pages 4-5: About this report www.ingforsomethingbetter.com/reporting 
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/ periods, nature of business, measurement methods).	Sustainability Report pages 4-5: About this report, pages 55, 58-59: Better environmental footprint
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Sustainability Report pages 4-5: About this report
3.12	Table identifying the location of the Standard Disclosures in the report.	Please see the GRI Context Index Table (current document) at www.ingforsomethingbetter.com/reporting 
3.13	Policy and current practice with regard to seeking external assurance for the report.	Sustainability Report page 5: About this report, page 79: Assurance Report
GOVERNANCE, COMMITMENTS AND ENGAGEMENT		
4.1	Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight.	Annual Report page 60: Corporate governance, Sustainability Report page 13: Sustainability vision and strategy
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	Annual Report page 66: Corporate governance
4.3	For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	Annual Report page 9: ING at a glance
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	Annual Report page 9: ING at a glance Annual Report pages 60-66, page 88: Corporate governance, Sustainability Report pages 75-77: Governance and compliance, page 66: Better workplace
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives.	Sustainability Report page 24: ING's external environment, Annual Report page 80: Remuneration report
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	Annual Report page 66: Corporate governance, Sustainability Report page 77: Governance and compliance
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organisation's strategy on economic, environmental, and social topics.	Annual Report page 66: Corporate governance
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	Sustainability Report pages 75-78: Governance and compliance, pages 35-43: Better business
4.9	Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	Sustainability Report page 13: Sustainability vision and strategy
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	Sustainability Report page 78: Governance and compliance, Annual Report page 80: Remuneration report



11.2. GRI table reference *continued*

4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organisation.	ING does not explicitly mention the precautionary principle. However the essence of the principle, 'Do no harm', is the basis of ING's ESR exclusion policy. For details please see: ING's ESR Policy document www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses.	Sustainability Report page 14: ING's External commitments, page 68: Partnership with UNICEF, page 88: MDG's www.ingforsomethingbetter.com/our-approach/communities/ing-unicef
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organisations.	Sustainability Report page 14: Stakeholder engagement, pages 22-23: External environment www.ingforsomethingbetter.com/our-approach/stakeholder-engagement
4.14	List of stakeholder groups engaged by the organisation.	Sustainability Report page 14: Stakeholder engagement, pages 22-23: External environment www.ingforsomethingbetter.com/our-approach/stakeholder-engagement
4.15	Basis for identification and selection of stakeholders with whom to engage.	Sustainability Report page 14: Stakeholder engagement, pages 22-23: External environment www.ingforsomethingbetter.com/our-approach/stakeholder-engagement
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	Sustainability Report page 14: Stakeholder engagement, pages 22-23: External environment www.ingforsomethingbetter.com/our-approach/stakeholder-engagement
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting.	Sustainability Report page 14: Stakeholder engagement, pages 22-23: External environment www.ingforsomethingbetter.com/our-approach/stakeholder-engagement
ECONOMIC PERFORMANCE		
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	Sustainability Report pages 11,72, Annual Report pages 8, 9
EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change.	Sustainability Report pages 43-45: Better business
EC3	Coverage of the organisation's defined benefit plan obligations.	Annual Report page 103
EC4	Significant financial assistance received from government.	Annual Report page 19
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	Sustainability Report page 56: Better environmental footprint
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	Sustainability Report pages 61,63: Better workplace
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	Sustainability Report page 73: Better communities
ENVIRONMENTAL		
EN1	Materials used by weight or volume.	Sustainability Report page 57: Better environmental footprint
EN2	Percentage of materials used that are recycled input materials.	Sustainability Report page 57: Better environmental footprint
EN3	Direct energy consumption by primary energy source.	Sustainability Report pages 58-59: Better environmental footprint www.ingforsomethingbetter.com/reporting

11.2. GRI table reference *continued*

EN4	Indirect energy consumption by primary source.	Sustainability Report pages 58-59: Better environmental footprint www.ingforsomethingbetter.com/reporting 
EN5	Energy saved due to conservation and efficiency improvements.	Sustainability Report pages 58-59: Better environmental footprint www.ingforsomethingbetter.com/reporting 
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	Sustainability Report pages 58-59: Better environmental footprint www.ingforsomethingbetter.com/reporting 
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	Sustainability Report pages 58-59: Better environmental footprint www.ingforsomethingbetter.com/reporting 
EN8	Total water withdrawal by source.	Sustainability Report pages 58-59: Better environmental footprint www.ingforsomethingbetter.com/reporting 
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	Given the primarily urban nature of our business locations, it is not a material issue for our direct operations. With regards to our lending activities please see ING's ESR Framework: www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	Given the primarily urban nature of our business locations, it is not a material issue for our direct operations. With regards to our lending activities please see ING's ESR Framework: www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
EN13	Habitats protected or restored.	Sustainability Report page 72: ING's partnership with Natuurmonumenten in the Netherlands
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	ING's ESR Framework contains policies related to managing impact on biodiversity. Please see page 12,13,14,17,18,25 of ING's ESR Policy document: www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
EN16	Total direct and indirect greenhouse gas emissions by weight.	Sustainability Report pages 54-59: Better environmental footprint
EN17	Other relevant indirect greenhouse gas emissions by weight.	Sustainability Report pages 54-59: Better environmental footprint
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	Sustainability Report pages 54-59: Better Environmental footprint www.ingforsomethingbetter.com/our-approach/environmental-footprint 
EN19	Emissions of ozone-depleting substances by weight.	Not material for financial services provider
EN20	NOx, SOx, and other significant air emissions by type and weight.	Not material for financial services provider
EN21	Total water discharge by quality and destination.	Not material for financial services provider
EN22	Total weight of waste by type and disposal method.	Sustainability Report page 55: Better environmental footprint, for waste consumption figures please visit: www.ingforsomethingbetter.com/reporting 
EN23	Total number and volume of significant spills.	Not material for financial services provider
EN24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	Not material for financial services provider
EN25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff.	Not material for financial services provider
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	Sustainability Report pages 40-45: Better business, pages 54-59: Better environmental footprint www.ingforsomethingbetter.com/our-approach/environmental-footprint  ING's ESR Policy document: www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 

11.2. GRI table reference *continued*

EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	Not material for financial services provider
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	No significant fines for non-compliance with environmental laws and regulations
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce.	Sustainability Report pages 54-59: Better environmental footprint
LABOR PRACTICES & DECENT WORK		
LA1	Total workforce by employment type, employment contract, and region.	Sustainability Report page 64: Better workplace
LA2	Total number and rate of employee turnover by age group, gender, and region.	http://www.ingforsomethingbetter.com/reporting
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	ING adheres to local country labour regulations in determining of employee benefits. There is a central human rights statement governing labour conditions: www.ingforsomethingbetter.com/our-approach/workplace/human-rights 
LA4	Percentage of employees covered by collective bargaining agreements.	Sustainability Report page 66: Better workplace www.ingforsomethingbetter.com/humanrights 
LA5	Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	Minimum notice period varies per country depending on local labour laws www.ingforsomethingbetter.com/humanrights 
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Sustainability Report page 65: Better workplace
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	www.ingforsomethingbetter.com/reporting 
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	Sustainability Report page 65: Better workplace
LA9	Health and safety topics covered in formal agreements with trade unions.	Sustainability Report page 65: Better workplace www.ingforsomethingbetter.com/humanrights 
LA10	Average hours of training per year per employee by employee category.	Sustainability Report page 63: Better workplace www.ingforsomethingbetter.com/reporting 
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	Sustainability Report page 63: Better workplace www.ingforsomethingbetter.com/reporting 
LA12	Percentage of employees receiving regular performance and career development reviews.	Sustainability Report page 63: Better workplace www.ingforsomethingbetter.com/reporting 
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	Sustainability Report page 64: Better workplace www.ingforsomethingbetter.com/reporting 
LA14	Ratio of basic salary of men to women by employee category.	Not disclosed: It is not feasible to give proper insight on ratios of salaries, as the construction of salaries consists of many variables like longitude of employment, age, country and type of job.
LA15	Ratio of basic salary of men to women by employee category.	www.ingforsomethingbetter.com/reporting  www.ingforsomethingbetter.com/our-approach/workplace 

11.2. GRI table reference *continued*

SOCIAL: HUMAN RIGHTS		
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	Sustainability Report pages 34-45: Better business
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	Sustainability Report page 56: Supply chain management www.ingforsomethingbetter.com/updates/a-new-step-forward-ing-procurement-sustainability-standards  www.ingforsomethingbetter.com/our-approach/workplace/human-rights  www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Sustainability Report page 45: ESR training, Percentage employees trained in ING Business Principles please see: www.ingforsomethingbetter.com/reporting 
HR4	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	Sustainability Report page 65: Dealing with negative incidents at work www.ing.com/Our-Company/About-us/Compliance/Whistleblower-procedure-and-complaintsirregularities.htm  www.ingforsomethingbetter.com/humanrights 
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	Sustainability Report page 56: Supply chain management www.ingforsomethingbetter.com/updates/a-new-step-forward-ing-procurement-sustainability-standards  www.ingforsomethingbetter.com/our-approach/workplace/human-rights  www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.	Sustainability Report page 56: Supply chain management www.ingforsomethingbetter.com/updates/a-new-step-forward-ing-procurement-sustainability-standards  www.ingforsomethingbetter.com/our-approach/workplace/human-rights  www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
HR7	Operations identified as having significant risk for incidents of forced or compulsory labour, and measures taken to contribute to the elimination of forced or compulsory labour.	Sustainability Report page 56: Supply chain management www.ingforsomethingbetter.com/updates/a-new-step-forward-ing-procurement-sustainability-standards  www.ingforsomethingbetter.com/our-approach/workplace/human-rights  www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
HR8	Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations.	Percentage employees trained in ING Business Principles: www.ingforsomethingbetter.com/reporting  www.ingforsomethingbetter.com/our-approach/workplace/human-rights 
HR10	Total number of incidents of violations involving rights of indigenous people and actions taken.	Sustainability Report pages 38-39,42: Better business Our business is governed by our Environment and Social Risk Framework. Our entire operations are governed by our Human Rights Policy. www.ingforsomethingbetter.com/updates/a-new-step-forward-ing-procurement-sustainability-standards  www.ingforsomethingbetter.com/our-approach/workplace/human-rights 
HR11	Total number of incidents of violations involving rights of indigenous people and actions taken.	Annual Report page 283: Managing non-financial risks www.ingforsomethingbetter.com/our-approach/workplace/human-rights 

11.2. GRI table reference *continued*

SOCIETY MANAGEMENT APPROACH		
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	Sustainability Report pages 42-45: Better business, ING's ESR Policy document: www.ingforsomethingbetter.com/pdf/ESR_Framework_EN.pdf
SO2	Percentage and total number of business units analysed for risks related to corruption.	Sustainability Report page 77: Governance and compliance, page 49: Better business, Annual Report pages 25,33,77 www.ing.com/Our-Company/About-us/Compliance/Zero-Tolerance-Bribery-Statement.htm www.ing.com/Our-Company/About-us/Compliance/FEC-Statement.htm www.ingforsomethingbetter.com/updates/a-new-step-forward-ing-procurement-sustainability-standards
SO3	Percentage of employees trained in organisation's anti-corruption policies and procedures.	Percentage employees trained in ING Business Principles: www.ingforsomethingbetter.com/reporting
SO4	Actions taken in response to incidents of corruption.	www.ing.com/Our-Company/About-us/Compliance/Zero-Tolerance-Bribery-Statement.htm www.ing.com/Our-Company/About-us/Compliance/FEC-Statement.htm
SO5	Public policy positions and participation in public policy development and lobbying.	Sustainability report pages 22-26,77
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country. Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes.	www.ing.com/Our-Company/About-us/Compliance/Zero-Tolerance-Bribery-Statement.htm www.ing.com/Our-Company/About-us/Compliance/FEC-Statement.htm
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	Annual Report pages 60,67,124,177,187,188
PRODUCT RESPONSIBILITY – MANAGEMENT APPROACH		
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	Not material for a financial services provider
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	Not material for a financial services provider
PR3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	Sustainability Report pages 28-31: Better customer experience www.ing.com/Our-Company/About-us/Corporate-Governance/The-Dutch-Banking-Code.htm www.ing.com/Our-Company/About-us/Corporate-Governance/The-Dutch-Insurers-Code.htm
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	Sustainability Report pages 28-34: Better customer experience, Annual Report pages 2,5,17,20,21,28,30
PR6	Initiatives to enhance financial literacy by type of beneficiary.	Sustainability Report pages 28-31: Better customer experience www.ing.com/Our-Company/About-us/Corporate-Governance/The-Dutch-Banking-Code.htm www.ing.com/Our-Company/About-us/Corporate-Governance/The-Dutch-Insurers-Code.htm www.ing.com/Our-Company/About-us/Mission-Strategy.htm
PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	Sustainability Report pages 75-78, Annual Report pages 183,284, 285,286

FINANCIAL SERVICES SECTOR – DISCLOSURE ON MANAGEMENT APPROACH

FS1	Policies with specific environmental and social components applied to business lines.	Sustainability Report pages 35-45: Better business www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
FS2	Procedures for assessing and screening environmental and social risks in business lines.	Sustainability Report pages 35-45: Better business www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	Sustainability Report pages 35-45: Better business www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
FS4	Process(es) for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	Sustainability Report pages 35-45: Better business www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	Sustainability Report pages 35-45: Better business www.ingforsomethingbetter.com/updates/ings-environmental-and-social-risk-policy-now-online 
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	Sustainability Report pages 35-38: Better business, Annual Report pages 6-9: ING at a glance, page 27: Banking overview, page 45: Insurance overview www.ing.com/Our-Company/Sustainability.htm 
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	Sustainability Report pages 32-34: Better customer experience, pages 45-50: Better business
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	Sustainability Report pages 45-50: Better business
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	Sustainability Report pages 43-45: Better business
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organisation has interacted on environmental or social issues.	Sustainability Report pages 38-39,42: Better business
FS11	Percentage of assets subject to positive and negative environmental or social screening.	Sustainability Report pages 38-39,42: Better business
FS12	Voting polic(ies) applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting.	Sustainability Report pages 48-49: Better business
FS13	Access points in low-populated or economically disadvantaged areas by type.	Sustainability Report pages 32-34: Enhancing access to finance and financial literacy, pages 70-72: Financial education and entrepreneurship
FS14	Initiatives to improve access to financial services for disadvantaged people.	Sustainability Report pages 32-34: Enhancing access to finance and financial literacy, pages 70-72: Financial education and entrepreneurship
FS15	Policies for the fair design and sale of financial products and services.	Sustainability Report pages 28-31: Better customer experience www.ing.com/Our-Company/About-us/Corporate-Governance/The-Dutch-Banking-Code.htm  www.ing.com/Our-Company/About-us/Corporate-Governance/The-Dutch-Insurers-Code.htm 
FS16	Initiatives to enhance financial literacy by type of beneficiary.	Sustainability Report pages 32-34: Enhancing access to finance and financial literacy, pages 70-72: Financial education and entrepreneurship

11.3 UN Global Compact

UN GLOBAL COMPACT	ING COMMITMENT	PERFORMANCE 2012
Principle 1 Business should support and respect the protection of internationally proclaimed human rights	<ul style="list-style-type: none"> ▶ ING Business Principles ▶ ING Human Rights Statement for employees with reference made to the ILO Core Conventions. The ING Human Rights statement expands on our existing Business Principle on human rights 	Business Principles Human Rights
Principle 2 Business should ensure that they are not complicit in human rights abuses	<ul style="list-style-type: none"> ▶ ING Business Principles ▶ ING Human Rights Statement for employees with reference made to the ILO Core Conventions 	Business Principles Human Rights
Principle 3/ILO Convention 87 and 98 Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	<ul style="list-style-type: none"> ▶ Under our Human Rights Statement, we uphold the freedom of association for all our employees and recognise the right to collective bargaining 	Human Rights
Principle 4/ILO Conventions 29 and 105 Business should support the elimination of all forms of forced and compulsory labour	<ul style="list-style-type: none"> ▶ ING Business Principles ▶ Through the ING Human Rights Statement we express our commitment to support international labour rights standards for our employees 	Business Principles Human Rights
Principle 5/ILO Conventions 138 and 182 Business should support the effective abolition of child labour	<ul style="list-style-type: none"> ▶ ING Business Principles ▶ ING Human Rights Statement ▶ ING Procurement Code of Conduct 	Business Principles Human Rights Suppliers
Principle 6/ILO Conventions 100 and 111 Business should support the elimination of discrimination in respect of employment and occupation	<ul style="list-style-type: none"> ▶ ING Business Principles ▶ Diversity programme ▶ ING Human Rights Statement 	Business Principles Diversity Human Rights
Principle 7 Business should support a precautionary approach to environmental challenges	<ul style="list-style-type: none"> ▶ ING Business Principles ▶ ING Environmental Statement ▶ The ING Procurement Code of Conduct includes environmental issues, this to ensure environmental sustainability ▶ Equator Principles 	Business Principles Sustainable in our operations
Principle 8 Business should undertake initiatives to promote greater environmental responsibility	<ul style="list-style-type: none"> ▶ ING Business Principles ▶ ING Environmental Statement ▶ For credit lending and project financing ING has acknowledged the importance of social, ethical and environmental risk criteria since 2003 ▶ Equator Principles 	Business Principles Sustainable in our operations
Principle 9 Business should encourage the development and diffusion of environmentally friendly technologies	<ul style="list-style-type: none"> ▶ ING Business Principles ▶ ING Environmental Statement ▶ ING's Green Finance department ▶ ING Car Lease ▶ ING Real Estate ▶ ING Investment Management (sustainable funds) 	Business Principles Sustainable in our operations Green Products
Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery	<ul style="list-style-type: none"> ▶ Corporate Governance ▶ ING Business Principles 	Business Principles Corporate Governance

11.4 Millennium Development Goals

The Millennium Development Goals (MDGs) are eight international development goals that were officially established at the Millennium Summit of the United Nations in 2000, following the adoption of the United Nations Millennium Declaration. All 193 United Nations member states and at least 23 international organisations have agreed to achieve these goals by the year 2015.

The goals are:

1. Eradicating extreme poverty and hunger
2. Achieving universal primary education
3. Promoting gender equality and empowering women
4. Reducing child mortality rates
5. Improving maternal health
6. Combating HIV/AIDS, malaria, and other diseases
7. Ensuring environmental sustainability
8. Developing a global partnership for development

We believe that through our microfinance and community investment activities we contribute towards the fulfilment of a number of the Millennium Development Goals:

GOAL 1: ERADICATE EXTREME POVERTY AND HUNGER

Target 1.B: Achieve full and productive employment and decent work.

How we contribute:

ING's Groenbank is investing EUR 5 million in Oikocredit that will be used to provide loans to small entrepreneurs in Africa. In India, the ING Vysya Microfinance portfolio has grown to EUR 50 million.

GOAL 2: ACHIEVE UNIVERSAL PRIMARY EDUCATION

Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

How we contribute:

The ING Chances for Children programme contributes on both global and local level within ING.

- Globally, we target our charitable giving through our partnership with UNICEF towards selected educational projects in Africa and Asia.
- Locally, in the many different countries where we do business and where our employees live and work, we partner with a number of charitable causes to support local educational projects in support of children.

GOAL 3: PROMOTE GENDER EQUALITY AND EMPOWER WOMEN

Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

How we contribute:

The 'Women in Business Challenge' is a joint initiative of ING, Business in Development (BiD) Network and ICCO. Through this programme, female entrepreneurs from the developing world are mentored by a business coach to develop their business plans and also have the opportunity to visit the Netherlands for a one-week intensive business training course.

GOAL 7: ENSURE ENVIRONMENTAL SUSTAINABILITY

Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.

How we contribute:

ING is proactively about reducing our environmental footprint – directly through our operations, and indirectly through the effects of our business activities. We focus on further decreasing our CO₂ emissions, water use, air travel and paper consumption, and we seek ways to incorporate the latest environmental insights into our operations – from risk management to investing in renewable energy and low carbon technologies, to influencing best practice among the companies we finance. We also work with our suppliers to purchase better products.

GOAL 8: DEVELOP A GLOBAL PARTNERSHIP FOR DEVELOPMENT

How we contribute:

ING and UNICEF have a global partnership for development since 2005.

11.5 Glossary

Asset Backed Securities (ABS)

Groups of loans that are packaged and sold as securities – a process known as “securitisation”

Carbon footprint

The total amount of greenhouse gasses emitted directly or indirectly through an activity, or from a product, company or person, typically expressed in equivalent tonnes of carbon dioxide

Carbon neutrality

Net zero carbon emissions. Carbon neutrality is achieved by measuring the carbon emissions for an identified product, service or company, and balancing those emissions with carbon reductions or carbon offsets to reach net zero carbon emissions

Carbon offsetting

A way of compensating for emissions of CO₂ by participating in, or funding, efforts to take CO₂ out of the atmosphere

Carbon Disclosure Project

The Carbon Disclosure Project is an independent not-for-profit organisation working to drive greenhouse gas emissions reduction and sustainable water use by businesses and cities

Climate change

Changes in the concentration of greenhouse gasses, which trap infrared radiation from the Earth’s surface and thus cause the greenhouse effect

Commercial mortgage backed

A type of bond or note that is based on pools of commercial mortgages, or collateralised by the cash flows from a specified pool of underlying commercial mortgages

Commercial Mortgage Backed Securities (CMBS)

Investment activities that promote economic development efforts in distressed communities or for disadvantaged populations through community-based institutions

Community investment

Activities that are focused on making a positive contribution to communities in which we operate, including investments in education programmes and partnerships that aim to bring sustainable improvements to under-served people in both the developed and developing world

Disaster relief

Intervention aimed at meeting the immediate needs of the victims of a disastrous event

Diversity management

Diversity refers to the differences between individuals. People differ on all kinds of aspects, both visible and non-visible. Examples of differences are gender, age, sexual orientation, social and national background and physical and mental ability. Diversity Management is a strategy to promote the perception, acknowledgement and implementation of diversity in our organisation

EU emissions trading scheme

The EU emissions trading system (EU ETS) is a cornerstone of the European Union’s policy to combat climate change and its key tool for reducing industrial greenhouse gas emissions cost-effectively

ESG

Environmental, Social and Governance. This term is used to describe the investment process where we gather and analyse companies’ environmental, social and governance characteristics, complementing the traditional financial analysis to enable better long-term investment decisions

ESR Framework

The Environmental and Social Risk (ESR) Framework builds on the ING Business Principles and translates our sustainability approach into practical rules and guidelines governing our daily decisions and business conduct

Equator Principles

A credit risk management framework for determining, assessing and managing environmental and social risk in project finance transactions

Financial inclusion

Financial inclusion, or ‘inclusive financing’, is the delivery of financial services at affordable costs to disadvantaged and low-income segments of society

Financial literacy

Knowledge and understanding of financial matters

FTE

Full-time equivalent is a unit that indicates the workload of an employed person in a way that makes workloads comparable. An FTE of 1.0 equals a full-time employee

Global Reporting Initiative (GRI)

An independent institution with the mission to develop and disseminate globally applicable sustainability reporting guidelines. GRI is a network-based organisation that has pioneered the development of the world’s most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide

11.5 Glossary continued

<p>GIIPS Greece, Italy, Ireland, Portugal and Spain</p>	<p>Stakeholders An individual, group, organization, member or system who affects or can be affected by an organization's actions. In sustainable business models the term includes financial shareholders as well as those affected by environmental or social factors</p>
<p>GHG Greenhouse Gasses</p>	<p>Stakeholder engagement A formal process of relationship management through which companies or industries engage with a set of their stakeholders in an effort to align their mutual interests, to reduce risk and advance the company's financial, social, and environmental performance</p>
<p>ILO International Labour Organisation</p>	<p>SRI Socially Responsible Investing is any investment strategy which seeks to consider both financial return and social good</p>
<p>Index tracker An index tracker is an investment vehicle that is designed to passively replicate the performance of a particular market index</p>	<p>UN PRI United Nations Principles for Responsible Investment</p>
<p>IPO An initial public offering (IPO), or stock market launch, is the first time a stock is offered to the public</p>	<p>UN PSI United Nations Principles for Responsible Insurance</p>
<p>Liikanen High-level Expert Group (HLEG) The Liikanen High-level Expert Group on Bank Structural Reform, known as the 'Liikanen Group', was established in Brussels by EU Commissioner Michel Barnier in February 2012 to consider structural reforms to the EU banking sector to promote financial stability and efficiency. The Liikanen Group, led by Erkki Liikanen, governor of the Bank of Finland and ECB council member, was asked to publish their considerations in a Report. The Liikanen Report was published in October 2012</p>	<p>UNEP FI United Nations Environmental Programme Finance Initiative</p>
<p>NAICS North American Industry Classification System, a system used worldwide to classify business activities of companies and other commercial activities</p>	<p>UNEP FICCWG UNEP Finance Initiative Climate Change Working Group</p>
<p>Net Promoter Score (NPS) A management tool that can be used to gauge the loyalty of a firm's customer relationships. It serves as an alternative to traditional customer satisfaction research</p>	<p>UNGC United Nations Global Compact</p>
<p>OECD Organisation for Economic Co-operation and Development</p>	<p>UN Kyoto Protocol The Kyoto Protocol is an international agreement linked to the United Nations Framework Convention on Climate Change, which commits its Parties by setting internationally binding emission reduction targets</p>
<p>Residential Mortgage Backed Securities (RMBS) A type of bond or note that is based on pools of residential mortgages, or collateralised by the cash flows from a specified pool of underlying residential mortgages</p>	<p>VCUs Voluntary Carbon Units</p>
<p>ROW Rest of the World</p>	

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