



ING Group  
Sustainability Report  
**2013**

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Simpler, stronger, sustainable

# Contents

## Contents in this report

<b>ABOUT THIS REPORT</b>	<b>2</b>	<b>6</b>	<b>Improving environmental performance</b>	<b>60</b>
I Our approach to sustainability reporting	3	6.1	Improving environmental performance: at a glance	61
II Performance data	4	6.2	Driving efficiency	62
III Q&A CEO	5	6.3	Sustainable procurement	64
IV Q&A Global Head of Sustainability	7	6.4	Monitoring and reporting environmental performance	66
<b>OVERVIEW</b>	<b>8</b>	6.5	Progress report	70
1.1 Company overview	9	<b>7</b>	<b>Engaging our employees</b>	<b>71</b>
<b>2 Our strategic approach to sustainability</b>	<b>11</b>	7.1	Engaging our employees: at a glance	72
2.1 Sustainability at ING	12	7.2	Being a responsible employer	73
2.2 What matters most to us: materiality	14	7.3	Building a professional and accountable culture	75
2.3 Stakeholder engagement	17	7.4	Promoting an inclusive and balanced culture	77
2.4 Our sustainability roadmap	22	7.5	Measuring our performance as an employer	79
<b>DELIVERING ON OUR COMMITMENTS</b>	<b>23</b>	7.6	Progress report	80
<b>3 Our sustainability performance</b>	<b>24</b>	<b>8</b>	<b>Creating positive change in communities</b>	<b>84</b>
3.1 Progress report	25	8.1	Creating positive change in communities: at a glance	86
3.2 External review of ING's sustainability performance	27	8.2	Educating children	87
<b>4 Enhancing customer centricity</b>	<b>28</b>	8.3	Promoting financial empowerment and entrepreneurship	89
4.1 Enhancing customer centricity: at a glance	29	8.4	Support for local themes	91
4.2 Putting customers' interest first	30	8.5	Progress report	93
4.3 Helping customers manage their financial future	32	<b>9</b>	<b>Governance and compliance</b>	<b>96</b>
4.4 Making basic financial services accessible	34		<b>APPENDIX</b>	<b>100</b>
4.5 Measuring customer satisfaction	36	10.1	Independent Assurance Report	101
4.6 Progress report	37	10.2	Principles for Sustainable Insurance	102
<b>5 Promoting responsible lending and investment practices</b>	<b>39</b>	10.3	UN Global Compact	104
5.1 Promoting responsible lending and investment practices: at a glance	40	10.4	Glossary	106
5.2 Setting our standards	41	10.5	Details	108
5.3 Environmental and social risk in practice	43			
5.4 Offering sustainable products and services at ING Bank	49			
5.5 Responsible investment at NN Group	52			
5.6 Sustainable assets allocated	57			
5.7 Progress report	59			

# About this report

This is our 19th Sustainability Report and our fullest source of disclosure on our sustainability-related actions and performance. We use this opportunity to share our sustainability highlights of the year and how we plan to go forward. This content is substantiated with detailed data, case studies, performance and future commitments summaries and comments from a broad range of internal and external stakeholders. This report covers both our bank and insurance businesses.

## Contents in this section

ABOUT THIS REPORT		2
I	Our approach to sustainability reporting	3
II	Performance data	4
III	Q&A CEO	5
IV	Q&A Global Head of Sustainability	7

# I – Our approach to sustainability reporting

This is ING's 19th Sustainability Report. It includes summaries as well as detailed disclosure on our sustainability approach, actions and performance. The performance updates are supported by data on key priority areas such as sustainable finance and investment, increasing financial capability of our customers, environmental performance of our operations, being a responsible employer and community investment. The report represents an opportunity to be transparent and to share the details of our performance.

## 19th

Sustainability Report

### Audiences for this report

This report is intended to serve the information needs of the stakeholder groups that most affect and are affected by our business – customers, employees and investors. In particular sustainability rating agencies and analysts who will use the content for an in-depth analysis of our performance.

### How we defined content for this report

The theme of this report, like the ING Group Annual Report, is 'Simpler, stronger, sustainable', which reflects our achievements as an organisation.

#### Balancing materiality and compliance

Sustainability is an ever-evolving domain where material issues change, requiring us to adapt our reporting to meet the expectations of our stakeholders. The chapters of the report are consolidated on the basis of their relevance, covering topics that are material to our business and operational performance in 2013. The performance data specifically addresses the needs of rating agencies, external analysts and benchmarks. Definitions of the various terms and abbreviations used in this report can be found in the relevant paragraphs and in the glossary.

#### GRI 3.1

Due to the large-scale organisational changes that stem from the separation of our banking and insurance activities, we have decided to follow GRI 3.1 guidelines and the financial sector supplement this year, and are exploring the possibility of producing a G4 compliant report in the next reporting cycle. We report at an A+ level on the GRI 3.1.

## II – Performance data

### Boundary and scope of reported data

We define 'boundary' as the range of entities over which we have management control. In 2013, to prepare for the transition of the business into separate bank and insurance companies, we have already de-consolidated data for these two business streams, and report accordingly.

In this reporting cycle, we set new parameters for business units to be included within the scope of environmental data reporting. Business units that are above 200 FTEs, over which we have management control or that contribute at least 5% to our total carbon emissions based on 2012 data, were asked to provide environmental data. For social indicators, business units that are over 100 FTEs, and over which we have management control, have provided performance data for 2013.

### Data-collection tool

We have updated the proprietary, online data-collection tool that we use to gather, track and validate data on sustainability. The tool provides greater transparency and ensures more consistent and accurate data collation. It has also enabled us to disclose additional data in this report. In 2013 we sourced the HR data directly from the HR data analytics department.

The financial data reported in this document has been fully sourced and aligned with ING Group's Annual Report 2013.

### 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 our operations worldwide. In collaboration with Royal HaskoningDHV, we have reviewed and updated our reporting protocol document with the aim of further improving the quality of our sustainability data reporting in the coming years.

### Assurance

KPMG has provided limited assurance to this report. Please refer to the Independent Assurance Report on [page 101](#) for their statement.

### Looking forward

We address issues in this report that are identified as material to our stakeholders through a materiality analysis, which is one of the key requirements of GRI's G4 guidelines, that we aspire to adhere to in the future. Our vision for next year's report reflects our journey towards more integrated reporting.

## III – Q&A CEO

### Ralph Hamers

Chief Executive Officer of ING Group



#### What do you see as ING's role in society?

We believe that financial services are significant drivers for a healthy economy as well as a stable society. Although we are a financial institution, our role goes beyond delivering monetary returns. We have an opportunity to use our scale, reach and expertise to help society achieve long-term sustainable prosperity. As a bank, we serve society and play an important role in the real economy. We have a broad client base, from the largest retail chain to the corner bakery and the first-time home buyer. As an insurer, we help people manage and protect their assets and income through pensions, investments, insurance, savings and mortgages.

The choices we make today can help shape the economies of the future and provide stability to the communities in which we operate. This is also a means for us to regain trust, which is the number one priority for our company.

Our customers are at the heart of everything that we do. What they want and what they expect determine the changes and improvements we make. When they choose us as their financial partner, they expect us to help them navigate to a secure financial future.

It may sound contradictory at first, but although we are a customer-centric organisation, we do not automatically do what the customer wants. We have a duty of care to provide customers with the correct information and to ensure we really act in their best interests.

#### What does sustainability mean to ING?

##### And what are you doing about it?

I don't believe in assessing our performance based on financial profit alone. For me, being sustainable means harnessing our skills, scale and reach in order to deliver long-term value.

We have to make choices in our sustainability agenda and prioritise our resources in line with our business strategy, for the maximum impact. I see this as our attention being increasingly focused on our customers. We can help them be better equipped to make financial decisions for improved security of their present and future finances.

Our customers trust us with their money under the assumption that we will manage it responsibly. In practice, this means that good business ethics and sound environmental and social decision-making underpins our daily activities and behaviours. We use sustainability criteria in our capital allocation choices to help stimulate the transition to a sustainable economy.

I am proud of the level of transparency we aspire to, through this report, with regard to the sources of the funds entrusted to us and how we use them. In addition, our inclusion in the Dow Jones Sustainability Indices shows that our progress and performance are acknowledged by the experts in this field. We also seek external direction and validation of our sustainability priorities by endorsing international standards such as the UN Global Compact.

#### How is sustainability playing a role in delivering long-term growth?

Our focus on sustainability helps us to refine how we create long-term value for our stakeholders. In addition, it gives us an informed steer on the short-, medium- and long-term risks and opportunities for all parties.

We concentrate on the key issues that most affect our stakeholders and us, but also those over which we have a direct influence, and for which there is a sound business case. Sustainability is a way that helps us generate revenue, cut costs, attract talent and future-proof our business. Sustainability is a journey, with ups and downs along the way. As financial risk is conclusively interlinked with environmental and social risks, we integrate these factors into our approach in order to make our business simpler, stronger and more sustainable.

Reaffirming my commitment to sustainability, I joined colleagues throughout the organisation in embedding sustainability in my performance targets.

#### ING is a company in transition.

##### Where are you to date?

The ING I see today is very different from the ING of previous years. We have emerged from the crisis years as a less complex and more resilient company. We have simplified our business, reducing our product offering and streamlining processes to drive down costs and make our services and products quicker and easier to use. The result is that we are now a stronger financial partner for the people and businesses we serve.

The results of our huge efforts to restructure and change are that a fully independent ING is now in sight. We are close to making the final repayments for the support we received from the Dutch government in 2008 and 2009. We entered the final phase of our restructuring programme in 2013, with the new brand for our insurance and investment businesses being announced in October: NN. We have also had to make some painful decisions regarding divesting businesses and laying off people. Although we are now a smaller company, ING is arguably in better shape today, with strong funding, liquidity and capital. Above all, we strengthened our focus on our customers.

## III – Q&A CEO

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#### What do you see as ING's way forward?

Our business, like any other, is affected by a rapidly changing world. We are seeing the emergence of a new global economic dynamic, population growth and ageing, resource scarcity and digital opportunities. At ING, we view these sustainability-related mega trends in terms of risks and opportunities for our business and stakeholders.

Together, we are busy redefining what kind of bank and what kind of insurance business we want to be, what more we can do to help our customers get ahead, and what we can contribute to society. We are aware that we are not there yet, and there is still a lot of work to do, but I am proud of what we have achieved so far.

With a refined and sharpened strategy for ING Bank to be presented in the first half of 2014 and a scheduled IPO base case for the insurance and investment management businesses, 2014 is set to be an important year for ING and all our stakeholders.

## IV – Q&A Global Head of Sustainability

### Léon Wijnands

Global Head of Sustainability



#### What are the key drivers of the sustainability agenda at ING?

For over a decade our aim has been to limit our exposure to financial, legal and reputational risks that could arise from environmental or social issues associated with our business engagement. As such, we gradually built our understanding of sustainability issues, which in turn enabled us to become more proactive, setting ourselves clear targets creating impact.

With the aim of being more transparent at heart, we managed to be one of the first financial institutions to report on our credit risk portfolio in relation to our Environmental and Social Risk (ESR) Framework policies applied ([page 43](#)). In 2012, we set ourselves the ambition to embed sustainable procurement standards in our supply chain to ensure minimum standards applied. And we continue supporting our clients and the broader community to be economically empowered.

#### How would you summarise the sustainability highlights at ING of the year 2013?

One could probably best look at our progress report. And I am proud to see the results. Just to highlight a few:

We strengthened the implementation of our ESR Framework, by expanding the scope this year and by embedding it in the client and transaction approval process in our systems over 2014. As Chair of the Equator Principles Steering Committee, ING oversaw the review and launch of the third version of the principles – EPIII.

In our role as investor we have also taken significant steps in integrating environmental, social and governance (ESG) aspects into the investment process. In addition, we managed to grow the volume of Sustainable Assets Allocated across our business lines ([page 57](#)). As is the shift in our project finance portfolio towards renewable away from coal ([page 51](#)).

But we did not only focus on improving the quality of our credit risk portfolio and embedding sustainability in our product and services offering. Our efforts also focused on our operations. It was the first year of global implementation of our sustainable procurement policy, which aims to cover 90% of our supplier base within the Global Procurement organisation.

The success of our community investment goals is attributable to employees who share our vision of helping one million children have access to better education.

Our achievements have been recognised by the market as well. ING Group NV has been selected as an index component of the Dow Jones Sustainability Indices 2013, a respected global sustainability benchmark. Overall, as a company we are on the move towards a more sustainable way of doing business.

#### What do you see as the path going forward?

The split of our banking and insurance and investment management businesses will have an impact on how we manage sustainability within the company. Following the restructuring process, we have already put in place two teams to define and develop the distinct visions and strategies as per the material areas relevant to the different business entities of bank and insurance and investment management. We will take into account developments such as scarcity of resources, circular economy, energy transition and uncertainty of future income for retail clients.

I invite you to read about our sustainability performance in more detail in the following chapters and look forward to receiving your feedback and insights thereafter. Please connect via: [sustainability@ing.com](mailto:sustainability@ing.com)



# Overview

ING is a global financial institution of Dutch origin, currently offering banking, investments, life insurance and retirement services to meet the needs of a broad customer base. ING is moving towards full separation of its banking and insurance operations. Today, we have more than 75,000 employees serving around 48 million customers in over 40 countries.

## Contents in this section

OVERVIEW	8
1.1 Company overview	9
<b>2 Our strategic approach to sustainability</b>	<b>11</b>
2.1 Sustainability at ING	12
2.2 What matters most to us: materiality	14
2.3 Stakeholder engagement	17
2.4 Our sustainability roadmap	22

# 1.1 – Company overview

NN Group N.V., formerly called ING Insurance Topholding N.V., merged with ING Verzekeringen N.V. effective as of 1 March 2014.

As a result the legal entity ING Verzekeringen N.V. ceased to exist and NN Group N.V. became the legal successor of ING Verzekeringen N.V. as the holding company of the European and Japanese insurance and investment management operations. In this Annual Report, NN Group will be used to indicate these operations.

## Our mission

Our mission is to set the standard in helping our customers manage their financial future. ING aims to deliver financial products and services in the way our customers want them: with exemplary service, convenience and at competitive prices.

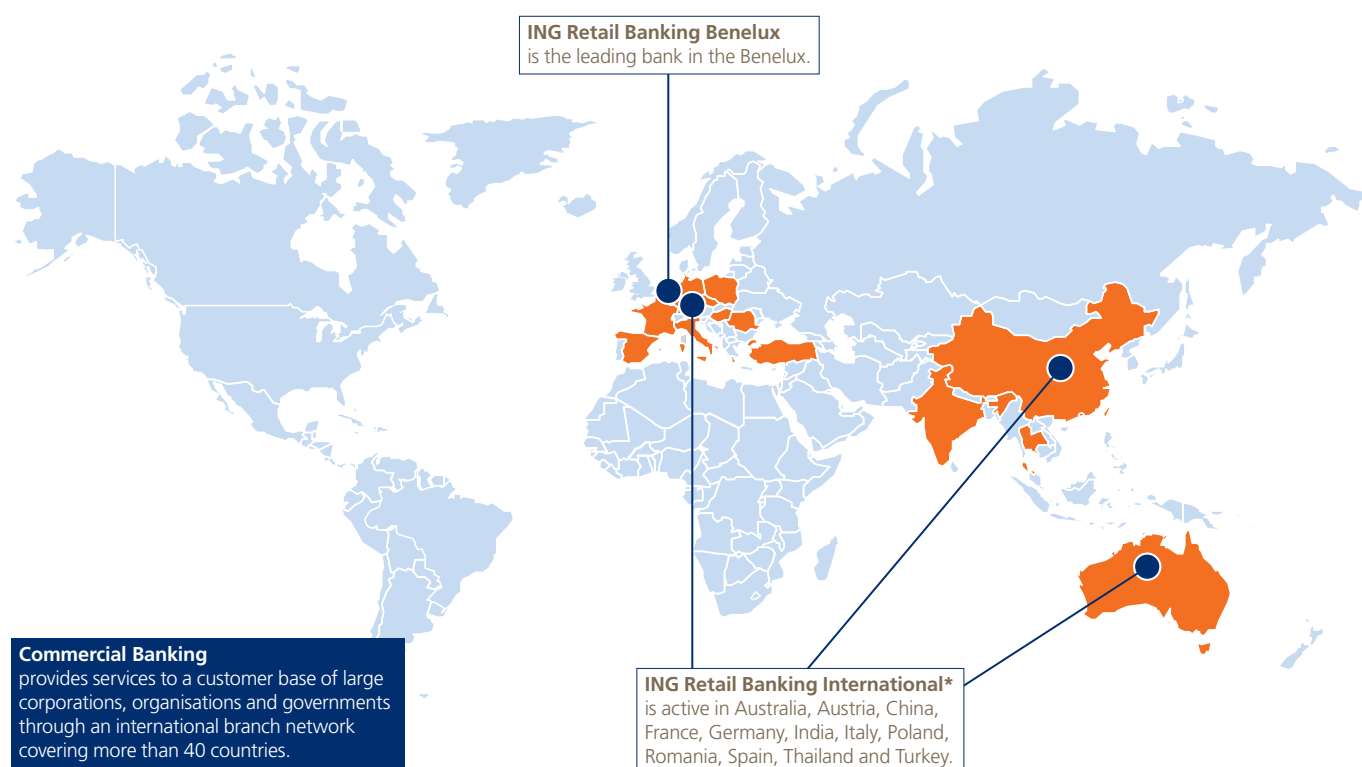
## Living our values

At the heart of our values are the ING Business Principles, which are the global standard for the behaviour expected of every employee at ING:

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

## 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 Dec 2013

\* ING has an equity position in TMB Bank in Thailand and Bank of Beijing in China.

# 1.1 – Company overview continued

## Our financial position

We place great importance on strengthening our financial position in order to make sure we are in the best position to facilitate sustainable economic development.

## Our strategic focus

Our focus is on increasing customer satisfaction, simplifying our organisation and product offering, strengthening our financial position and solidifying the sustainability of our business model.

ING has strategic priorities at the Group, Bank and Insurance levels. ING Group's strategic priorities up until 2013 have been: strengthening our financial position, restructuring, repaying the remaining state aid and building both stronger and sustainable banking and insurance/investment management businesses.

ING Bank's strategic aim is to be a strong, predominantly European bank for its customers. ING Bank wants to be a leading domestic full-service bank in attractive, stable home markets, as well as a leading commercial bank in the Benelux with a strong position in Central and Eastern Europe supported by an international network.

On the insurance side, the focus is on service to customers, generating capital, growing profitability and improving efficiency. NN Group's strategy is therefore about offering appealing and easy-to-understand products and services, multi-access distribution and efficient and effective operations in the 18 countries in which it is active.

## Our progress on the restructuring of our company

ING continued to make strong progress on its restructuring programme in 2013, entering the end-phase of its transformation. Although this separation is required by the European Commission (EC), we also believe it is in the interests of our stakeholders, most notably our customers, because it simplifies the organisation and therefore makes it easier to manage. We made significant progress with our restructuring programme in 2013, and have now reached the final stage of the process.

During 2013, we passed several milestones, including:

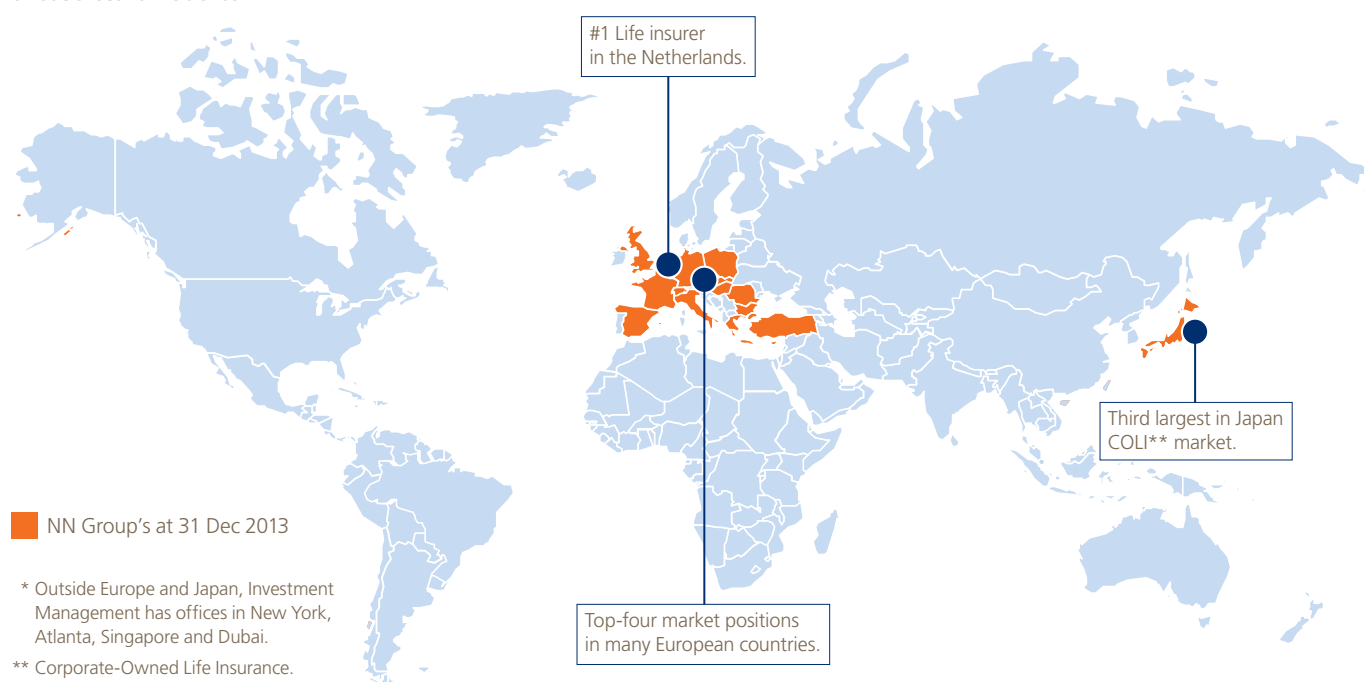
- The unwinding of the illiquid assets back-up facility (IABF) was agreed upon in 2013. It was completed early 2014.
- A successful initial public offering (IPO) of the US insurance business (ING U.S.).
- Completion of the divestment of ING Insurance/IM Asia.
- An agreement in November 2013 with the EC on revised timelines for the European and Japanese Insurance divestments, which together formed ING Insurance and were renamed NN Group on 1 March 2014.
- In 2013, ING Insurance revealed its future brand name: NN. The preparations for the base case IPO of NN Group are progressing well, which is expected to allow us to go to the market in 2014.

<b>ING Bank underlying net result</b>	3,155
<b>NN Group net result</b>	48*
<b>ING Group underlying net profit</b>	3,255

\* Excluding the results of the discontinued operations of ING US and the results of Insurance Other.

## WHERE NN GROUP OPERATES\*

NN Group has a strong position as a provider of life insurance, retirement and investment management services and is well positioned to capitalise on socio-economic trends.



## 2 – Our strategic approach to sustainability

We believe that financial services are significant drivers for a stable society as well as a healthy economy. Although we are a financial institution, we believe that our role goes beyond delivering monetary returns. We have an opportunity to use our scale, reach and expertise to help society achieve long-term sustainable prosperity.

### Contents in this chapter

2	Our strategic approach to sustainability	11
2.1	Sustainability at ING	12
2.2	What matters most to us: materiality	14
2.3	Stakeholder engagement	17
2.4	Our sustainability roadmap	22

## 2.1 – Sustainability at ING

### What sustainability means to us

For us, sustainability is about creating long-term value. It is about making sure that we enable people and businesses to make informed financial decisions, that our products and services are inclusive and accessible, we integrate environmental and social criteria into the way we do business, and that we remain a top employer for our people.

### Our sustainability framework

We have developed a sustainability framework focusing on five areas where we believe we can make the greatest difference to our business and our stakeholders. We do this by providing innovative products and services that help our customers make more sustainable financial decisions and improve the socio-economic health and strengths of individuals, SMEs, corporates, institutions and the communities in which we operate. We use this framework to set targets, improve and assess performance and maximise the value we create.

### Sustainability governance at ING

The Global Head of Sustainability reports directly to ING Group's CEO for the responsibilities that concern ING Group, like ratings, reporting and (reputation) risk. With regard to the activities developed for ING Bank, the Global Head of Sustainability reports to the Management Board Banking. At NN Group, sustainability is part of the portfolio of the Chief Change & Organisation within the Management Board Insurance.

We have dedicated teams in place, tasked with proactively embedding responsible decision-making and identifying risks and opportunities related to non-financial factors. We also have a network of subject matter experts who work together to shape our approach to sustainable business opportunities, risk and community investment.

Although the strategy, performance and stakeholder engagement is overseen by the sustainability team, sustainability is the responsibility of everybody, from the boardroom, to the financial advisor, to our customers and suppliers. We look at sustainability holistically, and recognise that sustainability expertise and hotspots are to be found across the whole organisation, both in geographic terms through our country offices and also in the nature of the products and services we provide.

### OUR REPORTING FRAMEWORK

	▼ COMMITMENT	▼ SIMPLER	▼ STRONGER	▼ SUSTAINABLE
<b>Enhancing customer centricity</b>	Providing accessible and easy-to-understand products and services to help our customers manage their financial future	We aim to offer simple and appropriate products and services, at a fair price for retail clients	We help our customers to create a stronger financial future for themselves by enhancing their financial skills	We endeavour to be increasingly inclusive in providing access to our financial products and services
<b>Promoting responsible lending and investment practices</b>	Promoting sustainable finance and making responsible investment decisions	We revised our Environmental and Social Risk (ESR) framework	We strengthened the implementation of our ESR framework, by further embedding the approval process in our systems. We will continue this implementation process in 2014	We increasingly work and engage with companies that best address sustainability challenges
<b>Improving environmental performance</b>	Managing actively our environmental footprint	Our data-collection sustainability tool has been updated to be simpler and more user friendly	We strengthen our environmental performance through efficiency initiatives	We embed sustainability criteria into our procurement systems and adopt environmentally smart solutions
<b>Engaging our employees</b>	Creating a great place to work where we encourage our people to be the best they can be	We build a simpler organisation that is easier to manage and will enable us to provide more attention and support to our people	We support and develop our people in order to help them better serve our customers	We expect the highest levels of personal conduct and integrity from employees
<b>Creating positive change in communities</b>	Making a positive contribution to the many communities in which we operate	We focus on development themes that match our skills and expertise and optimise our impact	We make a positive difference in communities worldwide through making the most of our global reach	We want to create long-lasting impact through community investment initiatives

## 2.1 – Sustainability at ING continued

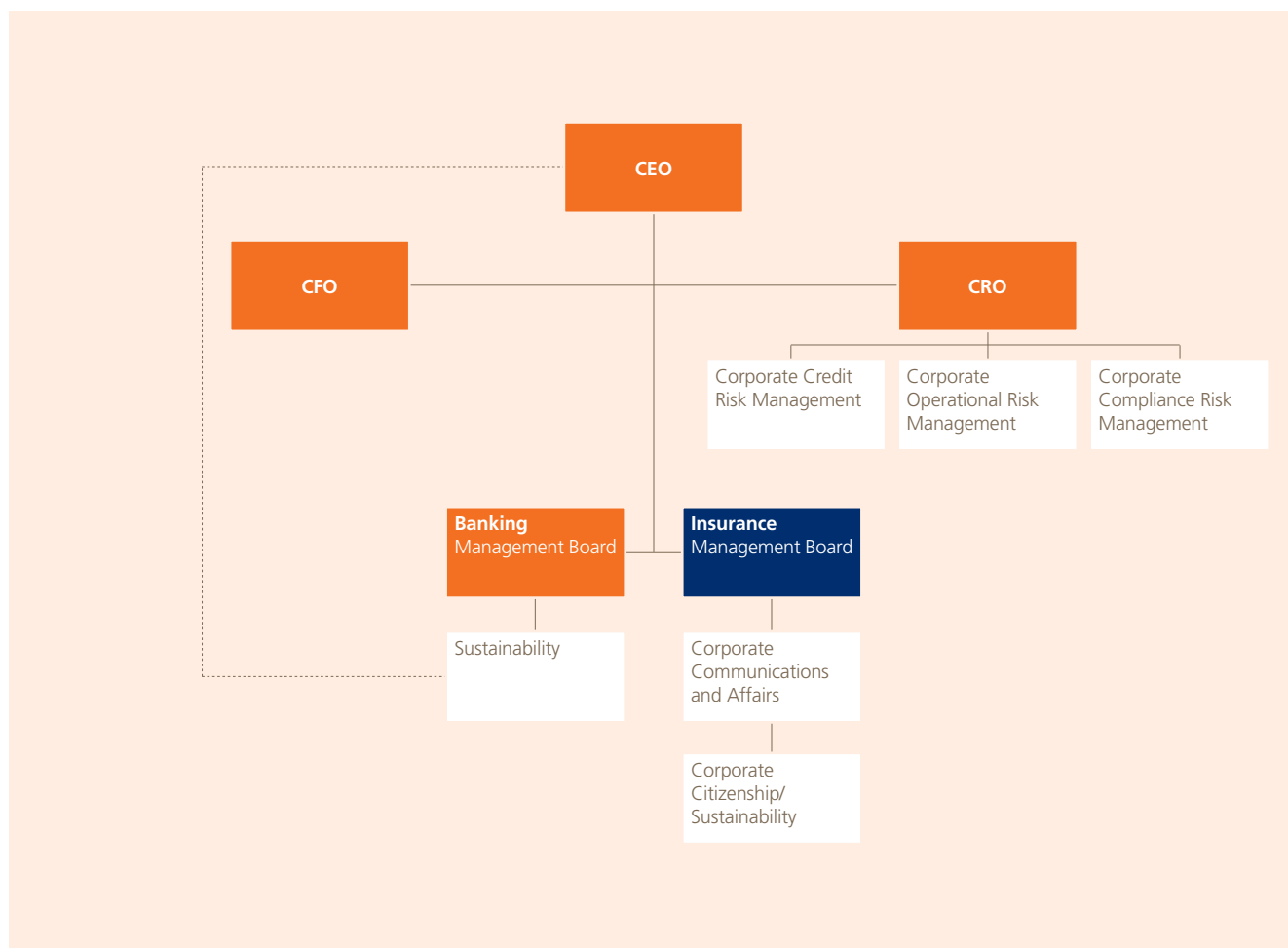
### ING's sustainability teams

Our sustainability-related activities are led and coordinated by two dedicated sustainability teams based at the ING Bank and the NN Group headquarters in the Netherlands.

The responsibilities of the sustainability teams include:

- Developing ING's overarching sustainability vision, policies and strategy
- Engaging in dialogue with key stakeholders
- Engaging with and providing information to SRI funds and rating agencies
- Supporting ING business units in developing sustainable products and services
- Establishing community development and awareness programmes
- Managing global and national partnerships and memberships
- Monitoring performance and producing the annual Sustainability Report.

### SIMPLIFIED ORGANISATION CHART – ING GROUP



## 2.2 – What matters most to us: materiality

### Our approach to materiality

We use regular materiality assessments to help us identify the key risks and opportunities that we face and to prioritise the issues that are most important to our stakeholders. The results of the assessments inform our strategic direction and therefore shape the actions we take and the targets we set for 2014 and beyond, as well as the people and organisations with whom we work.

### Methodology

We used the materiality analysis to define material issues that represent matters that may be of concern to stakeholders or affect our business. The issues have been analysed on the basis of a materiality survey that included matters raised by stakeholders throughout the year, issues addressed in public media and desk research. The sample of respondents on the survey comprised of ING employees representing senior management,

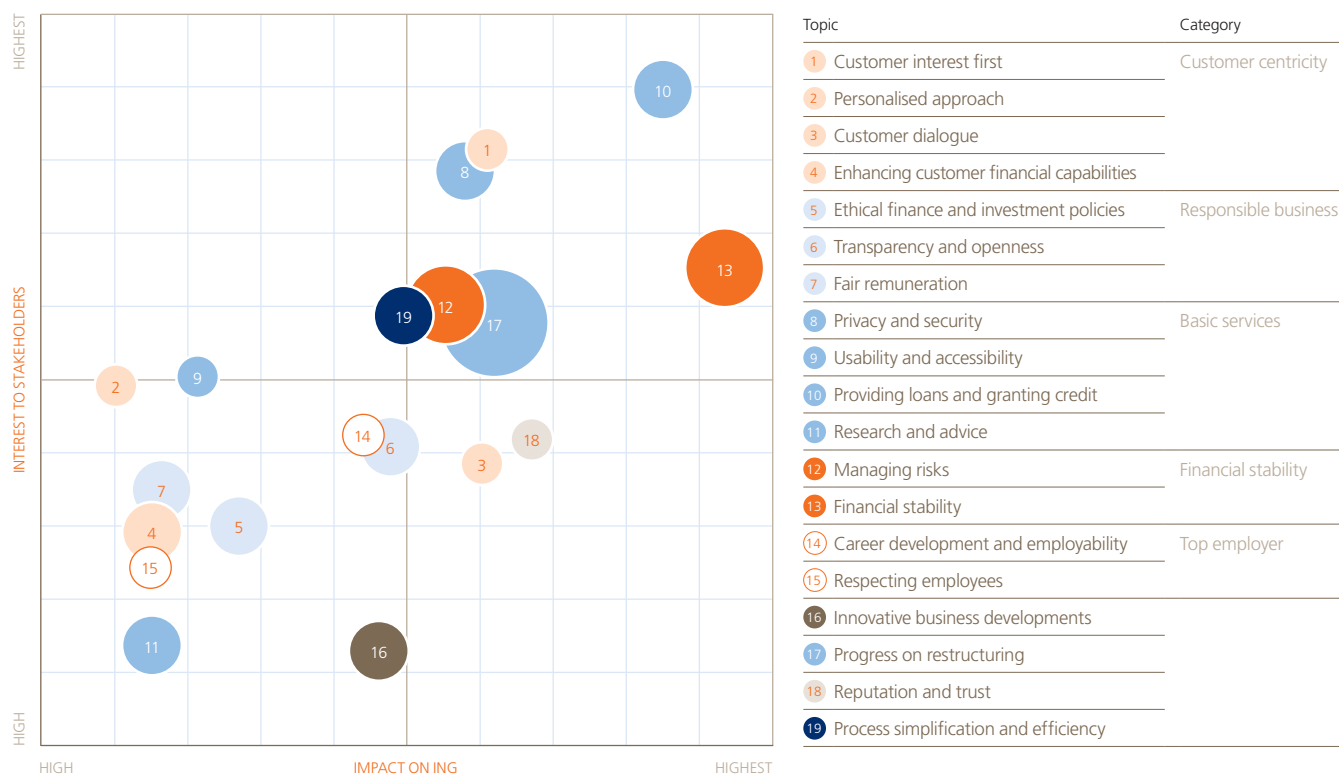
key functions in several home markets. They were identified for their frequent interaction with one or more stakeholder groups. Respondents were asked to rank the relative importance of a number of issues and the potential impact these issues could have on our business in the long term. The data were mapped and presented in the materiality matrix.

The results were reviewed and approved by the Board.

### The outcomes of our 2013 assessment

The matrix below shows the overarching categories for the most material topics addressed in 2013. Most material topics are defined as the expectations and topics of interest that scored a 4, 5 or higher for both the importance to stakeholders as the impact on ING (on a scale of 1-6). Some topics were named as material to more than one stakeholder group: the bigger the size of the bubble in the matrix, the more stakeholder groups have addressed this material topic.

### MATERIALITY MATRIX



## 2.2 – What matters most to us: materiality continued

### How materiality informs our reporting

Materiality informs our sustainability reporting because it enables us to focus on the issues that matter most to our diverse range of stakeholders. In particular, materiality helps us meet expectations relating to disclosure, transparency and communications.

The following abbreviations apply in the table below:

IAR – ING Group Annual Report 2013

ISR – ING Group Sustainability Report 2013

### MATERIALITY FRAMEWORK

MATERIAL ISSUES	WHAT IT MEANS TO US	READ OUR POSITION
<b>Basic services</b>	This relates directly to our core business. It includes: guaranteeing security and safety in our dealings with customers; the accessibility and usability of our services; and providing loans and granting credit.	IAR: Message of the CEO page 4, ING at a glance page 6, Banking overview page 27, Insurance overview page 46  ISR: Stakeholder engagement table <a href="#">page 18</a> , Enhancing customer centricity <a href="#">pages 28-38</a>
<b>Customer centricity</b>	Focus on customer dialogue, making choices that are in the interest of our customers and enhancing customers' financial capabilities.	IAR: Message of the CEO page 4, ING at a glance page 6, Strategy page 16  ISR: Enhancing customer centricity <a href="#">pages 28-38</a>
<b>Financial stability</b>	How we create a stable financial system and organisation, in particular how we manage our most significant risks.	IAR: ING at a glance page 6, ING Share page 10, Financial and regulatory environment page 12, Capital management page 21, Risk management page 23  ISR: Stakeholder engagement <a href="#">page 17</a> , ING's ESR framework <a href="#">pages 41-42</a>
<b>Responsible business</b>	The impact of our investments, making sure our activities do no harm to people, society and the environment. It also includes transparency and fair remuneration policies.	IAR: Message of the CEO page 4, ING at a glance page 6, Strategy page 18  ISR: Q&A CEO <a href="#">page 5</a> , Q&A Global Head of Sustainability <a href="#">page 7</a> , Stakeholder engagement <a href="#">page 17</a> , Promoting responsible lending and investment practices <a href="#">pages 39-59</a>
<b>Process simplification and efficiency</b>	How well we are organised and work efficiently.	IAR: Strategy page 19, Banking overview page 27, 30, 35, 37, 38, 40, 44, NN Group page 52, Remuneration report page 81  ISR: Our strategic approach to sustainability <a href="#">pages 11-21</a> , Improving environmental performance <a href="#">pages 60-70</a>
<b>Progress on restructuring</b>	Our progress on restructuring and our regulatory compliance.	IAR: Message of the CEO page 4, ING at a glance page 6, Key figures page 8  ISR: Company overview <a href="#">pages 9-10</a>
<b>Innovative business development</b>	Financing and investing with an eye on the future. It also covers financial innovation and how new products and services help us and our customers adapt to new challenges.	IAR: Message of the CEO page 4, Strategy page 16-20  ISR: Q&A Global Head of Sustainability <a href="#">page 7</a> , Our strategic approach to sustainability <a href="#">pages 11-21</a> , Promoting responsible lending and investment practices <a href="#">pages 39-59</a>
<b>Top employer</b>	This covers issues that are most important to our employees. Although most topics in this category were named as material, the most important appeared to be efficiency and well-organised processes.	IAR: Key figures page 9, Strategy page 19  ISR: Our strategic approach to sustainability <a href="#">pages 11-21</a> , Engaging our employees <a href="#">pages 71-83</a>
<b>Reputation and trust</b>	In reality, ING's business is centred on people and trust. Only by acting with professionalism and integrity can we maintain our stakeholders' confidence and build the company's reputation.	IAR: Message of the CEO page 4, Strategy page 18



## 2.2 – What matters most to us: materiality continued

### Understanding our most material issues

Reassuringly, a key outcome is that our stakeholders emphasise the importance of one of our key aims – to provide suitable financial services and products. They expect us to excel in this respect.

Our stakeholders also expect our business to be financially stable, following the years of recovery from the global financial crisis. Financial stability is at the heart of our strategy because it can facilitate the real economy and deliver long-term value for our business and stakeholders. Over the last few years we strengthened our financial position. Capital and funding improved, our liquidity position remained strong and our earnings remained resilient. For more details please refer to pages 21-22 of the [ING Annual Report](#).

The materiality assessment results also highlighted the fact that our stakeholders expect us to conduct our business responsibly. They expect us to operate a fair remuneration policy, to be transparent and to mitigate social or environmental harm resulting from our activities. We have addressed these topics in detail in the various sections of our 2013 Annual and Sustainability Reports, with performance updates and data supporting our claims where appropriate.

### Looking forward

In 2014, ING intends to further upscale the materiality assessment process by reaching out directly to the various stakeholder groups in our home markets to determine what concerns they have and the expectations of ING. The outcomes of our materiality assessments provide direction to our sustainability reporting. By improving the methodology we intend to make an increasingly relevant and transparent report.

The outcomes of the materiality assessment this year only cover a part of the content of this report. These topics that are addressed through chapters 4 and 5 of this report, Enhancing customer centricity and Promoting responsible investment and lending practices. However other aspects of our sustainability performance that we deem important are covered through the other chapters in this report.

### MATERIALITY METHODOLOGY

	2014	2013	2012
<b>Selection of respondents</b>	Stakeholder groups in selected markets	ING employees representing stakeholder groups from business units in the Netherlands, Belgium, Germany, Luxembourg and Poland (including Retail Banking, Commercial Banking, Insurance and Investment Management)	ING Group employees, based in the Netherlands, representing stakeholder groups
<b>Number of respondents</b>	100+ respondents	88 respondents	30 respondents
<b>Selection of topics</b>	Topics derived from internal and external research on global and economic trends	The 94 topics included in the survey were derived from the stakeholder expectations map and internal and external research on global and economic trends	The five topics included in the survey were derived from the 2011 Stakeholder Expectations Map
<b>Presentation of results</b>	Similar to 2013 approach	Results were plotted on two axes: the interest of issues to stakeholders and the potential impact of these issues to ING	Results were plotted on one axis: the potential impact of issues to ING

## 2.3 – Stakeholder engagement

### Our approach to 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.

### The business case for stakeholder engagement

By engaging with our stakeholders we ensure that we understand the key issues of the individuals and organisations that are most concerned with and exert the greatest influence over our business. The immediate benefits of stakeholder dialogue include the opportunity to co-create high-impact solutions, product and process improvements, based on different perspectives and competencies:

- Informing our decision-making process
- Improving our understanding of developments in the world in which we operate
- Prioritising and balancing stakeholder needs
- Opportunities to address and act upon stakeholder concerns
- Regaining trust.

### MEMBERSHIP OF INTERNATIONAL AND INDUSTRY ORGANISATIONS

#### ING GROUP'S EXTERNAL COMMITMENTS\*

ING partners with the following organisations:

- UNICEF

#### ING ENDORSES (IS SIGNATORY OF):

- The Universal Declaration of Human Rights
- the Core Conventions of the International Labour Organisation (ILO)
- Principles for Responsible Investment (PRI)
- Principles for Sustainable Insurance (PSI)\*\*
- Principles for Investors for Inclusive Finance (PIIF)
- CDP (Carbon Disclosure Project)
- Global Reporting Initiative (GRI)
- Children's Rights and Business Principles (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
- Wolfsburg Group principles.

#### ING IS A MEMBER OF:

- International Integrated Reporting Council (IIRC)
- United Nations Environmental Programme Finance Initiative (UNEP FI)
- UNEP Finance Initiative Climate Change Working Group (UNEP FI CCWG)
- UNEP Finance Initiative Work Stream Social Issues
- United Nations Global Compact\*\*\*
- the Academy of Business and Society (ABIS)
- Leaders for Nature network
- Equator Principles Association (EP)
- Thun Group of Banks
- Association for Financial Markets in Europe
- Centre for European Policy Studies – European Capital Markets Institute
- European Financial services Round Table
- International Capital Market Association
- Institute of International Finance
- Dutch Social Investment Forum (VBDO)
- International Corporate Governance Network (ICGN)
- the European Fund and Asset Management Association (EFAMA)
- CRO Forum, Sustainability Working Group.

\* This is an overview of our international affiliations. Country offices and business units will have their own memberships at local and regional levels.

\*\* For our PSI progress report, please refer to [pages 102-103](#).

\*\*\* Reference to UN Global compact table, [pages 104-105](#).

## 2.3 – Stakeholder engagement continued

### ING's position on key issues highlighted by stakeholders in 2013

We are keeping up with and responding to developments in the world around us. Many of our stakeholders also sought our views on these issues. Based on our materiality assessment, this section summarises how we addressed some of these topics throughout the year.

#### STAKEHOLDER ENGAGEMENT ON MATERIAL TOPICS

##### MATERIAL TOPIC: BASIC SERVICES AND CUSTOMER CENTRICITY

EXTERNAL CONTEXT	ING'S POSITION
<b>Consumer protection</b> In 2013, the European Commission continued its legislative efforts to improve consumer protection in financial services, particularly with regard to mortgage credit, investment products and bank accounts. In addition to EU legislative proposals, various local initiatives to increase consumer protection took place. In the Netherlands, a general duty of care for financial services providers has been introduced in the Financial Supervision Act as of 1 January 2014 as a result of consistent jurisprudence over the recent years.	An important element of our customer suitability approach is our commitment to be 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.
<b>Security of online banking systems and privacy protection</b> Security of online banking systems and protection of privacy is becoming increasingly urgent with the rapid growth in the delivery of financial services through online and mobile channels. The Distributed Denial of Service (DDoS) attacks on (Dutch) banks in April 2013 made clear that the investments to defend our customers, information and delivery systems is more necessary than ever.	The growth of electronic distribution and communication channels has increased the speed and convenience with which our customers can interact with us. We are committed to providing this convenience without compromising security standards. ING has comprehensive prevention, detection and responsive measures in place to defend against cyber-attacks and reduce the level of any losses.
<b>Big data</b> Recent technological developments allow for the possibility to pool large amounts of data and make calculations based on these data that, until recently, would have required too much time. This development is commonly known as 'Big Data'. These new technologies have multiple uses, such as in improving the customer service or helping to prevent fraud.	The use of Big Data provides many opportunities, but also calls for caution as we recognise that privacy is a very sensitive issue. ING will therefore not provide personal information to third parties that is traceable to the individual. ING will only use their personal information if it is permitted to do so. We will act in accordance with rules and regulations, as well as our own business principles. For more detail on the use of customer data, please refer to <a href="http://ING.com">ING.com</a> .

## 2.3 – Stakeholder engagement continued

### MATERIAL TOPIC: RESPONSIBLE BUSINESS

EXTERNAL CONTEXT	ING'S POSITION
<p><b>Controversial weapons</b></p> <p>Dutch law limits investments in cluster munitions as of 1 January 2013.</p> <p>In February, (the Fair Bank Guide and PAX) and October (PAX and International Campaign to Abolish Nuclear Weapons (ICAN)), issued their respective reports on investments made in nuclear weapons companies. The NGO's expressed their concern over investments made by ING in some nuclear weapons companies, mainly in the US. At the same time, PAX and ICAN indicated: 'We commend ING for their policy and encourage them to further strengthen the policy'.</p> <p>In PAX's annual overview report – 'Worldwide Investments in Cluster Munitions' published in December, ING was included in the 'Runners-Up' category and 'commended for its efforts.'</p>	<p>In line with Dutch legal requirement, ING broadened the scope of its defence policy for companies with direct involvement in cluster munitions from proprietary assets and ING managed funds, to also include externally managed investment funds offered by ING.</p> <p>ING applies a broad exclusion list of cluster munitions companies, including the indicative list as compiled by the Netherlands Authority for the Financial Markets (AFM) in cooperation with the Dutch financial sector.</p> <p>ING considers nuclear weapons to be controversial weapons as they are indiscriminate and are likely to hurt civilians when used. We therefore do not finance nuclear weapons. However, we may finance the non-controversial activities of high-tech companies, such as civil aviation activities.</p>
<p><b>Public debate on shale gas</b></p> <p>Early 2013, there was increasing public concern about the potential negative impact of shale gas extraction.</p>	<p>ING does not finance shale gas production in Europe. Unlike in the US, in Europe technical feasibility and social and environmental impacts of shale gas production are still being assessed and discussed. This is why ING Bank has decided to abstain from financing shale gas production in Europe at least until year-end 2016.</p> <p>In the US we have several energy, oil and gas companies among our clients. Some of them are also engaged in shale gas activities. It is our policy that we require from all of those companies to meet certain standards, such as the use of best practice in terms of techniques and safety standards.</p>
<p><b>Cattle transport</b></p> <p>In July, the Fair Bank Guide and a Dutch animal welfare organisation ('Dierenbescherming') issued a report about the role of banks in preventing animal welfare issues during the transportation of cattle.</p>	<p>ING is of the opinion that within the European Union (EU), it should be able to rely on both law and supervision to adequately function according to societal values. If that proves not to be the case, then – within a highly regulated society – primarily the legislator and supervisor have a task to effectuate change.</p> <p>The EU Commission and the Dutch Government have shown demonstrable efforts to develop adequate law and regulation. Furthermore, they have taken measures to improve supervision on compliance therewith. For that reason ING decided not to go beyond current laws by applying additional rules to the animal transportation sector.</p>
<p><b>Land rights</b></p> <p>In September, ING was one of the financial institutions approached by Friends of the Earth (FoE) expressing its concerns about the financing of palm oil companies.</p>	<p>ING engaged with FoE and its client in the sector to facilitate engagement amongst them. Our client responded to the concerns raised, issuing a manifest early December. Furthermore, the company showed to be willing to engage with its stakeholders, both in Asia and in Europe in a round table to be organised early 2014.</p> <p>In November, ING participated in a round table hosted by the Dutch Minister for Foreign Trade and Development Cooperation about land rights.</p>

## 2.3 – Stakeholder engagement continued

### MATERIAL TOPIC: RESPONSIBLE BUSINESS CONTINUED

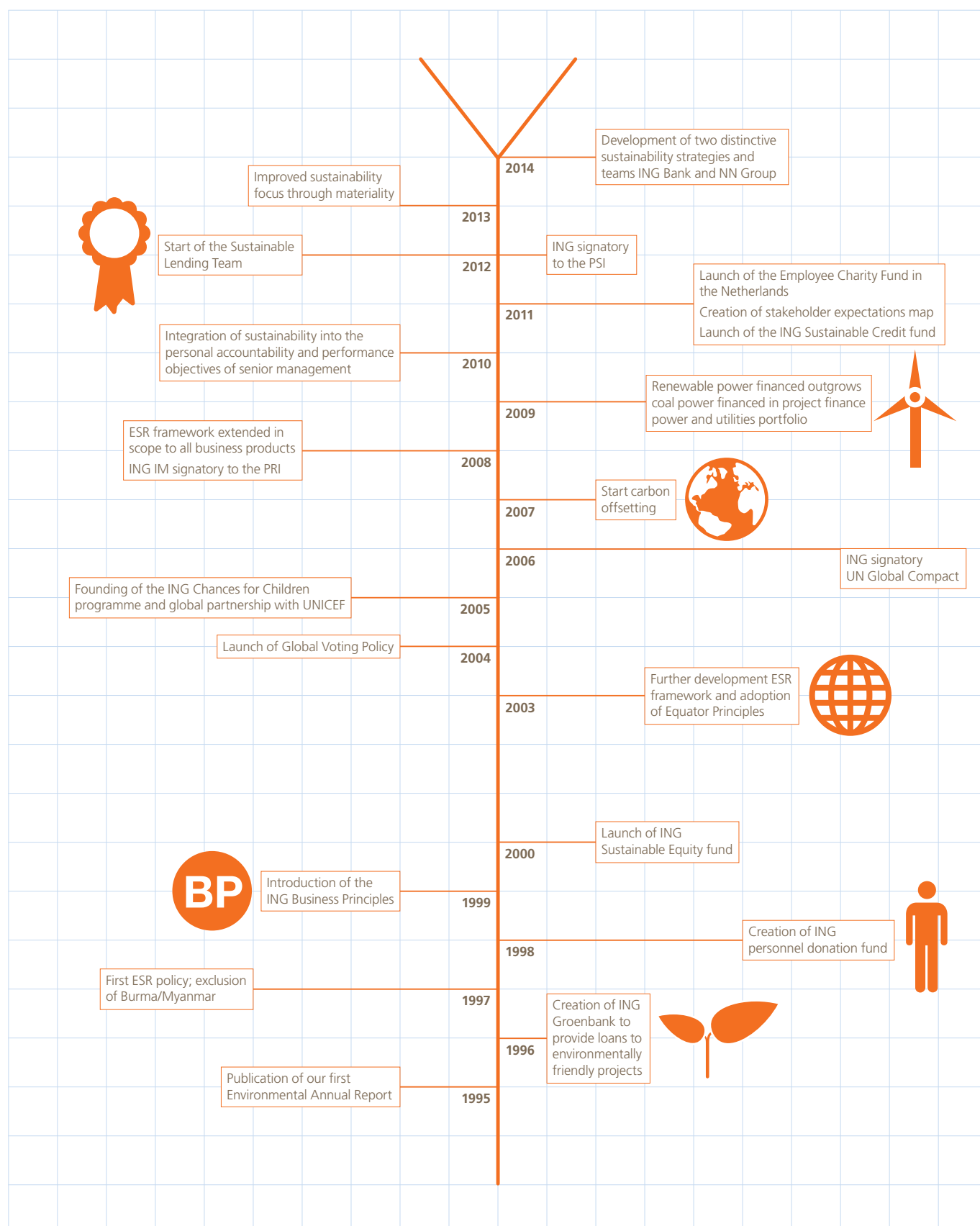
EXTERNAL CONTEXT	ING'S POSITION
<b>Land rights</b> In October, Oxfam issued its statement broadcasted at Dutch TV that several financial institutions including ING, financed a company scrutinised for operating an alleged controversial sugar mill in Brazil.	<p>ING issued a statement not to finance any agricultural projects operated by the company in Brazil. ING does finance the trade of the companies' agri commodity products, like sugar, to the international market. As such, we engaged with the company and received its confirmation that the company would not renew its sugarcane contracts as they were to expire, starting in 2013.</p> <p>Furthermore, the company confirmed to respect any Brazilian governmental decision with regard to land ownership of the debated plantations.</p>
<b>Transparency</b> In November, the Fair Bank and Insurance Guides conducted a survey 'Transparency and Accountability'. NN Group received positive feedback, but the conclusions for the largest banks in the Netherlands, including ING Bank, suggested that banks are still insufficiently transparent about their investments.	<p>With respect to the survey's conclusion, we do not believe it is appropriate to our client relationship model to publish the names of the companies we finance as suggested in the survey. At the same time, we are very conscious of the rising level of expectations on responsible financing held by our customers and the public at large. To accommodate these, we try to be as transparent as possible about the sources of funds entrusted to us and their ultimate use. We work continuously to develop and improve our policy.</p>
<b>Coal</b> In November, Urgewald, BankTrack, CEE Bankwatch Network and Polska Zielona Sieć issued their report 'Banking on Coal' describing investments in coal.	<p>ING facilitates the transition to a more sustainable economy which produces less CO<sub>2</sub>. We finance renewable energy, advise our clients on energy efficiency and publish reports on the necessary transition and the way to finance said transition.</p> <p>Please find an overview of our power projects financed on <a href="#">page 51</a>.</p>
<b>Lobbying</b> In December, SOMO published its report titled 'Taking lobbying public', which focused on banks and their lobby activities. It stated – among other things – "ING provides a relatively high degree of transparency regarding its lobbying activities and its role in public policy development. More importantly, ING expresses the position it takes regarding each issue."	<p>Our response to the report was published on our website, stating:</p> <p>"The careful consideration we give to all interests may sometimes prevent us from publishing all details about our contacts with supervisors or other stakeholders, for instance if we believe that the information we share with supervisors or government agencies must be kept confidential on competitive or supervisory grounds. For this reason, though we subscribe to and comply with the majority of SOMO's recommendations, we cannot publish information about all our contacts or standpoints on financial supervisory and regulatory matters."</p>
<b>Human rights</b> In December, the Fair Bank and Insurance Guides and Amnesty International issued their report on banks and insurance companies financing or investing in natural resource companies and their engagement efforts with those companies to ensure human rights standards are being applied. ING Bank performed best amongst its peer group while the Fair Insurance Guide suggested room for improvement for NN Group.	<p>NN Group takes into account both financial and non-financial criteria, including human rights, in its investment process. Our analysts and portfolio managers are in continuous dialogue with companies, also on non-financial issues. Furthermore, we act as a responsible owner by voting at shareholder meetings of companies. NN Group works continuously on improving its policy and responsible investment approach. Where relevant, we take into consideration the insights of the Fair Insurance guide, as well as other sources.</p>

## 2.3 – Stakeholder engagement continued

### MATERIAL TOPIC: FINANCIAL STABILITY AND RESTRUCTURING

EXTERNAL CONTEXT	ING'S POSITION
<p><b>Bank Structural Reform</b></p> <p>Throughout 2013, the EU discussion on further structural reforms has continued. In the summer of 2013, the EC held a consultation on the main options under consideration for a follow-up to the Liikanen report. The focus of the consultation was on the structural separation of certain trading activities in case the size of these activities compared to a bank's total activities exceeds certain thresholds. The EC is expected to come with a legislative proposal early 2014.</p>	<p>Based on the initial Liikanen report (October 2012), the separation proposal should not negatively affect ING's business model. ING Bank believes in the strength of the universal banking model, combining retail and commercial banking activities. The universal banking model brings major benefits in terms of risk diversification, capital and liquidity management, consumer choice, while fulfilling the needs of long-term customer banking relationships.</p>
<p><b>The Future of Banking</b></p> <p>In June 2013, a Committee of Experts ('Commissie Wijffels') advised the Dutch government on the future structure of Dutch Banking Sector. The Committee presented recommendations on how to make the financial sector more resilient and how to improve its ability to service the real economy. Taking into account the Committee's recommendations, the Dutch government released a vision document on the Dutch banking industry in August 2013. Main features of this vision are the desire to aim for a higher leverage ratio of at least 4% in EU negotiations, the need for a reduction of the loan-to-value related to mortgages to 100% in 2018 and 80% in the longer term, and the in-principle support for an EU approach towards regulating the industry.</p>	<p>ING answers questions from stakeholders in the debate, shares ING's vision and learns from stakeholders' view on the future of banking. In 2013, ING Bank decided to not only respond to questions and suggestions, but to proactively contribute to the debate around capital ratios and share ING's insights. In December for instance, two Dutch newspapers published contributions from Wilfred Nagel, ING Bank's chief risk officer, and Koos Timmermans, ING Bank's vice chairman.</p> <p>ING Bank has partnered with Debating Europe, an online debate platform. In 2013, the debates have been about what Europeans want from banks and whether the EU should better regulate cross-border banking.</p>

## 2.4 – Our sustainability roadmap



# Delivering on our commitments

The following pages offer an overview of our performance on each of our strategic areas of focus. We share the actions we have taken against the goals we set ourselves back in 2012, and assess how we have delivered against these. More detail and comments are available in each of the following dedicated chapters.

## Contents in this section

<b>DELIVERING ON OUR COMMITMENTS</b>	<b>23</b>
<b>3 Our sustainability performance</b>	<b>24</b>
3.1 Progress report	25
3.2 External review of ING's sustainability performance	27
<b>4 Enhancing customer centricity</b>	<b>28</b>
4.1 Enhancing customer centricity: at a glance	29
4.2 Putting customers' interest first	30
4.3 Helping customers manage their financial future	32
4.4 Making basic financial services accessible	34
4.5 Measuring customer satisfaction	36
4.6 Progress report	37

<b>5 Promoting responsible lending and investment practices</b>	<b>39</b>
5.1 Promoting responsible lending and investment practices: at a glance	40
5.2 Setting our standards	41
5.3 Environmental and social risk in practice	43
5.4 Offering sustainable products and services at ING Bank	49
5.5 Responsible investment at NN Group	52
5.6 Sustainable assets allocated	57
5.7 Progress report	59
<b>6 Improving environmental performance</b>	<b>60</b>
6.1 Improving environmental performance: at a glance	61
6.2 Driving efficiency	62
6.3 Sustainable procurement	64
6.4 Monitoring and reporting environmental performance	66
6.5 Progress report	70
<b>7 Engaging our employees</b>	<b>71</b>
7.1 Engaging our employees: at a glance	72
7.2 Being a responsible employer	73
7.3 Building a professional and accountable culture	75
7.4 Promoting an inclusive and balanced culture	77
7.5 Measuring our performance as an employer	79
7.6 Progress report	80
<b>8 Creating positive change in communities</b>	<b>84</b>
8.1 Creating positive change in communities: at a glance	86
8.2 Educating children	87
8.3 Promoting financial empowerment and entrepreneurship	89
8.4 Support for local themes	91
8.5 Progress report	93
<b>9 Governance and compliance</b>	<b>96</b>



## 3 – Our sustainability performance

We have been tracking and monitoring our sustainability performance since 1995. By evaluating our performance and setting goals for the years ahead, we are able to improve our track record and set future targets.

We set ourselves goals in line with our sustainability priorities to provide clarity and focus not only for the future, but also for the present. Reflective of the big organisational changes that we have had this year, two independent sustainability teams have been established to support the Bank and Insurance business units. In the coming months, the teams will reassess how we structure and direct our efforts towards sustainability targets aligned with their business priorities. We intend to share the resulting strategy and KPIs over the course of 2014.

For the sake of continuity, we have carried over the shared sustainability targets for this reporting cycle and communicate our progress on the specific areas in the chapters.

### Contents in this chapter

3	Our sustainability performance	24
3.1	Progress report	25
3.2	External review of ING's sustainability performance	27

## 3.1 – Progress report

The Progress report below lists the actions we undertook and the plans we developed in 2013 to meet the sustainability goals we set in 2012. 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.

### ENHANCING CUSTOMER CENTRICITY

**Ambition:** Providing accessible and easy-to-understand products and services which help our customers manage their financial future.

WHAT WE SAID WE WOULD DO	WHAT WE DID	STATUS
We will work on offering insights, tools and programmes to improve customers' decision making	77% of our retail banking business units offer insights, tools and programmes to improve customers' financial decision-making  Two additional countries within NN Group introduced the Financial Personality Test; totalling to nine	»»»
We further develop thought leadership on financial education	11 financial education platforms are currently active across our retail banking business units  Two ING International Surveys were published regarding 'Homes & Mortgages' and 'Savings'	»»»
We will increase accessibility for customers with special needs	85% of our retail banking business units of products or services to special segments  38% of our retail banking business units offer programmes or policies for customers in financial distress  Three business units at NN Group offer concepts on breast cancer insurance cover for women (like 'For You')	»»»
We strive to improve the overall customer satisfaction	Our customer-centric focus has resulted in 11 retail banking business units achieving first or second place in NPS compared with competitors  NN Group's customer focus approach resulted in increasing NPS scores and several awards won by multiple countries	»»»

### PROMOTING RESPONSIBLE LENDING AND INVESTMENT PRACTICES

**Ambition:** Promoting sustainable finance and investment decisions that will contribute to healthier and more stable economies.

WHAT WE SAID WE WOULD DO	WHAT WE DID	STATUS
Expand our Environmental and Social Risk (ESR) policy framework and promote ESR in the sector	We strengthened the implementation of our ESR framework, by embedding it in the client on boarding process and transaction approval process in our systems. During 2013, we increased our focus on human rights protection, specifically drawing attention to the rights of children in several sector-based policies arising from our support of the Children's Rights and Business Principles. In addition, we reorganised these policies, to include Energy, and Mining and Metals as separate categories  At ING Investment Management, we increased our voting activities and expanded ESG information and analysis in the investment cases	»»»
We aim to increase our Sustainable Assets Allocated and increase the amount of sustainable products offered	Our Sustainable Assets Allocated increased with EUR 845 million, which underlines our client's appetite for products and services that apply sustainability criteria  23% of our retail business units offer products or services that have a direct social or environmental benefit  ING Investment Management launched a new fund in 2013, the ING (L) Investment Europe Sustainable Equity fund	»»»

## 3.1 – Progress report continued

### IMPROVING ENVIRONMENTAL PERFORMANCE

**Ambition:** Minimising the impact of our operations on the environment.

WHAT WE SAID WE WOULD DO	WHAT WE DID	STATUS
We will focus on lowering our direct environmental footprint	In 2013, the total extrapolated amount of carbon emissions from our business operations decreased from 209 to 169 kilotonnes compared to 2012 and per FTE from 2.4 to 2.2 tonnes	»»»»
We will increase the scope of our sustainability procurement programme	We have developed a new ING Bank Procurement Charter. This charter defines the governing principles for organising, managing and conducting procurement activities globally. In 2013, we focused on implementing our principles of sustainable procurement throughout our global supply chain  NN Group adopted a new procurement policy covering updated sustainability requirements based on the UN Global Compact	»»»»

### ENGAGING OUR EMPLOYEES

**Ambition:** Creating a great working environment that encourages our people to develop their skills, grow personally and professionally and achieve their full potential.

WHAT WE SAID WE WOULD DO	WHAT WE DID	STATUS
We will invest in opportunities for the personal and professional development of our employees	At ING Bank we spent EUR 60 million and at NN Group EUR 14 million on training and development for our employees, as supplied by external parties	»»»»
We aim to improve the engagement of our employees	For ING Bank the engagement score is measured in the WPC survey. The response rate was 81%. The overall score was 74%*, showing a slight improvement over last year (73%)  At NN Group the engagement score is measured in the YES survey. The response rate was 82%. The overall engagement score was 67%, showing a slight decrease compared to last year (70%)	»»»»

\* In 2012 ING Bank introduced a Sustainable Engagement score based on nine questions and for which we had an index of 73% in 2012 and 74% in 2013. The score in 2012 using the previous methodology of four questions was 68%.

### CREATING POSITIVE CHANGE IN COMMUNITIES

**Ambition:** Positively contributing to society by supporting communities worldwide.

WHAT WE SAID WE WOULD DO	WHAT WE DID	STATUS
At least one million children through the partnership with UNICEF have been reached between 2005 and 2015	The total funds raised in 2013 for UNICEF amounted to EUR 3,153,618. Since 2005, we have raised a total of EUR 26.7 million, which has enabled UNICEF to reach more than 888,990 children. We will do our utmost to reach our goal of one million children	»»»»
Our total charitable giving should for 60% or more be targeted towards our focus areas children and education, and financial empowerment and entrepreneurship	58% of our charitable donations were donated to our focus areas	»»»»
Develop a separate community investment programme for NN Group, in line with our business strategy, new brand values and geographic focus	We reviewed our local community investment portfolios. We also started to align with the new purpose and values that were launched in October 2013 in order for our new community investment strategy to be launched in 2014	»»»»

## 3.2 – External review 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		2013	2012	2011
<b>FTSE4Good Index Series (EIRIS Score)</b>	●	Score: 3.8 (out of 5) Position: Included	Score: 3.8 (out of 5) Position: Included	Score 3.7 (out of 5) Position: Included
<b>Dow Jones Sustainability Indexes (RobecoSAM Score)</b>	▲	Score: 76 (out of 100) Position: Included in the DJSI World Index and the DJSI Europe Index	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
<b>CDP (Carbon Disclosure Project)</b>	▲	Score: 96 (out of 100) for disclosure B for performance Position: Included	Score 93 for disclosure (out of 100) and B for performance Position: Included	Score 64 for disclosure (out of 100) and D for performance Position: Not included
<b>Sustainalytics</b>	▼	Score: 75 (out of 100) Position: 6 (out of 196) financial peers	Score 77 (out of 100) Position: 3 (out of 148 financial peers)	Score 82 (out of 100) Position: 1 (out of 135 financial peers)
<b>'Transparantie Benchmark' (NL)</b>	▲	Score: 188 Position: 13 (out of 483)	Score: 185 Position: 13 (out of 472)	Score: 179 Position: 16 (out of 500)
<b>VBDO Benchmark Responsible Investment by Insurance Companies (NL)</b>	▼	Score: 3.1* Position: 6 (out of 29)	Score 4.3 Position: 5 (out of 29)	Score: 2.0 Position: 11 (out of 30)
<b>Oekom Research</b>	▲	C Investment Grade	C- Below Investment Grade	C- Below Investment Grade
<b>Euronext Vigeo Europe 120 Index (Vigeo)</b>	▲	Score: 53 (out of 100) Position: Included	Score: not disclosed Position: Included	n/a

\* Due to change in methodology, not comparable with previous scores.

## 4 – Enhancing customer centricity

We provide accessible and easy-to-understand products and services to help our customers manage their financial future. We strive to make sure our services remain affordable and we proactively consider our customers' personal circumstances to accompany them on their financial journey.

### Contents in this chapter

4	Enhancing customer centricity	28
4.1	Enhancing customer centricity: at a glance	29
4.2	Putting customers' interest first	30
4.3	Helping customers manage their financial future	32
4.4	Making basic financial services accessible	34
4.5	Measuring customer satisfaction	36
4.6	Progress report	37

### Ian Bright

Senior Economist at ING Bank

The ING International Survey (IIS) aims to gain a better understanding of how retail customers, and potential customers, of ING Bank around the globe spend, save, invest and feel about money.

#### What is the primary motivation for the annual ING International Survey?

It is our mission to set the standard for helping our customers manage their financial future. For us to effectively deliver on this mission, we need to first understand how people really manage their money. We conduct the survey across at least 12 countries on a sample of around 1,000 adults per country on different topics related to personal finance and publicly share the results. By asking what people are actually doing and by testing theories of how people behave in certain financial contexts, we will be better informed when we design products and determine how we service our customers. For example, subjects like 'what percentage of the population in a country have savings?' and 'do people consider payment by debit cards and credit cards different from paying actual cash?' can help us understand basic financial behaviour.

#### What have been the primary focus areas for the survey and the outcomes?

We have a cycle of three topics that we focus on: savings; homes and mortgages; and mobile banking and new payment technologies. By focusing on these key areas, we can understand how consumer attitudes and behaviours are evolving across different market segments. For example, we were able to reconfirm the rapid adoption of mobile banking technology, which helped us prioritise this as a strategic focus area and offer mobile banking across all our markets.

In our survey of savings across Europe, that we have now conducted for three years in a row, we have identified a sizeable proportion who respond 'I do not have any savings' on the survey. The importance of recognising this is that it helps us recognise the fragility of the financial position of segments of the population. By simply being aware of this fragility, we can change the way we anticipate and act on our role as a financial partner to our customers.

In the context of a post-2008 financial world, we included homes and mortgages as a key topic in our survey. Our approach to this topic goes beyond just investigating if people can 'afford' a mortgage, to asking our respondents what their housing dreams are. Living in a 'dream home' is important for most people in Europe. By getting a better sense of their aspirations on what is probably the biggest and longest financial commitment they make during their lives, we can help them to build their dream in a realistic and responsible manner.

## 4.1 – Enhancing customer centricity: at a glance

### HIGHLIGHTS

- We offer mobile banking services in all our retail markets
- 77% of retail units offer tools to enhance financial literacy
- 85% of our retail units offer products or services to special needs segments
- NN Group's customer focus approach resulted in increasing NPS scores and several awards by multiple countries
- 11 retail banking business units achieving first or second place in NPS compared with competitors

### Our approach

ING's mission is to set the standard in helping our customers manage and secure their financial future. Accordingly, our customers are at the heart of everything we do and the focal point for all our decisions. To service our customers in the best way, in recent years we have made a decisive move from product centricity to customer centricity.

To us, enhancing the customer experience means being accessible at all times, listening to the needs of our customers, following up on their expectations, and offering them products and services that are in their best interests. The result is that we help create a stronger financial future for our customers.

### Focus areas

Enhancing the customer experience remains a key priority, whilst we also deal with a rapidly changing financial environment from a regulatory and technology perspective. Our main areas of focus regarding our customers are:

- Putting our customers' interests first
- Helping customers to stay one step ahead
- Making financial services accessible
- Measuring customer satisfaction.

### OUR REPORTING FRAMEWORK

OUR COMMITMENT	▼ SIMPLER	▼ STRONGER	▼ SUSTAINABLE
<b>Enhancing customer centricity</b>	<p>We aim to offer simple and appropriate products and services, at a fair price for retail clients.</p> <p>To do so, we maintain dialogue with our customers. We are transparent, including about the pricing of our products and how we invest customers' savings.</p>	<p>Individuals and business owners have to make many critical financial decisions. Yet, research shows that many are under-prepared to make these decisions.</p> <p>By enhancing the financial skills of our customers, and equipping them with the skills to foresee and anticipate scenarios, we help them create a stronger financial future.</p>	<p>Financial services can open many opportunities to individuals and businesses. 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.</p>

## 4.2 – Putting customers' interest first

We engage with customers in order to gain honest and constructive feedback. This enables us to provide them with the products and services that suit them best. Our aim to enhance the customer experience does not mean that we automatically execute what the customer wants; we continuously keep the customers interest first in our business decisions and advise.

Based on our Business Principles, the 'Five ING Customer Golden Rules' form a key component in our approach towards customer centricity. We have used these rules since 2009 and they are an integral part of our Product Approval and Review Process (PARP). Through this process, we strive to make sure that all products and services meet our requirements for doing business. For more information about the Five ING Customer Golden Rules, please refer to page 19 of the [Annual Report](#).

### ING Bank: 'Operational Excellence' in our products and service

We strive to align our systems, structure and processes to deliver the best customer experience in a cost-effective way. For example, ING in the Netherlands is improving customer service by focusing on easy-to-use operational processes. Ten simple principles have been applied, such as 'never ask the customer for information we already have'. In 2013, the first results of simplifying our customer operational processes were realised. An example is the simplification of the child and youth account opening process by reducing the number of questions from 28 to 4 clicks.

Similarly, ING Luxembourg reduced by 80% the time it takes for corporate customers to access the Bank's website and improved the online account opening process for retail customers with one of the 10 principles 'first time right'.

# 25%

of the customers in the Czech Republic have an active savings account on the same day of opening

ING Bank in the Czech Republic introduced a savings account, ING Konto, with a simplified opening process. Customers can apply online and the account can be activated rapidly. Around 25% of customers have an active account on the same day, with 34% sending their first credit the same day. This new account also allows ING to save 45% on printing costs and has also led to a more efficient workforce, with employees now able to spend time on other projects.

An important driver of operational excellence in our products and services is our Retail Standards Board, which is composed of the most senior leaders in the Retail Banking organisation. It sets standards in retail banking, creating and nurturing a sustainable knowledge-sharing culture throughout the Bank.

Driven by the Retail Standards Board, progress was made in exchanging best practices and knowledge sharing. For example, seven business units now use the same tool for listening to social media conversations. The web care teams in all business units have been organised along the same lines, using the Netherlands' model.

### NN Group: 'Operational Excellence' in our products and service

NN Group strives to offer an excellent customer experience, with all customer interactions treated as critical assessment points. For example, our insurance businesses in Europe use a programme to identify the key customer interaction points such as purchases, anniversaries, claims, lifestyle changes and contact changes. The business then strives to ensure that customers receive excellent service at each point through customer experience improvement plans. Progress is measured through customer satisfaction surveys.

Our life insurance business in the Netherlands is lowering costs by streamlining its processes and systems, and improving the customer experience focusing on the moments-of-truth. In Spain, a new customer website was launched including a self-service portal with improved functionality; policies can now be delivered within two days of application. In the Czech Republic, 80% of claims are processed within five days.

### Easy to understand

One of our key priorities is to provide products and services that are easy to understand. Not only through our communications and the guidance we provide, but also by making our product offer less extensive.

For example, ING-DiBa Germany has stayed true to its mission during 2013 to be simple and uncomplicated. An easy-to-understand product range, with only 10 different products, offered with the highest service, 24 hours a day, have been the ingredients for meeting all main needs of their retail banking customers. They also launched an initiative, aiming at making all its letters easier to understand. This, in turn, should lead to fewer additional inquiries and, consequently, to a better customer experience.

ING Belgium launched a new version of Home'Bank in 2013, the Bank's online banking service, which allows customers to manage their banking wherever and whenever they want. Fully integrated with the ING.be website, it provides easier navigation, more product information and a clear overview of the different functions.

Our insurance businesses aim to ensure that customers fully understand their policies, as policy documents are traditionally known to be complicated. In Greece, ING designed the policy documents for Orange Cross, a new health product, to make it as clear, simple, and understandable as possible.

## 4.2 – Putting customers' interest first continued

Responding to the requests of our customers on increasing transparency and simplicity, NN Group has guided employees in Turkey to build a fresh Client Portal. Furthermore, insurance businesses in Poland and Spain have unified their policy anniversary letters, according to their transparency model. Among other advantages, these one-pagers show the most important financial data for the customer, the specific coverage of their contracts, investment details and advice on how to best manage their products.

### Case study | UNIT-LINKED INSURANCE PRODUCTS

In 2008 ING's Dutch insurance subsidiaries 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-in-class' criteria formulated by the Dutch Ministry of Finance. Early 2013, all customers were informed about their compensation.

As of January 2013, all our unit-linked insurance products have seen a further reduction of maximum costs to 1.25% per year for the remaining term of the policy. Despite these measures, the challenging market circumstances influenced the performance of the investment-linked performance product. It is expected that some customers might not reach their financial goals set.

Next to executing the compensation scheme, all customers have been offered the possibility to change or adapt the product without cost. Several options are possible, like adjustment of the premium, risk coverage or investment. Customers can also switch to another product that better fits their personal financial situation and wishes.

Netherlands Life updated the consumer website ([www.nn-beleggingsverzekering.nl](http://www.nn-beleggingsverzekering.nl)), hosted information evenings throughout the country and put advertisements in national newspapers encouraging customers to enter into dialogue on this subject with their insurance advisor. In addition, we proactively contacted client groups that are considered to be more financially vulnerable with respect to their investment-linked insurance product.

It is our goal to assist our clients in making a conscious decision about whether to continue, modify or terminate the policy. We see this as a joint responsibility of advisors and insurers to encourage the individual consumer in making an informed choice. We will continue our proactive approach in 2014.

### Listening to our customers

We constantly engage with customers and regulators to gain feedback to improve our performance. Under our well-established Net Promoter Score (NPS) programme, some 250,000 ING Bank customers in the Netherlands a year provide opinions on their customer experience. We inform customers on how we follow up this feedback via a dedicated page on our website. Across NN Group, NPS has gathered a total of around 400,000 responses from customers and we are working hard to act on each of them. In Czech Republic, for instance, customer feedback has led to improvements including the rebuilding of the claims process, which led to a 30% increase in their NPS in 2013.

The NPS programme at Nationale-Nederlanden in the Netherlands is offering customers – through one of the concluding questions in the survey – to have their feedback published on their website. It is a dedicated section in which the aim is to be as transparent as possible, hence it is called 'Open'. There it shows all feedback of customers, whether it is positive or negative.

We engage with our customers through a range of channels, including social media. All business units listen to conversations that are held in social media. The conversations are captured by dedicated tools and analysed by internal teams and are combined with other customer feedback we receive, such as complaints. This supports continuous processes and services improvement.

For example, ING Direct Italy used social media monitoring in 2013 to become a more customer-centric organisation. By observing online discussions, they learned that people who open a new account expect to receive all documentation within three days, compared to the seven days required by ING Direct Italy. Accordingly, the business changed its internal processes and new customers now receive all documentation by email within 24 hours.

In 2013, both ING Bank and Nationale-Nederlanden obtained the Dutch 'Gouden Oor Erkenning', an award for listening to customers and complaints management in the Netherlands.



## 4.3 – Helping customers manage their financial future

Most European countries and their citizens experienced strong economic headwinds in 2013, as well as a sharp increase in unemployment and corporate bankruptcies, similarly increasing people's insecurity about the future. Consequently, we pay special attention to helping customers stay a step ahead and create a secure future for themselves.

### Enhancing financial capability at ING Bank

It is in our interest that customers are informed, and realistic and sensible when it comes to their financial capability and possibilities. We are investing in providing online and offline insights, tools, and programmes to enhance the financial capability of our customers.

11

financial  
education  
platforms

ING's online platform [Economics](#) combines ideas around financial education, personal finance and behavioural economics to produce regular and practical information about the way people manage their money – and how this can affect their lives. The aim is to make economic information more accessible to non-specialists and show how it can influence how we live now and in the future. This table provides a snapshot of other financial education platforms launched by ING Bank in various countries:

### SNAPSHOT OF FINANCIAL EDUCATION PLATFORMS

Business	Type	Description
ING Bank Netherlands	Website 'Mijn Geld'	Creates awareness of financial matters and provides information about financial products
ING Direct France	Corporate Blog 'Le Blog'	Provides information about financial products and financial education
ING Direct Spain	Corporate Blog 'Ennaranja'	Provides information about financial products and financial education
ING Direct Italy	Corporate Blog 'Vocearancio'	Shares smart savings tips
ING-Diba Germany	Website 'Finanzversteh'	Provides information about financial products and financial education
	Corporate Blog 'Wissenswertes'	Provides information about financial products and financial education
ING-Diba Austria	Website 'Gut Mit Geld'	Creates 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
ING Bank Poland	Website 'Zafinansowani'	Creates awareness of financial matters and provides information about financial products
ING Bank Belgium	Website 'Savings & Investment guide'	Online platform offering information and tools to get to most out of your savings
ING Direct Australia	Corporate Blog	Blog featuring the Executive Board discussing financial topics

## 4.3 – Helping customers manage their financial future continued

### Enhancing financial capability at NN Group

We invest in financial education and awareness-building campaigns and tools to help our customers understand the advantages and risks associated with insurance products and services, and therefore make more informed decisions.

NN Group continued initiatives to increase customer awareness of the importance of securing their financial futures. Turkey and Romania launched the Financial Personality Test (providing relevant insights on how people behave around finances and how their behaviour can be improved), bringing the total number of countries that launched this platform to nine. The number of people taking the test across these countries increased by 38% compared to 2012, to a total of 320,000.

320,000

people in nine countries completed our Financial Personality Test

In the Netherlands, Nationale-Nederlanden introduced a new website that provides elaborate information on pensions, [www.thuisinpensioen.nl](http://www.thuisinpensioen.nl). This fits in the objective to help customers make informed decisions about their financial future throughout their lives.

ING Investment Management (ING IM) wants to help customers become 'financially fit' and launched a new website [www.fitvermogen.nl](http://www.fitvermogen.nl) during 2013. 'FitVermogen', which translates as 'healthy assets', is a simple, attractive retail website offering ING IM investment funds. With insight into the likelihood of achieving the investment objective, risk profile of the portfolio and the expected return, ING IM aims to give customers more control over their investments and make investing easier. It will evolve every six months, based on customer feedback. In forthcoming releases, the platform will be extended with asset management solutions specifically tailored to certain needs.

### Being a strong partner for our customers in difficult times

In 2013, ING Bank in the Netherlands actively engaged with 20,000 Dutch homeowners who were potentially in financial difficulties.

20,000

home owners in potential financial difficulty proactively contacted by ING Bank in the Netherlands

38%

of our retail banking business units offer programmes or policies for customers in financial distress

Against the background of a subdued housing market in the Netherlands, ING Bank introduced an online 'stress test' which helps homeowners improve their financial planning. Additionally, an online tool ('Afloswijzer') was launched to help customers decide whether to save or pay off their mortgage.

Customers in the Netherlands can now also call a mortgage hotline for financial advice or take an online test to gain an insight into their mortgage situation. Furthermore, ING is introducing an online test to identify whether a homeowner's mortgage requires attention. If this is the case, homeowners are informed about measures they can take to prevent possible problems.

Nationale-Nederlanden introduced a new scheme for first-time buyers. This is an innovative mortgage pledge service (hypotheektoezegging). In the Netherlands, an offer on a house is typically contingent upon the potential buyers being able to arrange the funding. Buyers typically enter into a conditional contract without having any certainty on their acceptance with a mortgage provider. With the hypotheektoezegging Nationale-Nederlanden introduces a service in which, after a stringent onboarding process, first-time buyers receive an upfront commitment that they will be accepted as a new customer and they also receive a written confirmation of the amount Nationale-Nederlanden is willing to provide as mortgage. The commitment is conditional upon the absence of subsequent changes in the personal circumstances and the acceptance of the house as collateral for the mortgage. Having a mortgage commitment in advance provides clarity and gives first-time homebuyers confidence as they negotiate the potential purchase of a house.

## 4.4 – Making basic financial services accessible

### Increased accessibility through online channels

ING Bank adapts to the changing needs of customers, who increasingly want instant insight into their financial situation and future. We have therefore made mobile banking services available for retail customers in all countries where the technology is present. Mobile banking also contributes to the paperless delivery of our products and services, reducing our own and our customer's environmental footprint. The rapid shift to mobile is also impacting Commercial Banking.

Mobile banking developments in 2013 included:

- ING Romania launched an app for making contactless payments by smartphone
- ING Australia's new mobile app won the 2013 'Mobile Award'
- ING Vysya Bank released an app that increases its reach into remote cities and rural areas
- ING Italy's mobile app is now used by 50% of its customers just one year after launch.

# 50%

of ING Italy customers  
use the mobile app  
one year after its launch

In 2013, NN Group has made clear progress in introducing a number of online platforms to make insurance more accessible and easier to use. In Romania new functions in MyING, the first self-service portal in the local life insurance market, were introduced. In Turkey, the website was re-launched with more functions, and the client portal's self-service capability was enhanced; in addition, a mobile application was introduced to give customers access to their accounts at any time and wherever they are. Nationale-Nederlanden added new savings and loan products to its direct offering, which clearly demonstrates its commitment to being easy to deal with. Customers can now submit a request for a savings account in less than three minutes, whilst the application for a loan is followed up with an offer within one business day.

Greater accessibility through online channels comes with increased risks. During the last five years, crime has moved into cyberspace and is now at the forefront of corporate concerns. That is why security and anti-cybercrime efforts remained an important priority in all of ING Bank's business units. In 2013, the Cybercrime Taskforce was launched, creating a common framework and implementing best practices for combatting cybercrime and e-banking fraud.

### Services for people with extra needs

We aim to offer our products to all segments of society, including physically challenged people. For example, our ATMs are adapted for the visibly challenged and we are moving towards barrier-free access to all our branches. ING Bank Belgium has committed to improving branch accessibility for physically challenged people. By the year-end, more than 600 branches had been renovated to meet this objective.

# 600

branches of ING Belgium  
have barrier-free access

Because we understand that many customers have demanding schedules and don't always have the opportunity to visit us during regular working hours, we have extended opening hours of our branches at ING Bank in the Netherlands.

### Financial inclusion

Many financial products and services target regular customers, such as people in-work with existing financial capability and ambitions. Our view is that financial services should also be accessible to those in earlier or later stages of their lives. Financial inclusion means developing products and services for minority or marginalised segments in society such as the elderly or young people. In India, ING offers farmers a range of products, including the 'Kisan' Credit Card, to cover their credit requirements at the pre- and post-harvest stages. We also offer customised products for various agricultural activities.

## 4.4 – Making basic financial services accessible continued

### Case study | REACHING THE UNBANKED IN INDIA

#### What is the challenge?

A large portion of the Indian population does not have access to financial services. Information technology has enabled a more efficient, accurate and timely management of banking transactions, and services like Net banking, mobile banking, 'Anytime and Anywhere' banking are available to many citizens. However, farmers, small vendors, labourers in unorganised sectors, unemployed citizens, women, children, elderly and the physically challenged are still among the financially excluded.

#### What we did

ING Vysya Bank in India has been working towards bridging this gap and providing banking services to the unbanked residents of villages with a population of less than 2,000. Most of the residents in the villages have no experience of banking and are also illiterate.

ING has also partnered with a service provider to develop a model where the transactions for these customers are carried out using biometric authentication through a handheld wireless device. The transactions are limited to balance enquiry, funds transfer, cash withdrawal and deposit.

#### Building capacity on the ground

ING has adopted a business correspondent model, whereby we appoint a local resident as a business correspondent for a village or cluster of villages. Their role is to open accounts and service customers with basic banking transactions. The business correspondent is supported by the local branch which may be located within up to 50 kilometres away.

In December 2012, our insurance business in the Czech Republic launched breast cancer insurance cover for women, including online access to information and help with cancer prevention. This has been well-received by customers, achieving an excellent NPS score. In 2013, Spain became the second country to offer this cover. Our insurance business in Poland achieved success with its 'Insure yourself and trick the cancer' campaign, which was voted the best campaign in the finance category of the prestigious Zloty Spinacz public relations awards. The campaign was recognised for its corporate responsibility features, including cancer prevention and education about healthy living and the importance of regular medical examinations.

## 4.5 – Measuring customer satisfaction

Both ING Bank and NN Group apply the Net Promoter Score (NPS) methodology in nearly all countries of operation. It helps measure customer engagement and benchmarks us against our competitors. Detailed customer feedback is used to improve our internal processes and customer services.

Feedback through NPS creates opportunities for us to deliver better propositions, redesign our products, services or approach to customer service.

### ING Retail Banking

Our customer-centric focus has resulted in 11 countries achieving first or second place in NPS compared with competitors. ING Bank is conducting NPS surveys in 11 out of 13 retail countries.

**1st or 2nd** ING Bank ranks 1st or 2nd place in 11 countries

### NPS RANKING ING BANK

		2013*	2012*
ING Bank	Australia	1st	1st
	Austria	2nd	2nd
	Belgium	1st	1st
	France	2nd	3rd
	Germany	1st	1st
	Italy	1st	1st
	Netherlands	1st	1st
	Poland	2nd	2nd
	Romania**	2nd	1st
	Spain	1st	1st
	Turkey***	2nd	7th

\* Benchmark against our local top two or three competitors.

\*\* Only one wave per year in 2012 and 2013.

\*\*\* Only one wave per year in 2012 and 2013. ING Bank Turkey was 7th in 2012 against 10 competitors (according to old methodology). For the new methodology in 2013, ING compared itself to 4 competitors.

### ING Commercial Banking

Client centricity remains at the heart of Commercial Banking. Every year since 2010, hundreds of customers have participated in the Commercial Banking Net Promoter Score programme. This programme has been implemented in selected countries and will be further rolled out in Europe, Russia and the US in 2014.

Greenwich Associates conducts independent research among senior financial executives at the largest Dutch and Belgium companies that confirms Commercial Banking's No. 1 position for the fourth consecutive year in the Netherlands and the second position in Belgium. The Greenwich results show a significant advantage for ING over other banks in terms of lead relationships. ING Commercial Banking's overall quality is highly rated, based on the effective senior management support we offer, knowing the client international needs, providing creative ideas and solutions and the overall capabilities of relationship managers.

### NN Group

Our insurance businesses made clear progress in improving the customer experience and broadening its distribution base in 2013. New products and value propositions were introduced. Its customer focus approach resulted in increasing NPS scores and several awards won by multiple countries. To encourage continuous improvement in customer experience, our business in the Netherlands shared the customer feedback real-time with 1,300 employees and over 100 teams; amongst other things this helped to achieve an NPS score improvement of 32% in comparison with last year.

ING Investment Management scored 7.8 which is between fairly good and good according to Integron in its annual client satisfaction survey, receiving various awards that highlighted customer centricity. On the operational side, it completed the transformation of its infrastructure to a simpler and advanced environment that enables better investment performance and further improves the customer experience.

## 4.6 – Progress report

WHAT WE SAID WE WOULD DO	WHAT WE DID
We will work on offering insights, tools and programmes to improve customers' decision-making	<p>77% of our retail banking business units offer insights, tools and programmes to improve customers' financial decision-making</p> <p>Two additional countries at NN Group introduced the Financial Personality Test; totalling to nine</p>
We further develop thought leadership on financial education	<p>11 financial education platforms are currently active across our retail banking business units</p> <p>Two ING International Surveys were published regarding 'Homes &amp; Mortgages' and 'Savings'</p>
We will increase accessibility for customers with special needs	<p>85% of our retail banking business units of products or services to special segments</p> <p>38% of our retail banking business units offer programmes or policies for customers in financial distress</p> <p>Three business units at NN Group offer breast cancer insurance concepts for women (like 'For You')</p>
We strive to improve the overall customer satisfaction	<p>Our customer-centric focus has resulted in 11 retail banking business units achieving first or second place in NPS compared with competitors.</p> <p>NN Group's customer focus approach resulted in increasing NPS scores and several awards won by multiple countries</p>

### LOOKING FORWARD

#### ING Bank

All business units will continue to focus on the customers' needs with easy and fair products, with a focus on 'digital first'. They will also continue to provide fast and innovative responses, when and where required, with digital innovation remaining a top priority. A strong focus in 2014 will be, for example, on further developing device-independent facilities to ensure a maximised customer experience. This is all part of ING's overall aim to help customers manage their finances, now and for the future.

#### NN Group

The overall ambition is for customers to choose NN Group's products and services based on their previous positive experience with our business. The priorities for the business are to be a strong, sustainable company, delivering excellent customer service and transparent products. The priorities also include providing multi-access distribution, having efficient and effective operations and generating capital.

## 4.6 – Progress report continued

### Awards 2013 ING Bank

Our efforts have been recognised by various organisations, confirming that we are well on the way to become our customers' preferred bank. ING won several awards in 2013, including:

- Three 'Bank of the Year' awards for the Netherlands, Belgium and Western Europe from *The Banker*, part of the Financial Times Group. ING Private Banking was 'highly commended' by the *Financial Times*
- The 'Best Bank in the Netherlands' award from Global Finance
- The 'Customer Service Online Award' from the National Contact Centre Awards 2013
- The Mobile Banking Campaign 'Penny for your thoughts' won the SAN Accent 2012 Award in the category Financial Service Industry
- The 'Gouden Oor Erkenning' for complaints management; and the 'Complain Online' award for the fastest and best handling of complaints
- ING achieved second position in the Social Media Monitor's 'Best Bank in the Netherlands'
- ING Direct Australia was awarded best direct bank for customers by Mozo
- ING-DiBa won the award for 'most popular bank of 2013', according to economics magazine *€uro*.

### Awards 2013 NN Group

Our efforts have been recognised by various organisations, confirming that we are well on the way to enhance the customer experience.

Various business units won awards in 2013, including:

- In the Netherlands, Nationale-Nederlanden obtained the 'Gouden Oor Erkenning' for listening to our customers and complaints management
- Romania's Insurance business won awards from PRIMM-Asigurari si Pensii magazine for 'Quality of Services in Life Insurance' and an award for 'Excellence in Administration' of the ING Optim pension fund
- In Poland our insurance business was recognised as the most customer-friendly insurance company, including two distinguished honours for their CSR campaigns
- Japan Life received a three-star rating (out of a maximum of three) from HDI Japan for its after-sales call centre.

# 5 – Promoting responsible lending and investment practices

We are careful about where and how we invest and aim to create additional value for our clients by embedding sustainability principles in the products and services we offer. In the long-term we want to deliver real long term value by increasing the share of sustainable business in our portfolios.

## Contents in this chapter

5	Promoting responsible lending and investment practices	39
5.1	Promoting responsible lending and investment practices: at a glance	40
5.2	Setting our standards	41
5.3	Environmental and social risk in practice	43
5.4	Offering sustainable products and services at ING Bank	49
5.5	Responsible investment at NN Group	52
5.6	Sustainable assets allocated	57
5.7	Progress report	59

### Erik Kemper

Manager Treasury and Asset Management at Menzis.

#### Why is sustainability important to Menzis?

As a large health insurer in the Netherlands, Menzis plays a vital role to manage the rising costs of healthcare for our clients and to ensure affordable healthcare for the future.

In everything we do, we adhere to the principle that sustainability is, and always will be, the norm. Menzis applies that same principle in its investment portfolio. We believe that financial and social returns are not mutually exclusive, and can even be mutually reinforcing.

#### What is your relationship with ING Investment Management?

Asset management is a specialised field and the investment portfolio of Menzis is not large enough to have its own in-house expertise with sufficient continuity assurances. That's why Menzis outsources the implementation of its asset management to investment funds and external asset managers.

We have had a business relationship with ING Investment Management since 2008. Over the past two years, we have used their fiduciary management services through Integrated Client Solutions (100% owned by ING IM). ICS advises us on risk management, investment portfolio structuring and market conditions, as well as on fund manager evaluation and selection through Altis.

#### How did we add value to your investment process?

In 2013, Altis helped us with our search for a new fund manager for our Emerging Market Equity investments. Together with them, we set criteria for assessing the extent to which the asset management company is genuinely committed to sustainability and how ESG criteria are taken on board in the specific investment strategy. As well as the traditional analysis of the manager's quality, Altis also provided us with a separate ESG 'scorecard'. The ultimate test for us is whether the manager fits the philosophy of Menzis: Sustainability is the norm.



## 5.1 – Promoting responsible lending and investment practices: at a glance

### HIGHLIGHTS

- Expanded and strengthened ING's ESR Framework
- EUR 845 million increase in Sustainable Assets Allocated
- First ever ING microfinance facility of EUR 30 million in Turkey
- 39% of our global project finance energy portfolio is allocated to renewable energy deals
- We allocate 41% of the ING Bank's balance sheet to mortgages and other type of loans to private individuals.
- ING Investment Management launched a new fund, the ING (L) Investment Europe Sustainable Equity fund

### Our approach

Promoting responsible lending and investment practices means creating value for our customers by embedding the principles of sustainability in our products and services. Financial risk is irrevocably intertwined with environmental and social risk and by integrating these together we can make our business simpler, stronger and more sustainable.

### Focus areas

The sustainability of our business is solidified by promoting sustainable lending and investment practices. We do this by offering products that not only generate good financial results, but also serve social and environmental objectives and by managing the socio-environmental risk of our transactions and client engagements.

Our main areas of focus are:

- Setting our standards, our policy framework
- Environmental and social risk in practice
- Offering sustainable products and services at ING Bank
- Responsible investment at NN Group.

### OUR REPORTING FRAMEWORK

OUR COMMITMENTS	▼ SIMPLER	▼ STRONGER	▼ SUSTAINABLE
<b>Promoting responsible lending and investment practices</b>	<p>We revised our Environmental and Social Risk (ESR) framework. ING Bank's large corporate clients are now screened using easy to understand criteria.</p> <p>At ING Investment Management we increased transparency, launching a new website providing overview of our responsible investment approach, activities and quarterly publications.</p>	<p>We strengthened the implementation of our ESR framework, by further embedding the approval process in our systems and we will continue this implementation process in 2014. At ING Investment Management, we increased voting activities and expanded ESG information and analysis in the investment cases.</p> <p>Increased integration of ESR and Environmental, Social and Governance (ESG) factors in our due diligence and investment portfolio analyses, enables us to anticipate and mitigate non-financial risks that could have a negative impact on society and ultimately on our financial and investment performance.</p>	<p>Our approach commercially assists us to work and engage with companies that best address sustainability challenges and will be most successful over time.</p> <p>Improved lending and investment decisions have led to a shift in our project finance power portfolio towards renewables, the launch of more sustainability-focused products and increased our ability to attract more sustainable assets under management.</p>

## 5.2 – Setting our standards

### A group-wide approach: ING's ESR framework

With 48 million customers worldwide, our business activities can have a significant influence on communities and the environment. With influence comes responsibility. For us, this means making the right choices in how, where and with whom we do business – and crucially, being transparent about the underlying principles that guide our daily business decisions.

To limit any negative impact our business or that of our customers might have on the environment and communities, we have created an Environmental and Social Risk (ESR) framework which guides our business conduct. The ESR framework is a practical expression of our ING Business Principles and our group's underlying commitment to respect human rights and the environment. It lays down the rules and guidelines for specific industry sectors, social and environmental issues, with the following key elements:

- An activity-based exclusion policy
- A sector-based policy
- A customer risk assessment
- A transaction risk assessment.

#### Scope, governance and implementation of the ESR framework

In principle, all ING activities fall within the scope of the ESR framework. First formalised in 2003, the framework helps us to minimise financial liability and reputational risk that could arise from environmental or social issues associated with a business engagement. It also enables us to engage with clients to help them improve their environmental and social performance. By applying our ESR framework, we aim to improve the environmental and social performance of our high risk customers. Read more about how we define all our risk outcomes on [ING.com](https://www.ing.com)

The ESR framework has been endorsed by the Global Credit Committee and our Management Board. At an operational level, the implementation of ESR policies is facilitated by a dedicated Environmental and Social Risk team (ESR Desk) integrated within the Credit Risk Department. The ESR Desk advises front office relationship managers, the Credit Committee, senior management and our customers on business transactions that are identified to have potential environmental or social sensitivities. A negative advice from the ESR Desk can only be waived by ING's highest Credit Committee or the Executive Board. In practice, such waivers are exceptional.

### The ESR framework in detail

As a mainstream financial institution, we aim to engage with all industries and sectors within the economy. Not surprisingly, our portfolio embraces a wide spectrum of customers, from those involved in relatively sensitive sectors and activities to those engaged in very low risk, more sustainable areas. However, most customers are not involved at either extreme and have a reasonable degree of ESR integration in their activities.

#### Activity-based exclusion policy

This policy ensures that we do not engage in activities that are not in line with our Business Principles and deals with a variety of issues that may be present in any sector or business, such as the production of nuclear weapons or online gambling activities.

We will refrain from entering into business engagements with any company or organisation whose principal activities are covered by our exclusion table. If an excluded activity forms only a minor part of a company's or organisation's total operations, we may agree to finance a customer's non-controversial activities. In these cases, we will obtain satisfactory assurance based on the nature of the transaction, or confirmation stating that ING funds are not directly used to finance excluded activities.

Although we recognise that the application of this policy can be challenging in some business areas, we aim to apply it across all our products and services in a consistent and systematic manner. For the application within our insurance and investment management business, please refer to the section Responsible investment at NN Group ([page 52](#)).

For a full overview of the business activities that we will not engage in, please refer to [ING's ESR framework](#).

#### Sector-based policy

We acknowledge that some sectors are more likely to be associated with environmental and social risk and impacts than others. For customers operating in these sectors, we perform a dedicated ESR assessment. This aims to obtain an overall understanding of the customer's approach to managing the environmental and social issues associated with their business activities, and to benchmark it against industry standards and best practice. We reorganised these policies, to include Energy, and Mining and Metals as separate categories. During 2013, we increased our focus on human rights protection, specifically drawing attention to the rights of children in several sector-based policies arising from our support of the Children Right's and Business Principles. We now have sector-based policies for the following sectors, each of which is based around customer and transaction assessments:

- Energy (Oil and Gas, Power Generation)
- Chemicals
- Forestry and Agrocommodities
- Manufacturing
- Mining and Metals.

The final decision to whether ING engages in a deal is based on the customer's ESR performance and the transaction ESR risk profile.

## 5.2 – Setting our standards continued

### Customer risk assessment

We follow a decentralised approach to environmental and social risk assessment, with the screening process initiated locally and escalated to ESR Desk if necessary for high risk customers. The customer screening is embedded within the due diligence which we carry out as part of the customer on-boarding process.

For customers operating in the sectors covered under the ESR sector-based policy, we evaluate:

1. Customer's location/country of operations
2. Customer's environmental and social policies
3. Environmental and social reporting and disclosure
4. Track record on environmental and social issues.

For more detail on our risk assessment process, including criteria and frequency, please visit [ING.com](http://ING.com)

### Transaction risk assessment

We carry out a similar assessment at a transaction level, taking into account environmental and social risks associated with the transaction.

For transactions covered under the ESR sector-based policy, we evaluate:

- Engagement level (our services provided)
- Underlying purpose of transaction
- Location/country of transaction.

For more detail on the transaction risk assessment process, including criteria and the decision-making process, please visit [ING.com](http://ING.com)

### The Environmental Social Risk profile

We combine the outcomes of both the Customer Risk Assessment and the Transaction Risk Assessment to create an Environmental Social Risk profile for each case, which provides guidance on the appropriate actions that should be taken.

### Training and capacity building on the expanded ESR framework

As our risk assessment processes are decentralised, each front office team must be highly familiar with the ESR framework. Consequently, we have made a significant investment in training programmes to help front office and risk management carry out ESR assessments at both customer and transaction levels.

During 2013 and into 2014, we focused on training all relevant staff on the updated ESR framework and implementation. In total more than 460 colleagues have been trained face-to-face at our central offices (including Amsterdam, London, Frankfurt, Brussels, Warsaw, New York, Sao Paulo, Singapore, Tokyo, Mumbai and Bangalore). In addition, more than 420 colleagues in other ING countries have been trained through webcast training and webinars.

### Advocacy and creating thought leadership

Whilst our ESR framework guides our internal processes, we also work with our peers and respected global organisations to ensure greater awareness of the importance of environmental and social factors in the financial industry and beyond.

### Advocacy on addressing human rights issues

The UN Guiding Principles on Business and Human Rights (UNGPs) developed by John Ruggie, the former special Business and Human Rights representative to the secretary general of the UN, advocates that the key responsibility of corporations is to respect human rights. Business must act with due diligence to avoid infringing on the rights of others and to address negative impacts with which they are involved.

Since 2011, we have worked with six other European commercial banks, formally known as the Thun Group, to explore how best the UNGPs could be interpreted and applied in relation to banking activities. In October 2013, the group published a discussion paper, 'The Guiding Principles: an interpretation for banks'. This aims to stimulate constructive dialogue between banks and other stakeholders interested in better managing business and human rights challenges.

### OECD Guidelines

Our Environmental and Social Risk policies use the 'OECD Guidelines for Multinational Enterprises' as a benchmark. The latest version of the Guidelines (version 2011) includes a new and full expression of human rights under which multinational enterprises have to fulfil their 'duty to respect human rights and carry out human rights due diligence as appropriate to their size, nature and context of operations'. The OECD Investment Committee mapped how financial institutions undertake environmental and social due diligence when providing financial services to their customers. In 2012 an advisory group of 15 members monitored how the mapping exercise developed. We were initially the only financial institution invited to join this advisory group, which also includes OECD representatives, state and government departments, NGOs and Trade Union representatives. Our role has been not only to provide feedback on the application of our own policies, but also to represent the industry and to adequately coordinate and align (when appropriate) views with other industry peers.

Human rights are important to business, therefore ING aims to retain a high level of participation in groups and forums that provide guidance and explore how best the UN Guiding Principles and OECD Guidelines could be interpreted and applied in relation to our activities.

For some specific examples on advocacy and thought leadership at NN Group, please refer to [page 56](#).

## 5.3 – Environmental and social risk in practice

### What the ESR framework means for ING Bank's credit risk portfolio

Most of ING Bank's activities serve the financing and investment needs of households and companies, other financial institutions and governments.

For example, we allocate 41.3% of the balance sheet in the form of mortgages and other types of loans to private individuals, and this exposure has for instance minimal environmental risk implications. Some 29.4% of our assets are allocated to meet the financing needs of corporates.

# 41.3%

of ING Bank's assets are allocated for private individuals

# 29.4%

are allocated for corporates

### ING BANK CREDIT RISK PORTFOLIO PER CLIENT SEGMENT (IN %)

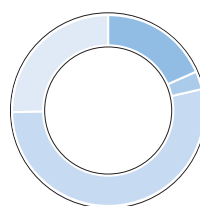


ING Bank	2013	2012
Governments	10.3	9.4
Financial institutions	16.5	15.2
Corporates	29.4	30.6
Consumer lending	41.3	42.6
Other	2.5	2.2

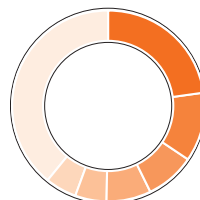
\* Greece, Italy, Ireland, Portugal and Spain

\*\* Rest of the world

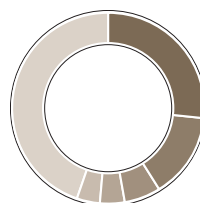
\*\*\* Other financial instruments such as lending, pre-settlement



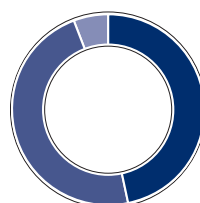
Governments	2013
Bonds – Netherlands	18.4
Bonds – GIIPS*	3.0
Bonds – ROW**	53.4
Other***	25.2



Financial institutions	2013
United Kingdom	22.8
Germany	11.8
Spain	8.2
China	7.5
France	5.3
United States	5.3
ROW**	39.1



Corporates	2013
Netherlands	26.8
Belgium	14.5
United States	6.1
United Kingdom	4.1
Turkey	4.0
ROW**	44.5



Consumer lending	2013
Residential mortgages – NL	46.8
Residential mortgages – ROW**	47.6
Other consumer lending	5.6



















## 5.3 – Environmental and social risk in practice continued

### ING Bank: Risk portfolio by economic sectors

As indicated on [page 43](#), corporate customers account for 29.4% of our total lending portfolio, equivalent to around EUR 711.5 billion at year-end 2013. The table below represents the different sectors that are used to classify our corporate customers. The column headed 'Exposure 2013' reflects the percentage of our total lending and investment activities in the various sectors. The sector breakdown 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 (5.7%) and the smallest (0.3%) for the technology sector.

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

### ING BANK CREDIT RISK PORTFOLIO PER ECONOMIC SECTOR AND APPLICATION OF ESR FRAMEWORK (IN %)\*

	EXPOSURE 2013 (%)	WHICH ESR POLICIES APPLY																	
		Business principles	Human rights	Environmental compliance	Animal testing	Defence	Equator principles	Forestry and Agrocommodities	Mining and Metals	Fur	Gambling	Genetic engineering	Manufacturing	Chemicals	Energy (oil and gas, power generation)	Nuclear energy	Pornography	Shipbreaking	Fisheries
																			
Consumer lending	41.3	●																	
Financial institutions	16.5	●																	
Governments	10.3	●																	
Other	2.5	●																	
Corporates	29.4	●	●	●															
Real Estate	5.7	●	●	●			●												
Natural resources	5.4	●	●	●			●	●						●					
Transportation and logistics	2.8	●	●	●		●	●					●					●		
Services	2.2	●	●	●			●			●		●							
Food, beverages and personal care	2.1	●	●	●	●		●	●		●	●							●	
General industries	2.1	●	●	●			●					●							
Builders and contractors	1.9	●	●	●			●					●							
Chemicals, health and pharmaceuticals	1.5	●	●	●	●		●				●		●						
Other	1.3	●	●	●			●												
Utilities	1.2	●	●	●			●							●	●				
Media & telecom	1.1	●	●	●		●	●			●						●			
Retail	1.0	●	●	●			●												
Automotive	0.8	●	●	●			●					●							
Technology	0.3	●	●	●		●	●					●	●						

\* In order to manage stakeholder expectations and to provide more concrete info in line with the system implementation we have mapped the ESR questions with the NAIC codes embedded in ING's client application in this table. The table published in the ING Group Sustainability Report 2012 on page 38 was conceptual.

## 5.3 – Environmental and social risk in practice continued

### What the ESR framework means for NN Group's credit risk portfolio

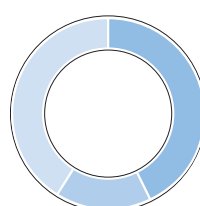
The overview below, derived from our internal risk measurement methodologies, show that NN Group's proprietary assets (General Account) are divided over five asset classes. The total market value of these assets amounted to EUR 97 billion at year-end 2013. In order to meet our long-term (life insurance) obligations the majority (57%) of assets are invested in bonds, of which 80% is allocated to government bonds.

#### NN GROUP CREDIT RISK PORTFOLIO PER ASSET CLASS (IN %)

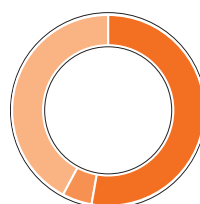


NN Group	2013	2012*
Equity	6.0	5.2
Securities	7.4	7.5
Loans	17.7	8.0
Bonds	57.1	66.9
Real Estate	4.8	5.3
Cash	7.0	7.1

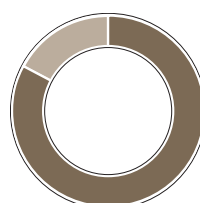
\* In order to provide comparable information based on comparable scope of entities, all businesses that have been divested or presented as held for sale as at 31 December 2013, are treated as held for sale in 2012.



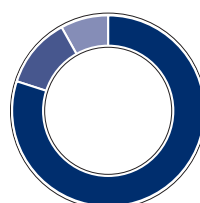
Equity	2013
Common & preferred stock	43
Private equity	16
Mutual funds	41



Securities	2013
RMBS*	53
CMBS**	5
Other ABS***	42



Loans	2013
Mortgages	83
Other loans	17



Bonds	2013
Government bonds	80
Corporate bonds	12
Financial bonds	8

\* Residential Mortgage – Backed securities

\*\* Commercial Mortgage – Backed securities

\*\*\* Asset-Backed securities

## 5.3 – Environmental and social risk in practice continued

### Economic sectors NN Group

The overview below specifies how NN Group's proprietary assets (General Account) are allocated to economic sectors. The breakdown is based on the NAICS1 classification applied by NN Group risk management in our internal measurement methodologies. It illustrates that the largest portion of these assets (55%) are allocated for investments in 'Governments and the public sector'. 'Retail' and 'Builders and contractors' account for the smallest portion of asset allocation with less than 1% each. We have also indicated which ESG policy is applicable to which sector.



















































































# 55%

of NN Group's assets are invested in 'Governments and public sector'

Most if not all activities in the sectors Governments and public administration, private individuals, non-bank financial institutions, and commercial and central banks do not carry a high environmental or social risk and therefore do not trigger the screening of ING's 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.

### NN GROUP CREDIT RISK PORTFOLIO PER ECONOMIC SECTOR AND APPLICATION OF ESR FRAMEWORK (IN %)\*

	EXPOSURE 2013 (%)	WHICH ESR POLICIES APPLY																
		Business principles	Human rights	Environmental compliance	Animal testing	Defence	Forestry and Agrocommodities	Mining and Metals	Fur	Gambling	Genetic engineering	Manufacturing	Chemicals	Energy (oil and gas, power generation)	Nuclear energy	Pornography	Shipbreaking	Fisheries
																		
Governments and public administration	55.0																	
Private individuals and other	16.8																	
Non-bank financial institutions	6.5																	
Real estate	3.7																	
Commercial and central banks	3.3																	
Food, beverage and personal care	2.1																	
Automotive and general industries	2.1																	
Utilities	1.9																	
Media, telecom and technology	1.7																	
Natural resources	1.6																	
Transportation and logistics	1.5																	
Other	1.3																	
Chemicals, health and pharmaceuticals	1.2																	
Services	1.0																	
Builders & contractors	0.3																	
Retail	0.0																	

\* Credit risk portfolio includes the asset classes: bonds, loans and equity. In order to manage stakeholder expectations and to provide more concrete info in line with the system implementation we have mapped the ESR questions with the NAIC codes embedded in ING's client application in this table. The table published in the ING Group Sustainability Report 2012 on page 39 was conceptual.



## 5.3 – Environmental and social risk in practice continued

### The Equator Principles

The Equator Principles (EP) are a set of 10 principles that form the financial industry benchmark for determining, assessing and managing environmental and social risk when financing projects over USD 10million. They are primarily intended to provide a minimum standard for due diligence and support responsible risk decision-making.

As an Equator Principles Financial Institution (EPFI), we implement the EP in our internal environmental and social policies, procedures and standards. This means we will not provide project finance or project-related corporate loans to clients that will not, or are unable to, comply with the principles. While the EP are not intended to be applied retrospectively, we will apply them if an existing project is expanded or upgraded, where changes in scale or scope may create significant environmental and social risks and impacts, or significantly change the nature or degree of an existing impact.

# 2003

ING signs up to the Equator Principles

# 2013/14

ING chairs the Equator Principles Steering Committee

The EP are endorsed by 79 banks, representing 35 countries. Together, signatories account for almost 70% of the international project finance debt in emerging markets. ING, as an early adaptor, has applied the principles voluntarily since 2003 and is the Chair of the EP Steering Committee since 2012. The chairmanship will finish in spring 2014, as according to the EP Governance Rules. ING will continue to play a proactive role in the Equator Principles Association as part of the Steering Committee and its different working groups.

#### What we achieved

ING believes that the Equator Principles should continue to evolve in a balanced way in the years ahead, and in pace with the realities of the EP Association's members and stakeholders. We have played a leading role in facilitating the EPIII review process, and for the first time ever the review process included an external consultation and public commenting process. The EP review has therefore been a careful balancing act that has strengthened the standards across all countries, while increasing a level playing field. An example of this were the discussions that took place around climate change mitigation measures, where ING played a critical role to facilitate discussion and reach an agreement that suits EP financial institutions of different sizes, business cultures and locations. We are also very pleased with the overall outcome of EPIII, which was supported by the large majority of EPFIs.

In June 2013, we hosted the launch of the third version of the Equator Principles (EP III). This was drafted under our chairmanship of the EP Steering Committee and formally presented at a conference in Amsterdam to mark the tenth anniversary of the Equator Principles. Our role as chair

gave us the opportunity to facilitate the review of the principles, the success of which was based on consistency, focus and outreach. It is also during ING's chairmanship that for the first time, the annual EP meeting was held in Asia, enabling us to promote EP in a region with less adopting institutions.

#### Key changes in the third version of the Equator Principles (EP III)

##### Increased scope and transparency

Under EP III, the scope of the principles can be extended beyond project finance to include other financing models and other projects which are part of the regular financing requirements of large corporations. There is also enhanced focus on transparency as banks will be required to publicly disclose the projects they are financing together with information on how they implement the EP.

##### Sharper, expanded criteria

The EPIII criteria were updated based on new directives from the World Bank Group/International Financial Corporation, the experiences of recent years and the changing ways in which projects are financed. Amongst many changes, the principles include more stringent human rights requirements and addressing climate change risks.

#### EXPANDED CRITERIA EP III

Topic	EP II	EP III
Social	Social risk due diligence	Social and relevant human rights due diligence
	'Free Prior Informed Consultation'	'Free Prior Informed Consent' in specific circumstances
		Explicit reference to address human rights in preamble
		Reference to 'Guiding Principles on Business and Human Rights implementing the UN Protect, Respect and Remedy Framework'
Climate Change	As part of EHS guidelines and general due diligence	Attention to due diligence
		Alternative analysis for high emitting projects in line with IFC (PS3)
		Explicit reference to address climate change in the preamble
		Project reporting requirements on GHG emission levels:
		— Mandatory: projects emitting > 100K tonnes of CO <sub>2</sub>
		— Encouragement: projects emitting > 25K tonnes of CO <sub>2</sub>

#### Sector dialogue

The updated EP III provides an opportunity to promote the EP and ING in key forums such as International Finance Corporation's Community of Learning, United Nations Environment Programme Finance Initiative and the Business for Social Responsibility conference. These conferences also target regulators and present excellent opportunities for industry-wide discussion on trends and challenges.



## 5.3 – Environmental and social risk in practice continued

### Equator Principles: Overview of screened transactions

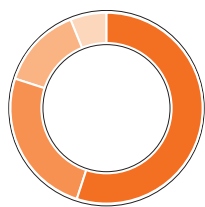
ING takes a robust approach to assessing transactions falling under the scope of the Equator Principles (EP). The assessment will depend on the scale and on the projects risks and impacts, which may vary widely from project to project. The EP is embedded in our ESR policy framework, and requires involvement of the following three banking areas:

- Front Office: departments originate transactions and have direct contact with the client or sponsors. These departments are critical to providing information and act as the anchor point between the project sponsor, lenders and consultants where necessary;

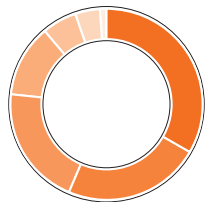
- Risk Managers: departments which provide control over Front Office activities and would generally sign off on the environmental and social impacts for 'Low Risk' EP deals i.e. Category C projects or Category A and B in designated countries
- Environmental and Social Risk; department within risk management fully dedicated to assessing environmental and social impacts associated with 'High Risk' transactions, which in the context of EP generally refer to Category A and B projects in non-designated countries. Negative advice from the ESR Desk can only be waived by ING's highest Credit Committee or the Executive Board. In practice such waivers are exceptional.

ING's EP reporting for 2013 deals refer to EPII reporting criteria, however we provide additional information in line with EPIII reporting requirements:

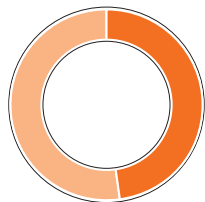
### EQUATOR PRINCIPLES SCREENING AT ING BANK 2013



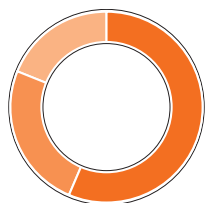
By sector	EP risk category			Total	Total %
	A	B	C		
● Power and Utilities	9	28	1	38	55
● Natural Resources	9	7	1	17	25
● Infrastructure	–	9	1	10	14
● Mining	3	1	–	4	6



By region	EP risk category			Total	Total %
	A	B	C		
● North America	1	21	1	23	33
● CEE	5	11	–	16	23
● Asia	10	4	–	14	20
● Europe	1	5	2	8	12
● Africa	3	1	–	4	6
● Latin America	–	3	–	3	4
● Middle East	1	–	–	1	1



By country designation	EP risk category			Total	Total %
	A	B	C		
● Designated	1	29	3	33	48
● Non-designated	20	16	–	36	52
Total	21	45	3	69	100



By type of transaction	Advice category			Total	Total %
	Negative	Positive	Conditional		
● Project finance	–	30	9	39	57
● Advisory services (project)	1	11	5	17	25
● Project related corporate loans	–	6	7	13	19
Total	1	47	21	69	100

## 5.4 – Offering sustainable products and services at ING Bank

### Our approach to sustainable products and services

Financial institutions such as ING can facilitate the transition to a sustainable economy. ING supports clients who are pro-actively addressing sustainability challenges like resource scarcity and energy efficiency. There is a need for us to be innovative and agile in creating financial products and services that are able to support commercial activities with environmental and social benefits.

For ING, the increasing range of opportunities includes renewable energy, energy efficiency, cleaner production processes and technologies, water management, carbon finance, sustainable supply chains, circular business models and investment product offerings.

### Increasing the volume of sustainable products and service offerings

By customising financial solutions for our customers' sustainability agendas, we can meet our customers' increasing demand for products or services with higher environmental or social benefits, while at the same time expanding our products and services portfolio.

ING acts both as a financier and asset manager, funding a wide range of companies, projects and funds. We include sustainability criteria in these capital allocation choices to stimulate the transition to a sustainable economy. This is reflected in the growth of what we, for reporting purposes, call 'Sustainable Assets Allocated'. This is an overview of all the financing and investment assets where we apply sustainability criteria.

In the overview, we make a distinction between sustainable lending activities originated at ING Commercial Banking and our Retail Bank activities comprising loans provided by ING Groenbank, as well as investment funds and portfolios offered and managed by ING Bank.

In 2013, the total Sustainable Assets Allocated grew across our business by 14.8% or EUR 845 million (see [page 58](#) for the overview of Sustainable Assets Allocated figures). This reflects our consistent pursuit of financial targets based on sound business ethics and sustainable business priorities. See [page 57](#) for more details.

#### Social and environmental value products

In 2013, we introduced the ING Savings Account for UNICEF in the Netherlands, a savings account that helps raise funds for UNICEF to support pre-school education in Madagascar. Each quarter, customers receive an update on the programme's achievements.

This year, we also joined forces with energy utility E.ON in the Netherlands to make it more attractive for consumers to purchase solar panels, through special financing terms. E.ON offers the solar panels to our customers

at a discount. At ING Belgium we have continued to offer real-estate eco loans to private customers as well as eco car loans.

#### Micro-finance

The mission of our micro-finance team is to empower micro-entrepreneurs in India, Turkey and Africa who do not have access to regular banking facilities. We provide small loans so that they can start and/or expand their small scale local business in order to lift themselves out of poverty and contribute to the wellbeing of their families and the broader development of society at large.

€75m

volume of micro-finance portfolio in India, Turkey and Africa via ING Groenbank

The micro-finance portfolio is financed by ING Groenbank and has been primarily distributed via ING subsidiaries since 2010. As of December 2013, the volume of the micro-finance portfolio of ING Groenbank across India, Turkey and Africa is EUR 75 million. In addition to this portfolio, our Subsidiary in India, ING Vysya bank Ltd. Invested EUR 15 million via their own balance per 31 December 2013. This amount will increase to EUR 25 million in 2014. In 2013 a 30 million facility is provided to ING Turkey who has started their micro-finance activities in the beginning of 2014. The lending will be distributed from our local branches in the form of small loans to local micro-entrepreneurs as well as local micro-finance institutions.

All ING micro-finance lending has to comply with the UN Principles for Investors in Inclusive Finance and our own micro-finance lending requirements.

### Socially Responsible Investments at ING Bank

Retail customers of ING Netherlands looking to invest EUR 1,000 or above are offered sustainable criteria-based investing as a standard option.

Established in 2001, our Socially Responsible Investment (SRI) portfolios in the Netherlands take into account societal and environmental considerations when investing the funds of retail and private banking clients. Sustainability considerations are integrated into the decision-making process of our Investment Office. Data from independent service provider Sustainalytics is used as input for our analysis. Before choosing companies to include in the portfolio, we analyse both financial and sustainability performance.

Our SRI universe is the basis for the ING Socially Responsible Investments Index (ING SRI Index). Since its introduction in 2008, the ING SRI Index has outperformed both the MSCI World Index and the Dow Jones Sustainability Index.

## 5.4 – Offering sustainable products and services at ING Bank continued

### ING Groenbank

The ING Groenbank N.V., the second biggest Groenbank in the Netherlands, offers lending services with a reduced interest rate for a diverse range of sustainable projects, ranging from PV panels and windmills to waste factories. For example, In 2013 ING Groenbank led the financing for a record EUR 100 million green loan to Dutch energy company Eneco, alongside Triodos Bank and ASN Bank. Green loans such as these are provided with interest rate reductions by passing on a tax benefit to the borrower, and are specifically used to finance environmental projects which comply with Dutch government standards, ranging from solar panels to waste factories.

€100m

record loan to  
renewable energy  
company Eneco

### Sustainable lending at Commercial Banking

#### Sustainable Lending Team

ING's dedicated Sustainable Lending Team was established in 2012, with a global mandate to support sustainable business opportunities within Commercial Banking. Together with all ING lending teams globally, they work on pursuing sustainable business, whilst remaining diligent on credit risks and building on our strong environmental and social risk policy framework. In its first year, 42 sustainable transactions were supported by the team. Experts have been brought together from various areas of lending to explore opportunities in sustainable sectors such as renewable energy and waste management, but also developments like circular economy and smart grids. In addition an internal dashboard was developed to show our current involvement in sustainable business as well as various tools to help deal teams recognise sustainable transactions and customers. The team has developed a scorecard approach for all new lending proposals and to identify sustainable transactions and clients which are best in class in each sector.

To support the drive towards sustainable lending, we have established expert panels to share in-house knowledge and build capacity where required. We have also introduced sustainability KPIs to motivate teams to further embed sustainability in their core activities. We recognise outstanding initiatives and transactions with a quarterly internal Sustainability Award. This is helping to build awareness of our progress and continued commitment to sustainability, both within ING and beyond.

### Utilities, Power and Renewables team; enabling energy transition

€1.3bn

exposure to renewable  
energy generation projects  
representing

39%

of our global project finance  
energy portfolio is allocated  
to renewable energy deals

Renewable energy projects we financed provided energy to:

360,000

German households

47,000

Italian households

7,000

households in Glasgow

Our Structured Finance Utilities, Power and Renewables team at Commercial Banking is helping customers to grow their businesses in the renewable energy sector. Given the large investment required in Europe to meet the EU's energy reduction targets, we believe that the coming years will provide many more opportunities. We focus on markets which have proven and stable regulatory regimes. We continue to provide strong support to the renewable energy sector, and had a EUR 1.3 billion exposure as a global limit in renewable energy generation projects by Dec. 2013 (up from EUR 1.1 billion in Dec. 2012). This represents 39% of the structured finance global portfolio in the electricity sector (up from 31% in Dec. 2012).

## 5.4 – Offering sustainable products and services at ING Bank continued

In 2013 we again played a leading role in landmark transactions across various geographies and in a wide range of projects employing different types of technologies amongst others:

- We were mandated lead arranger and hedging bank in the 288MW Butendiek offshore wind project in Germany. This project was the largest European offshore wind farm to come to market in 2013. Once completed, it will deliver electricity to ca. 360,000 German households
- In Italy, we closed the financing of our sixth solar PV portfolio. The Eoxis and Carinola solar PV projects developed by renewable energy fund Platina brings another 9.5MW of renewable energy to the Italian market, and will deliver electricity to ca. 5,000 households
- We supported Riverstone-owned Velocita Energy Developments through the financing of the 11.5 MW Ardoch Over Enoch wind farm near Glasgow, Scotland, which will deliver electricity to ca. 7,000 households
- We closed the financing of the 72MW St. Agata onshore wind farm developed by Fri-EI Green Power, the fourth largest wind energy generator in Italy, which will provide electricity to ca. 42,000 households. This transaction reconfirmed our position at the forefront of renewable energy financing in Italy.

### The energy and carbon efficiency team: addressing the new investment challenge

During 2013, our energy and carbon efficiency team worked closely with clients, governments, public institutions, NGOs and other banks to help identify and overcome the economic, financial, and behavioural and policy barriers to large-scale investment in energy efficiency. This cooperation recognises the development of a new market with significant growth potential for our customers.

### Market outlook

Companies are aware that resources are becoming increasingly scarce and expensive and are therefore addressing sustainability challenges with innovative technologies. We have seen a focus on sustainability in real estate with regards to energy efficiency in buildings and expect to see more value in sustainability certified (BREAAAM, etc.) real estate. Waste management is also increasingly becoming an area of focus for companies.

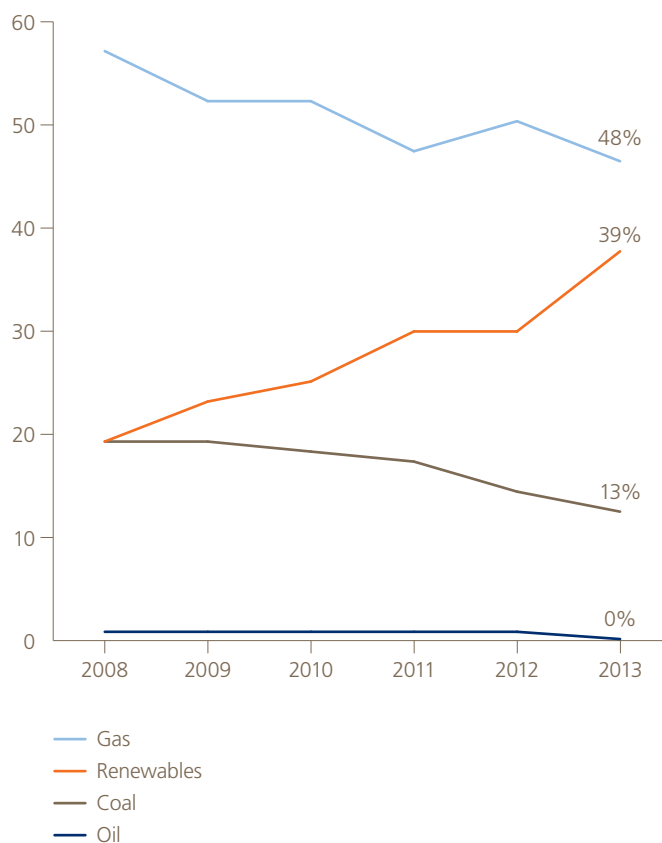
We are optimistic about the future of renewable energy. Solar panels continue to decrease in cost and at current levels are attractive investments for private consumers. Onshore wind is becoming slightly more affordable, although the cost of offshore wind has increased significantly, due to new wind farms being located further offshore. However, costs for offshore wind are set to fall due to the commercialisation of larger and more efficient turbines. In general large scale greenfield renewable energy projects on land in Europe are slowing down, but we anticipate a continuing uplift in smaller scale decentralised energy production initiatives. The developments in renewable energy remain highly influenced by economic and political factors. As long as developments remain transparent, focused on the future and in line with declining investment costs, renewable energy remains an attractive opportunity in the long term.

In addition to renewable energy, we also believe that new opportunities will occur in the area of energy efficiency. These may be in buildings, industry, energy supply and transport. Our aim is to provide thoughtfully structured financial products to assist customers in managing the risks and making the most of the investment opportunities inherent in energy efficiency and the transition to a low-carbon economy.

### Spreading the word

Commercial Banking decided to place sustainability at the centre of its autumn advertising campaign. Over a three-month period, this campaign highlighted how we support companies by financing their transformation into a more sustainable business, focusing on a number of green deals undertaken in 2013.

### STRUCTURED FINANCE UTILITIES, POWER AND RENEWABLES PORTFOLIO EVOLUTION



## 5.5 – Responsible investment at NN Group

### Our approach

As an insurance company, we collect premiums from policyholders and invest the money prudently in order to pay future claims under these contracts. Through our asset management business, ING Investment Management (ING IM), we invest the majority of these insurance ('proprietary') assets but also third party assets. Third party assets are those that we manage for institutional and retail customers through mandates and ING managed funds.

# 2000

ING IM launches first sustainable investment fund

A responsible approach to investment helps us to meet our commitments to policyholders and other customers. This means we consider Environmental, Social, and Governance (ESG) factors in our investment process in order to protect and enhance the risk-return profile of our investments. Furthermore, through active ownership, we support good corporate governance and seek to enhance the social and environmental practices of the companies in which we invest. Finally, we offer transparent and specialised sustainable investment products and solutions to meet the growing interest from our customers in responsible investment.

### The evolution of our ESG approach

Since the launch of the ING Sustainable Equity fund in 2000, we have shared our knowledge of sustainable investing with all our analysts, fund managers and sales force. This has helped all our professionals take an integrated approach to investment, considering relevant non-financial factors in addition to rating the financial aspects of an investment.

ING IM signed up to the United Nations-supported Principles for Responsible Investment (PRI) initiative in 2008, underlining our commitment to integrating ESG factors into our investment process.

### Key milestones in 2013

In 2013, ING IM worked hard to demonstrate the value and increase the transparency of our responsible investment practices. We started to publish Active Ownership reports on a quarterly basis and launched a [new website](#) to provide an overview of our approach, activities and publications. In addition, ING IM increased commercial activities and organised various client events focused on responsible investment such as the series of seminars on 'Demystifying Responsible Investing' for our institutional clients in the Nordic region.

We also focused on strengthening our responsible investment approach during 2013. For example, we expanded proxy voting activities to Belgian and Luxemburg funds. Furthermore we increased the level of ESG integration into our equity research process by expanding ESG information and analysis in the standard equity research formats and developing an ESG risk analysis tool for our portfolio managers. ING IM's external asset manager selection business introduced a dedicated ESG scorecard for manager selection.

In December of 2013, our portfolio of SRI funds and solutions was expanded with the launch of a European Sustainable Equity fund. The value of our sustainable assets under management increased to EUR 3,452 million, with both our investment funds and mandates contributing to this growth. The ING Sustainable Equity fund received the Novethic SRI Label, underlining the quality and transparency of the fund's investment process. The table on [page 58](#) provides an overview of the sustainable assets allocated.

## OUR RATIONALE FOR ESG INTEGRATION

THE CONTEXT	OUR APPROACH
<p>In recent years, the market has shown increasing interest in responsible investment. This has led to sharper focus on the analysis of ESG factors in the mainstream investment process.</p> <p>We believe that this trend is irreversible because responsible investing is a more complete approach to investing. Events, such as accidents with severe environmental damages or accounting scandals, show that ESG factors can have a significant impact on a company's share price performance and hence on investment performance.</p>	<p>ING IM has integrated relevant financial and non-financial factors into the equity and fixed income investment processes. Taking non-financial factors into account assists to uncover hidden risks at an early stage and discover new opportunities. It is important to look at the materiality of ESG factors, and these differ per industry.</p> <p>For example, safety standards, environmental impact, and resource access are material factors in the mining industry, whilst product liability and bribery are more material to the healthcare sector. Governance is critical in all sectors. We are working with academic research institutes to further investigate the materiality of ESG factors. This will help us to improve the integration of these factors in order to optimise our investment process.</p>

## 5.5 – Responsible investment at NN Group continued

### Responsible investment pillars

ING IM has a well-established approach to responsible investing, with the ING Business Principles forming the basis for social and environmental responsibility. This responsibility is clearly expressed in our investment principles, which state our commitment to investing responsibly and delivering customer-oriented solutions.

Our responsible investment approach is based on four pillars:

- Active ownership, including exercising our vote at shareholder meetings and engaging with companies and policymakers
- Integration of ESG factors in the investment process
- Investment restrictions
- Offering specialised Socially Responsible Investment (SRI) funds and tailor-made responsible investment solutions.

#### Pillar I – Active ownership: voting and engagement

Holding shares in a company gives us the right to vote at shareholder meetings, on relevant issues. We use this voting right to support or enhance our investment rationale for a company. We also use dialogue and engagement with companies to encourage them to adopt the ESG practices that we deem appropriate.

In the broader context, we regularly discuss sustainability topics and corporate governance issues with other investors, legislators and regulatory bodies. We are members of several investor networks through which we engage in policy debates.

#### Exercising our influence through voting

Investors have a role to play in ensuring that proper checks and balances are applied at the corporations in which they invest. Exercise of voting rights is one of the most effective ways for investors to hold management to account.

ING's ESR policy framework includes the ING Global Voting Policy, which states that not only is financial, economic and corporate governance information important in assessing shareholder value, but so too are social, ethical and environmental considerations.

ING's *Global Voting Policy* lays down the key principles of voting and applies to all asset managers within the company. The principles expressed in this policy are the foundation for ING IM's voting policies, which describe how we vote on standard resolutions at annual general meetings and extraordinary general meetings.

ING IM has two proxy voting committees responsible for the voting activities, one for proprietary assets and the other one for third party assets.

As the equity portfolio that we manage on behalf of our institutional and retail customers is large, we cannot manually cast votes for all shareholder meetings worldwide. Currently, votes are cast on behalf of all the holdings of Dutch, Belgian and Luxembourg ING funds with at least EUR 100 million of assets under management. In order to ensure that all votes are cast in line with our policy and beliefs, we have a customised voting policy. This policy is implemented by the proxy research agency ISS on behalf of ING IM for the purpose of analysing all relevant shareholder meetings worldwide.

The shareholder meetings of our Dutch and Belgian holdings, as well as all companies that are held in the Sustainable Equity fund, are individually scrutinised by an in-house proxy voting committee for third party assets. Portfolio managers and analysts are represented on this committee in order to ensure a clear linkage between our voting and investment activities. The proxy voting committee for proprietary assets, which also includes portfolio managers and analysts, reviews all shareholder meetings at a case-by-case basis.

All votes cast by ING IM at shareholder meetings on behalf of both proprietary and third party assets can be reviewed on [the website](#). ING IM is also represented at certain shareholder meetings, primarily in the Netherlands.

#### Shareholder resolutions

In the United States, Japan and a number of other countries, shareholder resolutions are often used to address ESG issues. In fact, in 2013, resolutions requesting sustainability reporting, both directly by the company and by the company's suppliers, were among the most prominent shareholder resolutions, second only to proposals related to political contributions and lobbying.

We actively vote on shareholder proposals that are related to relevant ESG issues. We support shareholder proposals if we believe they help address significant social and environmental issues that can be material to a company. However, we take a rational approach to the analysis of shareholder proposals. If we believe that a company already adequately deals with the issues addressed in the shareholder proposal, we may not support the proposal. We make voting decisions based on our analysis of the merits of individual shareholder proposals on a case-by-case basis. Examples of how we voted on shareholder resolutions can be found in the quarterly Active Ownership reports published on [our website](#).

#### Dialogue and engagement

Dialogue and engagement with stakeholders is central to a role as an active investor. It helps encourage companies to adopt ESG practices that we deem appropriate. This includes adhering to internationally accepted standards of corporate behaviour beyond compliance with local legal requirements. ING IM expects all companies in which we invest to adopt standards, policies and management processes covering potential ESG risks.

Our active investment strategy means that our analysts and portfolio managers are in continuous dialogue with companies regarding ESG as well as financial and strategic issues. We also have an in-house team that focuses specifically on ESG issues that may have an impact on our customers' holdings.

We also collaborate with other institutional investors to engage with companies in order to maximise investor influence and to share resources and expertise. We undertake 'collaborative engagement' in direct cooperation with other investors, or through initiatives such as the PRI Clearing House.



## 5.5 – Responsible investment at NN Group continued

### Case study | RISING TO THE CHALLENGE OF BRIBERY AND CORRUPTION

#### The context

With several countries launching more stringent regulation on the liability of companies involved in bribery and corruption, customers are increasingly sensitive to any perceived or potential links with such conduct.

#### What's the challenge?

We are member of a coalition of 25 institutional investors that engage with companies around the world on bribery and corruption risks. This coalition, collaborating through the PRI, aims to improve disclosure of companies' anti-corruption programmes and encourages reporting in line with international frameworks.

#### What we did

In cooperation with Transparency International, 45 companies were identified as having weak anti-corruption management systems. At the end of 2013, letters were sent to the boards of directors of 30 of these companies, stressing the importance of a robust framework for managing anti-corruption risks. These written requests are the starting point of an intensive dialogue with the companies in question. Companies were asked to provide a written response on their progress in actively monitoring the effectiveness of their existing bribery and corruption policies. A number of companies are now being asked to implement specific changes to their policies and practices.

We regularly discuss sustainability topics and corporate governance issues with other investors, legislators and regulatory bodies. We are member of several investor networks through which we engage in policy debates. These include the International Corporate Governance Network (ICGN), Eumedion, the European Fund and Asset Management Association (EFAMA), the Dutch Fund and Asset Management Association (DUFAS), the PRI, and the Pilot Programme Investor Network of the International Integrated Reporting Council (IIRC).

ING IM is co-chair of the Shareholder Rights Committee of the International Corporate Governance Network. The ICGN is a global membership organisation with 600 corporate governance leaders based in 50 countries. Its mission is to raise standards of corporate governance worldwide. In this capacity, during 2013 we responded on behalf of all ICGN members to key policy initiatives related to corporate governance and shareholder rights.

#### Being transparent about ownership practices

In 2013, we took a significant step towards greater transparency of our active ownership practices for our third party assets, by publishing quarterly reports on [our website](#). The website also offers insights into our dialogue and engagement activities with companies on ESG issues, as well as our involvement in public policy engagement.

### Pillar 2 – Integration of ESG factors in the investment process

“Many studies have been conducted on the impact of inclusion of ESG factors on investment performance in recent years. It is fair to say that, at least, integrating ESG factors improves downside protection while potentially improving upside. In any case it improves the risk/reward characteristics of an investment portfolio. These findings make perfect sense, as the goal of investing in a responsible way is to look for sustainable business models, which often result in a company having a competitive edge and being able to achieve superior returns.”

Jeroen Bos, CFA,  
Head of global equity research at ING Investment Management

As an integral part of our research process, ESG analysis is carried out by ING IM's analysts. 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. ESG factors covered include, amongst others, environmental damage, climate change, corruption, human rights, health and safety, and corporate governance. The analysts incorporate the results of their analysis into the investment case. This is our company research template, and it ensures that materiality (i.e. the impact on the valuation) is considered for each of the companies reviewed. Fund managers at ING IM take the investment cases into account when making investment decisions.

This process is applied to equities and corporate bonds, with a similar procedure in place for government bonds. In the case of government bonds we use ESG data at a country rather than a company level. ESG country factors include for example corruption perception, ease of doing business, human development, rule of law and energy-dependency.

In a key development in 2013, the investment case drafted by our equity analysts now includes an expanded section with an analysis of the company's non-financial performance. We added GMI Ratings to the list of ESG data vendors we use in our process. Our analysts are now also required to include key questions related to ESG factors, and these are raised in meetings with company management. By doing this, ESG analysis is not a speciality of sustainability experts limiting the knowledge and ability to engage with companies to a select group. This helps us broaden the scope of ESG integration across the investment process.

In 2013, we also developed a risk tool that provides investment managers with a comprehensive overview of how their equity fund scores from an ESG perspective, and an insight into the largest ESG-risks related to their holdings. This helps investment managers make an informed decision about the composition of their portfolios based on non-financial risks that are increasingly linked to the financial performance of a company.

## 5.5 – Responsible investment at NN Group continued

### Pillar 3 – Investment restrictions

Guided by ING Group's ESR framework, our policy indicates we do not invest in companies that are considered to be the worst offenders in sensitive areas, which include controversial weapons, animal testing, environmental compliance, fur, gambling, genetic engineering, human rights, nuclear energy and pornography. The restricted list applies to the proprietary assets and to the specialised SRI funds.

We also maintain a specific restricted list of companies that produce, trade or maintain controversial weapons as defined in the ING's Defence Policy. The restricted list for controversial weapons companies applies 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

We are developing sustainable investment products to meet the growing demand for good financial returns that also meet sustainability criteria. We have actually managed sustainable investment funds since 2000.

#### Specialised SRI funds

In 2013, the value of ING IM's sustainable assets allocated grew to EUR 3,442 million from EUR 3,141 million in the previous year. This was due to a good performance, supported by new customers and two new Institutional mandates for our sustainable equity strategies. Of the EUR 3,442 million, EUR 1,195 million is allocated to sustainable equity strategies, and EUR 2,247 million to sustainable fixed income strategies.

Our sustainable equity strategy combines best-in-class and exclusionary criteria. In December 2013, we extended our offering through the launch of a European focused fund. ING IM has been successfully managing a European Sustainable Equity mandate since 2005 and has now expanded its offering to meet the growing demand from both institutional and retail customers.

The Sustainable Equity fund received the Novethic Socially Responsible Investment (SRI) Label during the year. Novethic, an independent French SRI research agency, awarded the SRI label to 104 funds in 2013, 87% of which are French. The label highlights the quality, clarity and consistency of our fund's investment process and has helped raised awareness of our sustainable investment expertise on the French market.

"There is a substantial supply of SRI funds in Europe, but not all funds are transparent. Our SRI label, launched five years ago, is intended to help individual investors in differentiating SRI funds from more traditional funds and to guarantee a high level of quality. We awarded the ING (L) Invest Sustainable Equity fund with our label as they showed that ESG criteria are systematically integrated in the fund's investment process, and that their investment process offers the greatest possible transparency."

Dominique Blanc, Director of Research, Novethic

Both our Sustainable Equity and Sustainable Credit funds also meet the requirements of the Eurosif SRI Transparency Code.

### Offering tailor-made responsible investment solutions

We help our customers establish separate mandates according to their specific preferences with respect to ESG criteria. This can be achieved by using different or additional exclusionary criteria to those used for our sustainable funds, in order to reflect specific clients' values and beliefs. In addition, ING IM provides advice to institutional investors who wish to adopt a responsible investment policy or evaluate and refine one that is already in place.

Since 2008, we also offer independent review services of external asset managers through Altis, which is a part of ING IM. Altis uses ESG factors in its manager scoring criteria. This has evolved into a dedicated ESG scorecard, which enables customers to make their own judgement on the weight of ESG criteria versus traditional or financial criteria when choosing a fund manager.

## ESG outreach

### Governance of ESG activities

The governance around our ESG activities is managed through various internal bodies.

ING IM has an ESG Board, which is chaired by the Chief Investment Officer and consists of senior managers and ESG specialists. The ESG Board provides advice to the management board about our positioning and future initiatives in the ESG area. In 2013, the ESG Board was expanded by including a broader representation of specialists responsible for different asset classes and disciplines.

An internal Principles for Responsible Investment (PRI) Committee is responsible for implementing, reviewing progress and providing feedback to the relevant teams with regard to our commitment to the UN-supported PRI. This committee comprises members representing different asset classes and other departments. This mix helps ensure that implementation is carried out across the whole business and that best practices are shared in the most effective and efficient way. The internal PRI Committee reports to the ESG Board.

For institutional customers such as pension funds, insurance companies and foundations, ING IM offers fiduciary management through Integrated Client Solutions (ICS). The services of ICS comprise risk management, strategic advice, as well as external manager selection offered through Altis. In 2013, ICS established an ESG Committee that meets on a regular basis to discuss developments on responsible investing and determine focus areas. A key focus area for this year was refining the ESG scoring methodology related to external fund manager selection.



## 5.5 – Responsible investment at NN Group continued

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### **Advocacy and thought leadership**

NN Group contributed to a blueprint on how to integrate ESG criteria in country risk management. This addresses the business-critical issue of the stability of individual countries. The paper was presented by the CRO Forum, a group of professional risk managers from the insurance industry that focuses on developing and promoting industry best practices in risk management. Entitled 'Environmental, Social and Governance factors in country risk management – a new horizon', the paper describes the drivers for integrating ESG criteria in country risk management in underwriting, investments and operational risk. In this fourth blueprint, created by the CRO Forum's Sustainability working group, our particular contribution and focus was on investments.

ING IM also contributed to the launch of a globally accepted reporting framework developed by the IIRC that combines financial and non-financial information in a clear, consistent and comparable format. Whereas information was in the past brought together from different perspectives (financial, environmental and social), it will now be compiled from one integrated perspective.

## 5.6 – Sustainable assets allocated

ING acts both as a financier and asset manager, funding a wide range of companies, projects and funds. Increasingly, we include sustainability criteria in these capital allocation choices to stimulate the transition to a sustainable economy. This is reflected in the growth of what we, for reporting purposes, call 'Sustainable Assets Allocated'. This is an overview of all the financing and investment assets that apply sustainability criteria.

In the overview a distinction is made between lending activities originated at ING Commercial Bank and loans provided by ING Groenbank, as well as investment funds and portfolios offered and managed by ING Bank. The assets allocated by ING IM also fall into two categories: investment funds and mandates.

In 2013, Sustainable Assets Allocated increased with EUR 845 million, which underlines our client's appetite for products and services that apply sustainability criteria. The growth is in investment products for the average retail customer, contributing to the increase in the volume of NN Group managed funds and ING Bank portfolios. Commercial Banking succeeded in continuing to grow its portfolio of financing renewable energy and sustainable projects. The 14.8% growth of Sustainable Assets Allocated provides clear evidence of the growth in our clients' appetite for business conducted on sustainability criteria.

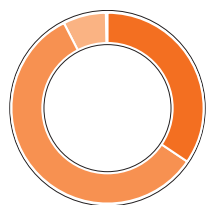
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**€6,570m** Sustainable Assets  
Allocated for both  
ING Bank and NN Group

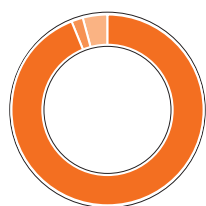
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## 5.6 – Sustainable assets allocated continued

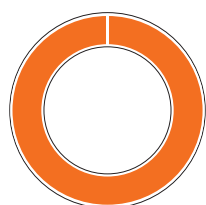
### SUSTAINABLE ASSETS ALLOCATED (IN € MILLION)



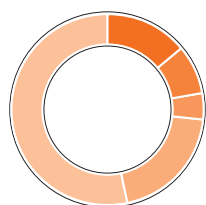
ING Bank – Financing	2013	2012	2011
● ING Groenbank*	769	804	821
● Loans to renewable energy projects	1,300	1,091	1,053
● Loans to sustainable projects****	162	0	0
● Loans energy and carbon efficiency projects	1	3	0
Subtotal	2,232	1,898	1,874



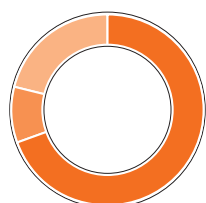
ING Bank – Portfolios (managed by ING Bank)	2013	2012	2011
● Sustainable portfolios	903	696	528
● ING Liric SRI Top 50	19	20	23
● CS ING SRI Index fund	38	13	0
Subtotal	960	729	551



NN Group – Portfolios	2013	2012	2011
● Sustainable portfolios and funds (offered by NN Bank)***	10	13	14
Subtotal	10	13	14



NN Group – Funds (managed by ING IM)	2013	2012	2011
● ING Duurzaam Aandelen Fonds	125	95	66
● INI Duurzaam Rendement Fonds	76	64	50
● ING (L) Invest Europe Sustainable Equity fund	41	0	0
● ING (L) Invest Sustainable Equity	178	148	80
ING (B) Invest Solidarity Mixed/Child Focus Euro (not offered anymore)	0	2	2
● ING (L) Renta fund Euro Credit Sustainable	479	382	209
ING Thai Global Water fund (not offered anymore)	0	0	4
Subtotal	899	691	411



NN Group – Mandates (managed by ING IM)	2013	2012	2011
● Sustainable Fixed Income Mandates	1,768	1,920	0
● European Sustainable Equity Mandates	240	124	77
● Global Sustainable Equity Mandates	535	406	0
Subtotal	2,543	2,450	77

	2013	2012	2011
Total	6,644	5,781	2,927
Correction to eliminate double counting**	74	56	27
Total sustainable assets allocated	6,570	5,725	2,900

\* The amounts for Groenbank over 2011 have been adjusted. Previously, we reported on outstanding loans, while last 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 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.

\*\*\* The amounts for NN Bank were listed in the previous year as Westland Utrecht Bank, part of ING Bank.

\*\*\*\* The scope is limited to sustainable sub-sectors in water, waste and energy (except for renewables). In 2014 the scope will be increased to a wider set of sustainable transactions.

## 5.7 – Progress report

### WHAT WE SAID WE WOULD DO

Expand our Environmental and Social Risk (ESR) policy framework and promote ESR in the sector

We aim to increase our Sustainable Assets Allocated and increase the amount of sustainable products offered

### WHAT WE DID

We strengthened the implementation of our ESR framework, by embedding it in the client onboarding process and transaction approval process in our systems. During 2013, we increased our focus on human rights protection, specifically drawing attention to the rights of children in several sector-based policies arising from our support of the Children Right's and Business Principles. In addition, we reorganised these policies, to include Energy, and Mining and Metals as separate categories.

At ING Investment Management, we increased our voting activities and expanded ESG information and analysis in the investment cases.

Our Sustainable Assets Allocated increased with EUR 845 million, which underlines our client's appetite for products and services that apply sustainability criteria.

23% of our retail business units offer products or services that have a direct social or environmental benefit.

ING Investment Management launched a new fund in 2013, the ING (L) Investment Europe Sustainable Equity fund.

### LOOKING FORWARD

#### ING Bank

In 2014, we will continue the global implementation of our expanded environmental and social screening processes, supported by an increase in training for all relevant staff. The processes will be embedded in the IT systems that implement customer due diligence. We expect to report the first results of this implementation, in the form of numbers of customers screened, in our 2014 Sustainability Report.

Under EP III banks are now required to publicly disclose the projects they are financing together with details on how they implement the EP. We will collect the appropriate data during 2014 for disclosure in next year's report.

Next to assessing transactions, investments and clients on their sustainability profile we will aim to capitalise on the potential sustainable business opportunities in the market. We will continue to further embed sustainability into our daily commercial strategy. We aim to expand the volume of sustainable assets allocated and improve and expand our sustainability offerings.

#### NN Group

In preparation for its standalone future, NN Group is developing a new Responsible Investment (RI) framework, which will capture the existing elements of ING IM's responsible investment approach. In 2014, ING IM will continue to focus on voting and engagement, strengthening ESG integration across asset classes, and expanding our client base for SRI funds and tailor-made responsible investment solutions.

# 6 – Improving environmental performance

We monitor and manage our environmental footprint closely. We invest in efficiency solutions in our operations and ways of working, source renewable energy whenever we can, integrate sustainability in our procurement process and have been offsetting our carbon emissions since 2007.

## Contents in this chapter

<b>6</b>	<b>Improving environmental performance</b>	<b>60</b>
6.1	Improving environmental performance: at a glance	61
6.2	Driving efficiency	62
6.3	Sustainable procurement	64
6.4	Monitoring and reporting environmental performance	66
6.5	Progress report	70

### Floor Schneider

Managing Director at FIRA

FIRA verifies CSR information of companies and institutions and enables CSR dialogue based on reliable information. FIRA has developed an online platform where companies can demonstrate their CSR strategies and achievements for stakeholders. The FIRA Platform and methodology used is coherent with international standards such as ISO26000, AA1000 and GRI.

#### What is the objective of the FIRA Platform?

A key objective for us is to really empower companies to take ownership and be accountable for their own CSR strategy. We want to go beyond the perception that CSR requirements only relate to compliance and that they can be addressed simply by signing a piece of paper. To achieve that goal, we need to engage procurement functions on the customer side, and give them a sense of the wide range of sustainability indicators that should be reviewed. This also helps to leverage what we call their 'power of spend'; meaning that buyers have a great opportunity to exert positive influence over suppliers. We make sure that suppliers and buyers work with the same framework, which encourages dialogue and also ensures that both parties have consistent and time-saving models in place.

Our goal is take sustainable procurement beyond CSR risk management alone – to address the frustration created by multiple types of sustainability questionnaires and codes of conducts that suppliers were asked to complete; but that failed to address the information that buyers were actually looking for. We are based in the Netherlands, but are expanding worldwide to reflect the global nature of supply chains.

#### What does it mean to work with ING ?

ING joining the programme was an important milestone for us. We work with a number of financial institutions and having ING as part of the team means we can partner with one of the Netherlands' major players. FIRA supports ING to identify the most material impact of their facilities management, environmental and labour-related issues and focus on where the greatest impact is, notably through IT.

FIRA is very much about partnership and transparency. As an assurance provider; we do not decide what's right or what's wrong. Instead, our role is to manage the CSR-information and ensure it is reliable. Our approach is very much based on process and not on the completion of yet another questionnaire. It is a process that captures what companies are already doing and achieving, highlights best practices, identifies areas for improvement and makes all that information available. We also ask open questions, for example on the wider risks in supply chains, which are useful to trigger conversations and open dialogue.

## 6.1 – Improving environmental performance: at a glance

### HIGHLIGHTS

- NN Group adopted a new procurement policy covering updated sustainability requirements based on the UN Global Compact
- The carbon emissions per FTE decreased more than 8%
- In 2014, ING will obtain a Bronze level assessment from FIRA.

### Our approach

ING's Business Principle – 'We are environmentally and socially responsible', and our business priority for 'Operational Excellence' set the agenda for ING's environmental management programme. We see managing our environmental footprint as a means to increase the efficiency and effectiveness of our operations. In our experience, being more environmentally friendly often also translates as being financially smarter. In this chapter, we focus specifically on our own operational environmental footprint.

### Focus areas

To manage our footprint, we focus on reducing the use of resources, adopting greener alternatives and offsetting the remaining carbon emissions from our energy and business travel. We measure and report on the most relevant areas of our environmental footprint. Due to the office-based nature of our core business activities, we emphasise the following focus areas:

- Driving efficiency
- Sustainable procurement
- Monitoring and reporting environmental performance.

### OUR REPORTING FRAMEWORK

OUR COMMITMENTS	▼ SIMPLER	▼ STRONGER	▼ SUSTAINABLE
<b>Improving environmental performance</b>	Our data-collection sustainability tool has been updated to be simpler and more user friendly. It now enables greater transparency, consistency and accuracy.	Through efficiency initiatives we strengthen our environmental performance. These include behavioural change, new ways of working as well as reducing energy use through a more efficient IT infrastructure.	We are embedding sustainability criteria into our procurement systems and adopting environmentally smart solutions.

## 6.2 – Driving efficiency

### Our approach to energy efficiency

Our facilities management teams are continuously working to improve the energy efficiency of our buildings. Equipment is replaced or upgraded regularly to support energy efficient technologies, particularly those related to computers, motion sensors, lighting and printers.

Increasingly, new ING buildings incorporate specific energy saving features in order to gain green certifications such as those provided by LEED, BREEAM and Green Star. In 2013, NN Group updated its real estate policy to include the requirement to select working offices that carry green certification.

#### ENERGY EFFICIENCY ACHIEVEMENTS

**Belgium:** ING Bank's two main buildings and ING Bank branches 'carbon neutral' since 2007

**Germany:** ING-DiBa AG moved to a revitalised building with BREEAM certification

**UK:** ING Bank secured a prestigious Platinum Award within the 'Clean City' Awards

**US:** certificate granted by US Green Building Council

**India:** ING Vysya Bank Mumbai headquarters awarded with Leadership in Energy and Environmental Design (LEED) certification

**Singapore:** ING Bank staff moved into the Tampines Grande building which incorporates solar panels into its façade reducing energy consumption by 2,000 kWh for all of its tenants (not only ING staff)

**Hungary:** NN Group's landmark 'Landlord' building awarded LEED certification

**Czech Republic:** NN Group HQ located in 'Golden Angel' landmark building was awarded a 5-star BREEAM certification.

#### Case study | COMMERCIAL BANKING ASIA WINS EARTH HOUR STAFF ENGAGEMENT AWARD

Commercial Banking Asia's creative effort and enthusiastic participation during Earth Hour have been recognised by World Wildlife Fund (WWF) Singapore. The team got a staff engagement award for 'the company that has made the most significant and sustainable impact via its internal stakeholder engagement activities, and enabled staff to inspire others in taking action'.

### Energy efficiency: investing in more efficient data centres

The energy efficiency of our data centres has the continuously attention of Facilities Data Centre to improve on power consumption. In the Netherlands we have finished the development of a new data centre. This new data centre has an efficient way of cooling by using only air for as long as possible (benefitting from the mild Dutch climate) to limit the use of mechanical cooling machines.

Compared to one of the existing data centres of ING in the Netherlands this new data centre has a potential reduced energy consumption of 20%. In 2014, ING starts with migration towards this new data centre which will contribute to energy saving.

### Business travel efficiency: reducing business travel

#### Investing in audio and video conferencing

Video and audio conferencing is an additional way in which we can reduce unnecessary business travel, costs and carbon emissions. We have invested in these solutions, ranging personal video units to small and large video rooms, as well as high-end tele-conferencing facilities. We will continue to invest in audio-conferencing solutions for home and remote employees in the future.

We use communication and awareness campaigns to actively promote these facilities, because reducing business travel is also very much about behaviour change.

## 6.2 – Driving efficiency continued

400	video-conferencing facilities are now in place across the business units
10%	increase in video-conferencing facilities in our European business units
50%	increase in the number of minutes used for high-end video-conferencing
6,000	users of audio-conferencing, an increase of 50%

### Business travel alternative: leasing electric cars

Following the introduction of electric cars to our lease fleet, several ING offices in Europe are now equipped with charging stations to encourage employees to opt for greener cars. Our offices in Amsterdam were equipped with 30 charging stations in 2013.

In the spring of 2012, we partnered with an electric taxi service to support the transportation needs of employees in the Netherlands. Through this initiative, we have 'greened' 18,000 kilometres of journeys up to year-end 2013.

### Waste efficiency: E-waste management

In 2013, ING proactively sought sustainable disposal solutions for various types of IT hardware at the end-of-use phase. During this pursuit, multiple pilots were conducted to find secure and sustainable options. One of these pilots was focused on securing a second-life use for old but reusable data centre equipment. One of the primary knock-out criteria for a successful pilot was the supplier's attention and care for environmental and social concerns. Due to the high environmental standards that are in place and a positive experience during the pilot, ING is currently exploring the next steps.

Furthermore, Retail Bank International sought a sustainable solution for workplace hardware in 2013 – including desktops, laptops and mobile phones – for the end-of-use phase.

ING sees giving IT hardware a second life as an opportunity to contribute to a reduced demand for raw materials for hardware production and less overall waste.



## 6.3 – Sustainable procurement

### Our approach

With a combined annual overall spend on suppliers of EUR 4.8 billion at ING Bank and NN Group, we have a real opportunity to drive our sustainability agenda through the supply chain. By encouraging our suppliers to share our standards and work towards continual improvement, we believe we can make a demonstrable impact on the environment and society while mitigating risks.

### Our Procurement Charter

As a signatory to the UN Global Compact (UNGC), we have asked our suppliers to agree to compliance with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption.

As such, we have developed a new ING Bank Procurement Charter. This states that sustainable procurement means taking into account the environmental and social aspects of the products and services procured, as well as the attitude of the supplier towards sustainability. The Procurement Charter defines the governing principles for organising, managing and conducting procurement activities globally.

### The Sustainable Procurement programme

Our Sustainable Procurement programme, which began in the Netherlands in 2012, takes this a step further by embedding ING's procurement policy towards suppliers into our processes. In 2013, we focused on implementing our sustainable procurement policy throughout our global supply chain.

The Sustainable Procurement programme consists of three main elements which are outlined below:

#### 1. Supplier qualification (SQ)

The process begins with a supplier qualification process, where we ask our suppliers to commit to our global ING's Procurement Sustainability Standards, before we enter into a contractual agreement. The SQ process focuses on policies in two areas: sustainability (covering human rights, labour, environment, and anti-corruption); and Financial Economic Crime as defined in [ING's FEC Statement](#).

#### 2. Supplier performance assessment

Once the supplier has signed the IPSS, we conduct an environmental and social performance assessment of selected suppliers. We do this alongside external sustainability verification agencies and benchmarks such as FIRA and EcoVadis.

#### 3. Product/service assessment:

In the final phase to be further addressed in 2014, we will focus on assessing the sustainability of the products and services sourced. We regard circular purchasing as a key future model of procurement and have already begun to integrate it into our procurement practices.

NN Group has a similar sourcing process in place. In December 2013, its management approved a new Procurement policy, including a specific chapter on Sustainable Procurement. In this chapter a specific reference is made to the UN Global Compact principles. In addition, each procurement category has been working on an analysis of the sustainability risks and opportunities. An overview of existing sustainability initiatives per category is in place. Engagement with our suppliers will be an important element in our approach going forward.

### Partnerships in sustainable procurement

This year, ING Bank and NN Group partnered with FIRA Sustainability B.V. to screen and assess the sustainability performance of suppliers. The pilot conducted this year was largely successful, with a positive response rate of 85% of a small select group of suppliers for voluntary assessments in the Netherlands. The FIRA platform is now embedded in our RFP (Request for Proposal) process for Facility Management suppliers in the Netherlands and will be expanded to other procurement domains in 2014.

The FIRA platform provides us 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. In 2014, ING will obtain a Bronze level assessment from FIRA which means that FIRA assessed our sustainability commitment against ISO26000 standards.

ING Bank also partnered with the sustainability supply management agency EcoVadis. This organisation operates the first collaborative platform that enables companies to monitor the sustainability performance of suppliers across 150 sectors and 95 countries. Through the initial pilot phase, we will aim to assess 100 selected cross-border suppliers on their sustainability performance.

In 2013, we joined 22 other Dutch companies involved in the National Circular Purchasing 'Green Deal'. This is a commitment to making circular purchasing an integral part of our procurement process over the next three years. In practice, we are shifting from a linear to a circular purchasing model. In other words, we are moving from purchasing goods that are typically wasted after usage, to purchasing services through results-based contracts such as renting or leasing.

## 6.3 – Sustainable procurement continued

Specific projects in this area include:

- Identifying additional sustainable commuting solutions for our employees
- Entering into contracts where products are returned to the manufacturer for recycling or reuse
- Working to reduce packaging waste and transportation needs related to product delivery.

### CARPET RECYCLING AT NN GROUP

Millions of square metres of worn-out carpet are thrown away every year, often burned or dumped at landfill sites, leading to the destruction of valuable raw materials. In the recent renovation of our office in The Hague, The Netherlands, we took steps to ensure that roughly 9,500 m<sup>2</sup> of used carpets was safely taken back and recycled.

NN Group received a Take Back™ certificate from carpet supplier Desso, as a guarantee that the material is recycled according to Cradle to Cradle principles. A grand total of 37,340 kilograms of carpet tiles were separated at Desso's innovative Refinity® separation plant. The yarn is sent back to a yarn supplier for recycling and will be used for new carpets. The bitumen for the backing is sold to the road and roofing industry. All non-recyclable fractions are used as secondary fuel in the cement industry.

A carpet take back of this scale does not happen often in The Netherlands. The 'Haagse Poort' carpet project is said to be an example to make responsible use of available resources. The success was mainly due to the cooperation between all parties involved, including Desso Nederland, the owner of the building and the facility management and procurement teams at our insurance and investment management business in the Netherlands.

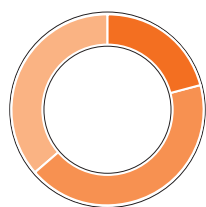
### Energy alternative: procuring renewable energy

As a financial services company, we primarily use electricity to power our offices and branches, and also to run our data centres. We strongly encourage the use of renewable energy in countries where it is available. However, availability remains challenging in some areas, like in Romania.

## 6.4 – Monitoring and reporting environmental performance

### Our data management system

In 2013, we updated our environmental management tool to increase the reliability and accuracy of publicly reported data on various aspects of our sustainability performance. The updated tool reflects changes in our organisation and the increased maturity of our environmental reporting since 2009, when the first platform was custom built for our use.



Group CO<sub>2</sub> emissions in kilotonne

● Total carbon Scope 1*	29.4
● Total carbon Scope 2*	59.0
● Total carbon Scope 3*	49.5

\* 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 air and car.

### A new baseline

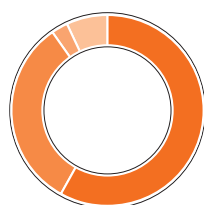
2013 will be considered as the new set of data. When there are significant organisational changes, the baseline is changed. In such a way that energy consumption and emissions are measured and are comparable each year. Significant will mean at least an impact of 5% of the CO<sub>2</sub> emissions. Both ISO 14064-1 and the GHG Protocol require that a baseline recalculation policy is put into place. For more information, [see our reporting protocol for the calculations of 2013 on ING.com](#). This will be used and updated every year to assess whether or not a business unit will be included.

Considering the current organisational changes planned for ING, we will assess future performance against an average baseline of two years. Meaning the target of a CO<sub>2</sub> emissions decrease on absolute level of 7% will be benchmarked against an average of the prior two years. This will then be calculated every year to provide a more accurate comparable foundation for emissions calculations.

## 6.4 – Monitoring and reporting environmental performance continued

### CO<sub>2</sub> Emissions

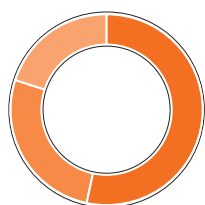
#### BREAKDOWN OF ENERGY CONSUMPTION (CARBON EMISSIONS IN KILOTONNE)



ING Bank	2013		2012		2011	
	MWH (x 1.000)	KILO- TONNE	MWH (x 1.000)	KILO- TONNE	MWH (x 1.000)	KILO- TONNE
● Electricity	78	43	101	60	144	69
Renewable electricity	228	0	235	0	230	0
● Natural gas	102	24	103	21	123	25
● Fuel oil	7	2	9	2	8	2
● District heating	23	5	23	2	24	3
Total energy	438*	74*	471	85	529	99

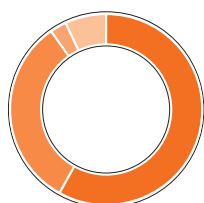
\* Due to ING's divestment strategy, the overall size of the company was reduced which resulted in a reduction in total energy usage.

Regarding our non-renewable electricity portfolio, a large reduction was made due to a major shift from non-renewable to renewable electricity in Germany.



NN Group	2013		2012		2011	
	MWH (x 1.000)	KILO- TONNE	MWH (x 1.000)	KILO- TONNE	MWH (x 1.000)	KILO- TONNE
● Electricity	15	8	38	23	34	19
Renewable electricity	27	0	83	0	80	0
● Natural gas	18	4	19	4	6	1
Fuel oil	0	0	0	0	0	0
● District heating	15	3	14	2	2	0
Total energy	75*	15	154	29	122	20

\* The environmental data reported in 2013 includes sales offices/branches dedicated to serve external clients, which were not part of the reporting scope in previous years. The considerable decline in energy consumption of NN Group compared to 2012 can be explained by a large decrease in the total number of insurance business units.



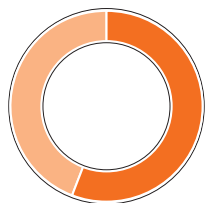
ING Group	2013		2012		2011	
	MWH (x 1.000)	KILO- TONNE	MWH (x 1.000)	KILO- TONNE	MWH (x 1.000)	KILO- TONNE
Coverage (% of employees)	78		77		79	
● Electricity	93	52	139	84	179	87
Renewable electricity	255	0	318	0	311	0
● Natural gas	120	28	122	25	128	26
● Fuel oil	7	2	9	2	8	2
● District heating	38	8	37	4	26	3
Total energy	513	89	625	115	652	118

Total energy per FTE*	8.5	1.5	8.8	1.6	7.9	1.5
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\*Total energy per FTE in MWH and in tonne.

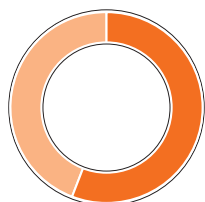
## 6.4 – Monitoring and reporting environmental performance continued

### ENERGY CONSUMPTION AND CARBON EMISSIONS THROUGH BUSINESS TRAVEL BY CAR AND AIR (CARBON EMISSIONS IN KILOTONNE)



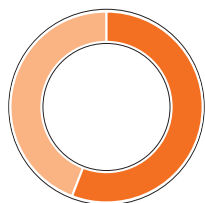
	2013		2012		2011	
	KM (x 1 MILLION)	KILOTONNE	KM (x 1 MILLION)	KILOTONNE	KM (x 1 MILLION)	KILOTONNE
● Car travel	97*	18*	62	16	74	18
● Air travel	122	17	130	16	141	17
Total travel	219	35	192	32	215	35

\* ING Bank in the Netherlands reports on lease kilometers, which were not included in the reporting scope in previous years. As a rule, one third of the lease kilometres driven by employees are reported.



	2013		2012		2011	
	KM (x 1 MILLION)	KILOTONNE	KM (x 1 MILLION)	KILOTONNE	KM (x 1 MILLION)	KILOTONNE
● Car travel	53	10	59	15	16	4
● Air travel	24*	4*	68	8	102	12
Total travel	77	14	127	23	118	16

\* Due to ING's divestment strategy, the overall size of NN Group was reduced which resulted in a reduction in air travel.



	2013		2012		2011	
	KM (x 1 MILLION)	KILOTONNE	KM (x 1 MILLION)	KILOTONNE	KM (x 1 MILLION)	KILOTONNE
Coverage (% of employees)	91		74		75	
● Car travel	150	28	122	31	90	22
● Air travel	146	21	197	24	243	29
Total travel	296	49	319	55	333	51

Total travel carbon per FTE in tonne	–	0.69	–	0.78	–	0.64
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## 6.4 – Monitoring and reporting environmental performance continued

### Carbon Offsetting

We offset 100% of our remaining carbon emissions through the purchase of Voluntary Carbon Units (VCUs) from wind power projects in China. To offset 2013 emissions, pre-Clean Development Mechanism (pre-CDM) carbon credits were purchased from the Wuxianglang project – a new-build wind plant with total installed capacity of 150MW. Carbon credits bought by ING are booked in an international market VCU registry. When compensating CO<sub>2</sub> emissions from our operations, an equal amount of carbon credits is booked and deleted from our account.

### CARBON EMISSIONS EXTRAPOLATED (IN KILOTONNE)

		2013	2012	2011
Coverage (% of employees)		81	75	77
ING Bank	Total carbon	109	117	133
NN Group	Total carbon	29	52	36
ING Group	Total carbon	138	169	169
	Total carbon per FTE in tonne	2.2	2.4	2.1
	Total extrapolated carbon	169	209	225
ING Group	Total carbon Scope 1*	29.4	27.0	28.1
	Total carbon Scope 2*	59.0	87.7	90.1
	Total carbon Scope 3*	49.5	54.7	51.0

\* 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 air and car.

## 6.5 – Progress report

### WHAT WE SAID WE WOULD DO

We will focus on lowering our direct environmental footprint

We will increase the scope of our sustainability procurement programme

### WHAT WE DID

In 2013, the total extrapolated amount of carbon emissions from our business operations decreased from 209 to 169 kilotonnes compared to 2012 and per FTE from 2.4 to 2.2 tonnes.

We have developed a new ING Bank Procurement Charter. This charter defines the governing principles for organising, managing and conducting procurement activities globally. In 2013, we focused on implementing our principles of sustainable procurement throughout our global supply chain.

NN Group adopted a new procurement policy covering updated sustainability requirements based on the UN Global Compact.

### LOOKING FORWARD

#### ING Bank

To achieve our group-wide targets, we rely on our country offices implementing environmental initiatives at a local level. Some countries have already set ambitious targets while others are continuing to build their environmental programmes.

By 2020, ING Bank aims to reduce greenhouse gas emissions by 7% from 2013 levels by:

- Implementing efficiency measures in the most relevant areas of operations.
- Raising the share of energy procurement from renewable sources for our own use to 80%.

In the Netherlands, ING Bank's goal is to achieve a 30% reduction in CO<sub>2</sub> emissions by 2020 compared to 2005 levels. The environmental management team in the Netherlands has a 2016 action plan to achieve this, based on forecasts in carbon intensive areas of operation.

#### NN Group

In line with the Dutch 'MeerjarenAfspraak 3', NN Group aims to achieve a 30% reduction in CO<sub>2</sub> emissions in its Dutch operations by 2020 compared to 2005. We will do this through implementing energy efficiency measures and seeking green alternatives.

# 7 – Engaging our employees

Creating a great working environment that encourages our people to develop their skills, grow personally and professionally and achieve their full potential.

## Contents in this chapter

<b>7</b>	<b>Engaging our employees</b>	<b>71</b>
7.1	Engaging our employees: at a glance	72
7.2	Being a responsible employer	73
7.3	Building a professional and accountable culture	75
7.4	Promoting an inclusive and balanced culture	77
7.5	Measuring our performance as an employer	79
7.6	Progress report	80

### Zoltán Hajtó

HR Director at ING Bank Hungary

#### How does ING Hungary ensure that the employees have access to information about their rights and responsibilities?

ING Hungary developed an Employee Handbook which provides employees a summary on subjects like remuneration, holidays, working organisation, dress code. It has been uploaded to the HR public site, to be accessible for all staff.

The detailed HR related regulations are available in separate policies – such as the Training Policy or the Joiners and Leavers Policy – available on the HR public site. Newcomers are informed about the relevant HR policy and practice information in two phases; at HR on their first working day, the second is at the integration training where more detailed information is provided. New joiners can also visit our intranet site about any employment related information they require. We organise regular orientation sessions to gain an insight on all areas of the bank where existing colleagues are also welcome to join.

#### How different is the situation at ING for employees within the local context and labour laws?

Thanks to the Work Agreement we can better comply with local regulations and could improve the reputation of our Works Council as a social partner. The whole financial sector is in a very turbulent environment, which results in a lot of uncertainties concerning the future of the banks. The ING employees have a transparent and predictable system of social relations, under the umbrella of the Work Agreement which is a sign that we count on our staff as accountable individuals who are contributors of our success.

#### What have been the challenges and the advantages of an employees' Works Council?

We should differentiate the two phases of the Works Council: before 2012 and after. Since 2012 we have a new Labour Code in force in Hungary. The former Code provided limited power to the Work Council, which was a simple co-decision body of the staff. Even if the regulation was not generous the Works Council was recognised as a professional social partner of the employer. We have discussions twice a year on the economic situation of the Bank, and have organised consultations for relevant decisions or projects. Since 2012 the Labour Code allows the opportunity to regulate almost all the topics of a Collective agreement in a Work Agreement in case there is no trade union. Based on this we have started the negotiations with our local Work Council and after a few months we signed our own Work Agreement.

Thanks to this new regulation sensitive topics like disciplinary rules or data protection could be covered. I am convinced the relationship with Works Council is a fair partnership and our staff recognises them as an important organisation to express their opinion.



## 7.1 – Engaging our employees: at a glance

### HIGHLIGHTS

- ING bank won seven Top Employer Awards
- EUR 74 million spent on employee training and development
- Sustained engagement score for ING Bank despite major organisation changes.

### Our approach

The financial sector is under great scrutiny and experiencing significant change. We are redefining what kind of bank and what kind of insurance business we want to be, how we can help our customers get ahead, and what we can contribute to society. To help us rise to these challenges, we must attract, retain and develop the right talent by being simpler, stronger and a more sustainable employer.

### Focus areas

We believe that employees who are able and engaged and are determined to get the best out of themselves will help us be the preferred financial partner for our customers, our investors and for society at large. When we succeed, it will be because of our capabilities, our engagement and our collaboration across the organisation.

- Being a responsible employer
- Helping employees through change
- Building a professional and accountable culture
- Promoting an inclusive and balanced culture

### OUR REPORTING FRAMEWORK

OUR COMMITMENTS	▼ SIMPLER	▼ STRONGER	▼ SUSTAINABLE
<b>Engaging our employees</b>	A simpler organisation is easier to manage and will enable us to provide more attention and support to our people.	We support and develop our people in order to help them better serve our customers. We seek to continuously equip them with the skills and approach needed for us to thrive in a rapidly-changing business and sector. This approach enhances the professionalism and engagement of everyone at ING and enhances customer loyalty, our financial results and our reputation.	Our long-term business success depends not only on being resilient to change, but also on a motivated workforce. We expect the highest levels of personal conduct and integrity from employees.

## 7.2 – Being a responsible employer

### ING Bank's strategic HR priorities

63,805

employees  
at ING Bank

€60m

spent on training  
and development

45.4/54.6

female/male  
gender ratio

Our focus at ING Bank is to partner with management by advising, developing and challenging them as leaders and professionals with the objective of increasing professionalism and engagement within the larger employee base. We believe motivated and well-equipped employees will lead to better-served customers which in turn is good for our overall performance. Our ambitions are based on five strategic HR priorities:

#### Creating a lean and agile bank

With a low cost base, limited organisational layers and optimised spans of control.

#### Developing inspirational and collaborative leaders

Leaders with a shared understanding of our strategic priorities, are aware and equipped for their own role in achieving ING's business and people objectives and are role models.

#### Building deep professionalism and personal accountability

We drive personal accountability, strengthen feedback and ensure our people have the deep professionalism to execute.

#### Striving for HR excellence and collaboration

Our drive for excellence and collaboration is underpinned by continuously simplifying, standardising and improving key HR processes.

#### Establishing ING Bank as a Top Employer

It is our ambition to be perceived and recognised by the external market and our employees as a Top Employer.

### Case study | ING BANK'S TOP EMPLOYER PROGRAMME

The Top Employer programme is centred on 22 standards which help us to consistently attract, develop, and retain the best people. ING's Top Employer standards determine 'what' we want to achieve, the local teams determine 'how' they will achieve it based on a local gap analysis, local priorities and action plans. Human Resource management teams across the global organisation have the target to implement the 22 standards by 2014. Every country business unit has a local Top Employer team driving the implementation supported by the local CEO.

Across the banking businesses, best practices are shared in the three global priorities identified to bring more focus and consistency to the Top Employer programme: performance management, development, and efficient & effective collaboration. We track our progress via the global and local Top Employer dashboards and also use these platforms to share best practices.

In 2013, 17 local Top Employer teams, covered most of our employee population. Altogether, our teams were successful in winning seven Top Employer awards.

## 7.2 – Being a responsible employer continued

### NN Group's strategic HR priorities

€14m

spent on training  
and development

48.5/51.5

female/male  
gender ratio

At NN Group, we believe that our employees are the ones that make our strategy come to life. We invest in their personal and professional development and aim to provide them with the tools they need to be successful and to create a work environment that supports their physical and mental wellbeing. We appreciate effort and reward results.

We seek to empower our people to make a positive difference to our customers. We believe that the success of customer-centricity at NN Group lies in the behaviours of our people. Through organisational culture programmes, we are connecting our employee value proposition to our customer proposition.

We strive to create an inclusive corporate culture that welcomes, acknowledges, respects, challenges and benefits from each other's differences. We endorse a culture that welcomes and respects everyone and by this creates room for full engagement and makes innovation happen.

We have developed a set of common corporate values to reflect the strategic direction of the insurance and investment management organisation. These values – We are Clear, We Care, We Commit – describe how we deliver on strategy in our everyday business, and how we move from strategy to execution. They provide a simple framework that any business, department, team or individual can use to evaluate and improve their own performance or business process. Our core values provide a clear basis for key behaviours that will guide our employees through the organisational change.

### Equipping our employees to effectively deal with change

2013 was a year of major transition for a number of business units within ING's global operations. We are committed to supporting employees who are directly affected by organisational changes. At the same time, we focus on retaining the right talent and ensuring that our people remain engaged and able to take charge of change.

In February 2013 a second phase of ING Bank's Retail Netherlands' cost reduction programme was announced on top of the programme announced in November 2011, followed by an extension of the existing cost-saving programme in the fourth quarter of 2013. Including this extension, total headcount reductions are 4,400 FTEs and will result in EUR 460 million annual cost savings by 2015. Since the start of the programme, there has been a reduction of about 2,900 FTEs.

In the last quarter of 2012, NN Group announced a reorganisation for its insurance and investment management operations in the Netherlands. The estimated headcount reduction associated with this programme is 1,350 FTEs over the period 2013–2014. By the end of 2013, a reduction of 818 FTEs was realised. The restructuring process has led to stronger governance and better integration of support functions. To guide the organisation through these challenging processes, we introduced numerous initiatives to provide employees with training, coaching and consulting.

## 7.3 – Building a professional and accountable culture

ING's roots can be traced back to 1881. We have experienced great change since then and our culture today is expressed by 'Orange Spirit'. This is the spirit that guides us as we set our priorities, and lies at the heart of how we do things at ING. Although we speak many languages, we all aim to share the same values. Regardless of our background we remain entrepreneurial and dedicated, and committed to doing business in a fair and responsible way.

### Responsible remuneration

The primary objective of the remuneration policy is to enable us to retain and recruit qualified and expert leaders, senior staff and other highly qualified employees. We endeavour to match compensation appropriately against a variety of factors, such as the complexity of functions, the scope of responsibilities, the alignment of risks and rewards, international legislation and the long-term objectives of the company and its stakeholders. This is more important still in light of the changing international standards regarding responsible remuneration. These factors differ for each role, line of business and country. Wherever possible for a global financial institution of our size, we aim to take account of these differences and also of the standards applied within similar financial institutions in the various countries where we operate.

#### Remuneration policy for the Executive Board

According to the remuneration policy for the Executive Board as adopted by the AGM on 27 April 2010 and amended by the AGM on 9 May 2011, remuneration of Executive Board members consists of a combination of fixed compensation (base salary) and variable remuneration (together 'total direct compensation'), pension arrangements and benefits.

#### Increased focus on risk and non-financial performance

Variable remuneration is linked to risk and non-financial performance and will take into consideration both individual and company performance criteria. Performance measurement will account for estimated risks and costs of capital. In addition to financial indicators, performance will also be assessed based on non-financial drivers, by means of a number of targets regarding economic, environmental, customer satisfaction and social criteria. More information on remuneration can be found in the [ING Group Annual Report 2013](#), pages 81 to 87.

### Employee learning and development

Every employee is entitled to and goes through a performance management process on an annual basis. Part of this process is to allocate a budget to each employee for both professional development and training, as well as personal development. With the current restructuring of the organisation and in view of divestments and staff redundancies, we believe that it is important for employees to be well prepared for a career inside as well as outside ING. This helps us to build a more engaged and skilled workforce while also enabling our employees to take a long-term view of their career.

#### Executive development

Management Board: In accordance with the Banking and Insurance Codes, annual education programmes are in place for both the supervisory board and the management boards for banking and insurance. These learning programmes cover relevant developments at the bank and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards the client, integrity, risk management, financial reporting and audits. Throughout last year, the Board received education on these topics.

FINANCIAL PERFORMANCE INDICATORS INCLUDE:	NON-FINANCIAL PERFORMANCE INDICATORS INCLUDE:
<ol style="list-style-type: none"> <li>1. Underlying net profit for ING Group</li> <li>2. Reduce double leverage in ING Group</li> <li>3. Reduce the loan-to-deposit ratio of ING Bank</li> <li>4. Reduce leverage in ING US in preparation for IPO base case</li> <li>5. Reduce leverage in Insurance EurAsia to prepare for standalone future</li> </ol>	<ol style="list-style-type: none"> <li>1. Reinforce 'Customer First/Suitability' culture of transparency, honesty, integrity and societal awareness</li> <li>2. Strengthen key stakeholder relationships</li> <li>3. Improve employee engagement across the Banking and Insurance operations</li> <li>4. Improve leadership capabilities and strengthen leadership pipeline</li> <li>5. On sustainability: improve sustainable business practices</li> <li>6. Align Operational Excellence Group-wide</li> </ol>

## 7.3 – Building a professional and accountable culture continued

Senior executives: We believe it is important for our leaders to have the qualities they need to lead the company towards success. We strive to provide them with the appropriate development opportunities and assignments. In turn, our leaders create opportunities for our employees to develop and take on challenging assignments and career paths, thus creating a participative culture.

For example, in 2013, ING Bank's management council (top 100) and executives from country management teams, participated in a leadership development programme simulating a bird's-eye-view of an entire, integrated bank with associated challenges and trade-offs, allowing them to test strategy and decision making and learn from the results.

At NN Group, we have developed various international and local initiatives to continuously improve the strength of our succession bench by paying special attention to the high-potential individuals within our company. We provide these people with various development programmes which aim to connect our next generation of leaders to our current leadership team and strategy.

### Professional development

A solid professional development curriculum is offered through the various academies at a country and business level. At corporate level we support this by, among other initiatives, offering a rich e-learning suite containing 350 modules on topics such as Basel 3, Risk Management, Treasury and Financial Markets.

NN Group also offers specific training and development programmes for employees. In 2013, these included Art of Insurance, Art of Asset Management, as well as the First Line Manager and High Impact Performance programmes.

### Talent development

The ING International Talent programme is our bank's global trainee programme, where international graduates are attracted, selected, on-boarded and developed using a clearly defined framework. The trainees are offered a three-year curriculum that provides a rich blend of both leadership development and core banking skills. This gives our trainees a solid foundation in terms of banking knowledge and supports their growth in becoming role models for our values and leadership standards.

NN Group's Generation 2020 programme is being developed for 2014. It focuses on strategy, business innovation and product development by involving early and mid-career talents as a sounding board for Group-wide strategic initiatives. We aim to enable these individuals to become ambassadors of the strategic initiatives to the rest of the organisation. In addition, we are working on a course for all employees, covering induction and the fundamentals of insurance and asset management. Available in different media formats, this project is targeted for roll-out during 2014.

#### Case study

### STRATEGY CREATION AND IMPLEMENTATION AT NN GROUP: TALENT COUNCIL

Our Talent Council programme took place for the third time in 2013. Potentials from all our business units participated in the programme, which provides a safe environment for practising real-life business challenges, developing strategy creation, selling it and then implementing.

The Talent Council fosters a culture of knowledge sharing in our organisation by making use of the in-house experience of our subject matter experts. It also brings together talented employees from various areas of our business and encourages them to come up with an innovative idea to a real-life business challenge.

## 7.4 – Promoting an inclusive and balanced culture

### An extra-financial approach to remuneration

In addition to financial indicators, we aim to further improve our sustainable business practices by also assessing performance through non-financial indicators. These include customer satisfaction, workforce diversity, stakeholder engagement and sustainable business practices. For more details of non-financial KPIs used in the performance management of our senior teams, please see pages 81-87 of our [Annual Report](#).

### Diversity and inclusion

As a responsible employer, we work hard to help our people thrive by providing an environment where they feel safe, engaged and welcome. Therefore, we are committed to building on that inclusive work environment and believe that individual talents and capabilities work best when deployed in diverse teams.

When they see matters from different perspectives, employees challenge basic assumptions and can help our leaders and customers make the right decisions. No matter how different we all are within ING, we have one common goal, which is to serve our customers as well as possible. This commonality creates a sense of belonging throughout the workplace.

46/54

female/male gender ratio

#### Diversity at ING Bank

For many years, the Bank has pursued an ambitious agenda in order to create a more diverse workforce and a more inclusive culture. This ambition is supported by our Management Board Banking. ING's Global Diversity Council (GDC) includes representatives from the different business lines and support functions, and is chaired by the vice chairman of ING. The GDC meets at least every quarter. Its aim is to create awareness and encourage the participation of the business and support functions in fostering diversity policies in their departments and across all countries and regions.

#### Diversity at NN Group

We believe that an inclusive workforce allows us as a company to better service our customers. We are very diverse in terms of nationalities, languages and cultures, and aim to create an environment where diversity can flourish. We embrace collaboration across various backgrounds and organisational areas. We endorse a culture that welcomes and respects everyone and creates room for full engagement and makes innovation happen.

The Inclusion Council (formerly known as the Diversity Council) meets on a regular basis to discuss progress on the diversity agenda and to promote diversity initiatives. In 2013, we organised a talent day for more than 100 early career talents while also continuing the Female Leadership Network with a dedicated mentoring programme and a two-and-a-half days event. We will continue to support employee networks and provide international career opportunities to our employees. For 2014, we have reworked our focus around three priorities; international inclusion, connection to younger generations and female leadership.

### Our approach to health, safety and well being

Healthy, safe and fair working conditions contribute to productivity and engagement amongst both management and employees. We employ a range of internal communications including our internal web-based platform to ensure that employees and managers are familiar with topics related to health and safety. We also follow the relevant national and international guidelines and workplace health and safety directives. These directives set out general principles for the protection of our workers' occupational safety and health.

#### Working conditions

We aim to ensure that working conditions for our people meet all labour standards and laws of the countries in which we operate. We only employ people above the legal minimum working age and our HR framework is designed to provide just and 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.

In the Netherlands, the Health and Safety department lays down requirements for procurement, including of office furniture and IT resource, the renovation and relocation of buildings/offices, new working arrangements and business restructuring.

#### Work/life balance

Balancing work and private life contributes to good health and wellbeing. Our managers and employees are jointly responsible for maintaining an optimal working environment. Employees are encouraged to discuss matters with their managers if they feel they are under too much stress. Managers are responsible for making sure that there is a balance between the organisation's objectives and the targets that employees are expected to achieve. Both parties may ask the Health and Safety department for help.

## 7.4 – Promoting an inclusive and balanced culture continued

### Case study | ENERGY PROGRAMME AT BANK

#### What is the challenge?

Due to an ageing population and pension regulations, our employees are also expected to work longer. In addition, roles are evolving to meet the demands of changing market conditions, regulations, technology and competition. We want to make sure that our employees are physically, mentally and emotionally fit for their jobs now and in the future.

#### What we did

Our Energy@ING programme is based on principles frequently applied by top athletes, such as 'manage your energy, not your time'. Energy@ING is an internet-based programme, complete with assessments and e-health apps, that is delivered in combination with workshops hosted by former athletes and coaches. Participants can also consult vitality coaches. The workshops focus on daily energisers such as food, water, sleep, relaxation, exercise, the best time for meetings, negotiations, and how to solve difficult issues. Participants are challenged to change their behaviour in a way that is easily applicable to everyday life and work.

#### What we achieved

In the Netherlands, managers are enthusiastic and recommend the programme. To date, 3,500 employees have already participated in the programme. The results show that behaviours have been changed, including improvements in the ability to work, perceived energy levels, perceived mental health, sleep habits and nutrition.

### Case study | HEALTH PROGRAMMES AT NN GROUP

Within our insurance and investment management businesses we introduced health programmes in 2013, called CLIC and eNNergise. In short, we provide insights and tools to support our staff in maintaining healthy lifestyles and increase daily energy levels – to be able to perform with excellence every day. It also brings colleagues together across teams, business units and countries.

#### Health and safety monitoring

We have a decentralised approach to health and safety risk management. At a country level, local business units monitor and evaluate risks based on the local regulatory and corporate environment. However, basic minimum health and safety requirements exist in all our offices. Interpretation and implementation is in line with the identified risks within the local employee population.

We regularly monitor compliance with our health and safety policies, with incidents per business line reported quarterly through the Non-Financial Risk Dashboard. The risk of incidents occurring and the appropriate mitigation measures are summarised and presented at Board level.

#### Safety risk monitoring

The consolidation of security risks has been in force for several years, and during 2013 we extended this process to safety risks. While the law requires that we maintain a risk inventory, in addition we now also use the Non-Financial Risk dashboard as a management tool to consolidate identified health issues across the business. Risk consolidation through the dashboard includes risk identification, evaluation and prioritisation and implementation of an appropriate action plan. Security incidents are assessed quarterly within the operational risk management process.

### Upholding employee rights

#### Human rights

We consider certain human rights fundamental and universal for our workforce. These include 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. We support the elimination of all forms of forced labour and child labour. We uphold the rights proclaimed in the Universal Declaration of Human Rights and aim to respect human rights in all our global operations. These rights include those of our employees and of the people who are affected by our operations.

In December 2006, we adopted a Human Rights Statement which expresses our commitment to supporting international labour rights for our employees. We have assessed the implications of the UN Framework and Guiding Principles on Business and Human Rights (the Ruggie framework) on our business.

#### Collective bargaining and freedom of association

We uphold the freedom of association for all our employees and recognise the right to collective bargaining as laid down by International Labour Organisation convention No. 87 and 98. The way in which we consult employees 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. At group level, we intend to proactively encourage local employee participation in those European countries where it is not already established.

At our insurance businesses in the Netherlands, a three-year collective labour agreement was signed, which included the goal of stabilising labour costs as well as the integration of Westland Utrecht employees into Nationale-Nederlanden Bank.

## 7.5 – Measuring our performance as an employer

The annual employee engagement surveys are 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.

### Employee engagement at ING Bank

**81%** of ING Bank employees answered the survey

**74%** of ING Bank employees said they were 'engaged'

For another consecutive year we recorded a strong response rate of 81% on our engagement survey, the overall new 'sustainable engagement'\* score was 74%, showing a slight improvement over last year (73%). Compared to Towers Watson's benchmarks, ING scores above the global average norm of all industries and slightly below the average of the GFS (Global Financial Services) norm.

The results demonstrated increased confidence in the long-term future of the company. In addition, they endorsed our ongoing commitment to customer focus and showed that our continuous efforts to improve the customer experience, and the flexibility we give employees to better serve customers, are paying off. The survey also highlighted improvements in career development and retention.

Opportunities remain for us to improve the efficiency and organisation of our work processes. Furthermore, employees feel that we can speed up the pace at which we move from strategy to implementation.

Moving forward, all departments and teams are requested to review the outcomes of the WPC and find opportunities to strengthen and improve them.

\*Introduced in 2013.

### Employee engagement at NN Group

**82%** of NN Group employees answered the survey

**67%** of NN Group employees said they were 'engaged'

The annual YES! survey (Yearly Employee Survey) asks our people how they feel about our company, their business unit, team and manager. NN Group defines engagement based on four indicators: satisfaction, pride, advocacy and intention to stay. We want to maintain what we are doing well and improve what we can do better. The survey helps us gain insight into the opinions of our employees and is an important starting point for a dialogue between managers and their teams.

The response rate in 2013 was 82%, showing that our employees feel encouraged to express their views and opinions. The engagement score was 67%, demonstrating that in times of significant change we need to pay attention to maintain good levels of commitment.

NN Group executed several organisational changes in 2012 including the delayering of the support functions and acceleration of the transformation programme at our insurance businesses in the Netherlands.

Taking these major changes into account we can see that support offered in these challenging times paid off, showing a limited impact of the changes on the overall engagement score.

Looking ahead, the dynamic environment we face in 2014 means that instead of one extensive survey we will run pulse surveys to monitor progress, and will return to the annual YES! survey in 2015.

### EMPLOYEE ENGAGEMENT SCORE IN YES! SURVEY (IN % OF EMPLOYEES)

2013	67
2012	70
2011	67



## 7.6 – Progress report

### WHAT WE SAID WE WOULD DO

We will invest in opportunities for the personal and professional development of our employees

We aim to improve the engagement of our employees

### WHAT WE DID

At ING Bank we spent EUR 60 million and at NN Group EUR 14 million on training and development for our employees, as supplied by external parties.

For ING Bank the engagement score is measured in the WPC survey. The response rate was 81%. The overall score was 74%\*, showing a slight improvement over last year (73%).

At NN Group the engagement score is measured in the YES! survey. The response rate was 82%. The overall engagement score was 67%, showing a slight decrease compared to last year (70%).

\* In 2012 ING Bank introduced a sustainable engagement score based on nine questions and for which we had an index of 73% in 2012 and 74% in 2013. The score in 2012 using the previous methodology of four questions was 68%.

### EMPLOYEE ENGAGEMENT SCORE IN WINNING PERFORMANCE SCAN – ING BANK (% OF EMPLOYEES)

2013	74
2012	73

### OUTCOME WINNING PERFORMANCE SCAN – ING BANK (% OF EMPLOYEES)

ING Bank overall – 2013	74
ING Bank overall – 2012	73
Engagement	76
Recommendation of ING	68
Pride in ING	76
Belief in goals and objectives	76
Discretionary effort	85
Enablement	70
No obstacles to doing job	68
Being well equipped	65
Team's ability to meet challenges	77
Energy	76
Energy to work effectively	78
Sense of personal accomplishment	75

## 7.6 – Progress report continued

### BUDGET TRAINING AND DEVELOPMENT EMPLOYEES

#### ING Bank – in € millions



#### ING Bank – per FTE



#### NN Group – in € millions



#### NN Group – per FTE



#### ING Group – in € millions

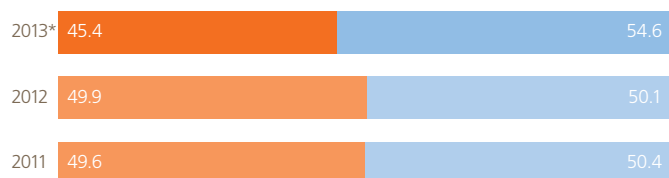


#### ING Group – per FTE

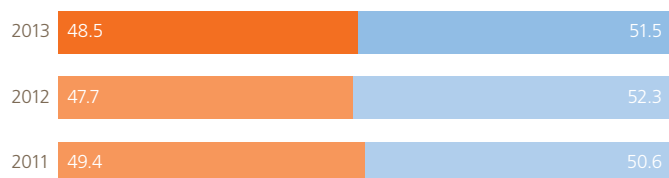


### TOTAL WORKFORCE GENDER BREAKDOWN (IN % OF EMPLOYEES)

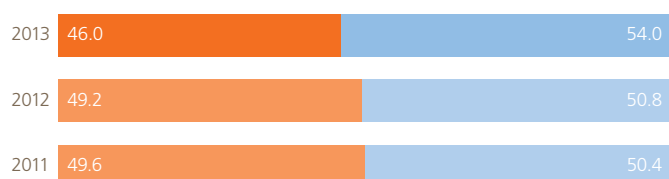
#### ING Bank



#### NN Group



#### ING Group



Female Male

\* The shift in the gender ratio in favour of males in 2013 is partly due to the inclusion of ING Vysya India and the exclusion of divested businesses.

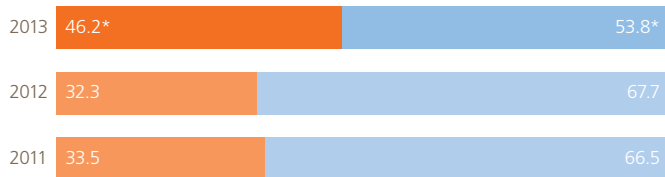
## 7.6 – Progress report continued

### MANAGER OVERSEEING OTHER MANAGERS (IN % OF EMPLOYEES)

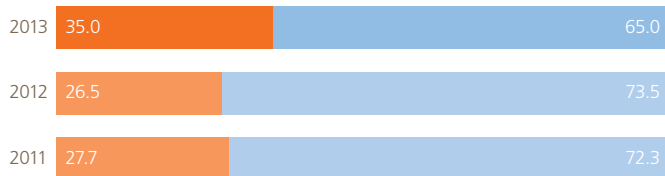
#### ING Bank



#### NN Group



#### ING Group



Female Male

\* The large differences can be related to a change in definition; supervisor instead of manager overseeing other managers.

### INTERNATIONAL MANAGEMENT COUNCIL (IN % OF EMPLOYEES)\*

#### ING Bank



#### NN Group



#### ING Group



Female Male

\* We report ING Bank and NN Group separately since Management Council was divided over ING Bank Management Council (95 members) and NN Group Top 50 (53 members).

## 7.6 – Progress report continued

### Awards 2013

ING Bank: ING France, ING Italy, ING Poland, ING Belgium and ING Spain received local Top Employer Awards. ING Luxembourg, Interhyp, ING-DiBa and ING Spain have also received European Great Place to Work Awards, placing them in the top 25 of the Best Multinational Workplaces in Europe.

NN Group: Our efforts to provide a better workplace for our employees have been rewarded by a number of awards. For example, ING Asigurari de Viata Romania (Insurance Romania) won the category for the HR Strategy category for their Employer Value Proposition, awarded by the Romanian HR Community and the HR Professionals Associations in Romania (HR Club).

### LOOKING FORWARD

#### ING Bank

Despite our best efforts, we are not yet closing the gender gap in the number of women in senior management positions fast enough. To address this, the Management Board Banking has identified eight key actions for 2014 to support our target of having 33% of women in top management roles. In order to address our diversity and inclusion agenda, we have developed a customised action plan for 2014, which includes:

- Re-introduction of exit interviews for our top management
- Introduction of stay interviews for our most senior women within the organisation
- Selecting around 25 senior women and offering them further development and exposure at top management level
- Improving the pipeline of women by hiring at least 60% female graduate candidates
- Including at least one woman on every recruitment and selection short-list
- Adopting diversity metrics to ensure we can measure and report on a quarterly basis.

#### NN Group

NN Group is formulating its people strategy for its standalone future. The strategy will focus on anticipating business and societal changes, building strong data and analytics capabilities, and at the same time improving efficiency in our processes. We will execute plans based on the feedback from the employee survey and we will re-evaluate the way we measure engagement to better fit our business and employees of the future. Inclusion and diversity remain important topics with priorities on connecting to Generation 2020, harvesting benefits of our international diversity and strengthening female leadership.

## 8 – Creating positive change in communities

We invest in communities through global and local actions. We prioritise our initiatives around the strategic themes that match our skills and expertise and where we believe can make the most positive and long-term impact.

### Contents in this chapter

<b>8</b>	<b>Creating positive change in communities</b>	<b>84</b>
8.1	Creating positive change in communities: at a glance	86
8.2	Educating children	87
8.3	Promoting financial empowerment and entrepreneurship	89
8.4	Support for local themes	91
8.5	Progress report	93

### Stakeholder Q&A Project partners Orange Drops programme

Orange Drops programme ING Bank Turkey

Orange Drops, ING Bank Turkey's programme to educate schoolchildren about the importance of saving, is helping to build the case for including financial education in the national school curriculum – one student at a time. Developed in partnership with Koç University and the Turkish Ministry of Education and the Regional Environment Centre, this eight-week, financial education programme for eight and nine-year olds aims to strengthen children's attitude towards saving and to expand their horizons on basic financial concepts, such as forward-looking behaviour, limited resources, needs and wants, budgeting, being patient and taking a role in group decisions.

### How does the programme align with social and economic priorities in Turkey?

(Project partners: Istanbul MEM, ING Bank, Koç University, Regional Environment Centre)

#### Dr. Muammer Yildiz,

#### Istanbul Provincial Director of National Education (MY):

The issue of saving is important in all countries. At individual, institutional and national levels, we all need to take urgent action. Turkey may have abundant resources, but they are not endless and any delay will lead to waste. Through our organisation, we are training the adults of the future – and this is a vital mission. We have influence in areas ranging from education and environmental awareness to savings awareness, and can help guide today's children in how to use financial and material resources economically.

#### Rıfat Ünal Sayman, Director REC Turkey (RÜS):

The project aimed to induce positive behavioural changes by increasing the financial literacy of teachers, students and parents. It focuses on transforming current over-consumption patterns to become more sustainable through raising awareness of limited resources, and supporting students to adopt behaviours such as being patient and acting as a member of a community.

#### Professor Sule Alan and Dr. Seda Ertac from Koç University (SA/SE):

The programme aligns with two important social and economic issues in Turkey: low personal rates of saving; and the lack of financial literacy that drives this situation. The problem of inadequate savings, limited financial market participation and individual debt is a growing concern for governments worldwide. These outcomes are often associated with inadequate financial knowledge (low or lack of financial literacy), and frequently imply low life satisfaction and increasing reliance on state transfers and taxes. Recent surveys have revealed that people everywhere, including Turkey, lack the knowledge to make informed financial decisions. As an emerging middle income country, Turkey suffers from a chronically

## 8 – Creating positive change in communities continued

low rate of personal savings, reflected in its large current account deficit. The programme considers this situation to be a structural and a behavioural problem, and proposes a long-term solution: financial literacy education, targeting early years.

### How did the multi-stakeholder approach add value?

#### MY:

We value collaboration with the private sector, government institutions and non-governmental organisations. Experience shows that it strengthens our own organisation and leads to significant achievements, including synergies and savings. So we decided to base this project on a broad base with multiple stakeholders. Of course, having many stakeholders also gives us access to many different ideas and proposals. A key challenge is to reconcile these different viewpoints through cooperation and partnership.

#### RÜS:

This project was delivered by a range of experts with specialist skills and knowledge including: the scientific knowledge of Koç University; official support and authority from the Ministry; REC Turkey's international experience; and ING's financial and technical support. Furthermore, collaboration with school principals ensured commitment from teachers and participation among students. The project gathered stakeholders' views to evaluate the current structure, search for better alternatives, identify best practices and develop unique tools.

#### SA/SE:

Most successful corporate social responsibility projects follow a multi-stakeholder approach to ensure quality and sustainability. ING Bank Turkey adopted this approach and collaborated directly with the public sector, civil society and academia. ING also worked with prestigious research funding agencies via the project's renowned researchers, Prof. Dr Sule Alan and Dr. Seda Ertac. The collaboration ensured that training programmes ran smoothly and that impact evaluation was carried out with full scientific integrity.

### Why is it important to invest in financial education for school children?

#### MY:

We believe that the earlier we instil an awareness of saving into our children, the more quickly and effectively we will make progress, so we are targeting third graders at elementary schools. Just as we are more likely to be successful at sport, music and art if we acquire skills at an early age, children who become aware of savings will adopt important habits and increase their chances of being successful.

#### RÜS:

Young children are much more responsive than adults to education practices that target positive changes in attitudes, and can associate information received at school with the practices of people around them. Moreover, children have a strong influence on their parents and on society. They take home the messages learned at school and encourage positive behaviours in their families.

#### SA/SE:

Most studies on the effects of financial literacy focus on adults. However, when financial education is provided in the early stages of life, it has the potential to create long-lasting impacts. As shown by Nobel Prize winner James Heckman for other areas of knowledge accumulation (e.g. Heckman, 2006), interventions at a young age have the largest impact on behaviour. The idea that traits such as forward-looking behaviour, self-control, rational risk taking and perseverance are potentially malleable in childhood is important for educational policies.

## 8.1 – Creating positive change in communities: at a glance

### HIGHLIGHTS

- 105,121 children reached this year through our partnership with UNICEF
- 25% increase in financial empowerment and entrepreneurship initiatives
- EUR 13.4 million donated to charities
- More than 58,000 hours volunteered by ING employees.

### Our approach

Like every other business, we aim to be profitable, but at the same time we have a responsibility to be a good corporate citizen. This role gives our company a broader sense of purpose. Where formal social support services are unable to fully reach out to disadvantaged communities and the underserved in otherwise prosperous societies, businesses such as ING can help bridge the gap. By sharing this sense of purpose with stakeholders, we motivate and connect with our employees, business partners and customers. By simply aligning our business and community investment objectives we can help support people find their way towards a financially strong and secure future.

### Focus areas

We consider it our responsibility to make a positive contribution to the many communities in which we operate. That is why we invest knowledge, skills and resources in the following areas:

- Educating children
- Promoting financial empowerment and entrepreneurship
- Supporting local causes.

### OUR REPORTING FRAMEWORK

OUR COMMITMENTS	▼ SIMPLER	▼ STRONGER	▼ SUSTAINABLE
<b>Creating positive change in communities</b>	By keeping our focus on development themes that are an easy match with our skills and expertise we aim to optimise our impact. For educating children we work together with a single long-term global NGO partner like UNICEF since 2005.	Our strength is our global reach which gives us the possibility to make a positive difference in communities worldwide. Our community investment activities are successful due to the strong commitment of our employees who contribute their time, skills and resources.	We want our community investment initiatives to create long lasting impact. Our ING-UNICEF partnership for example will help bring sustainable change to the lives of many children and their families while also stimulating broader social and economic development. Focusing on health, environmental care and social welfare through country level initiatives also aims to make long-term positive impact in local communities.

## 8.2 – Educating children

### Our commitment to educating children

Investing in children, particularly in their education, is an important way to build stronger communities. Launched in 2005, our ING Chances for Children programme brings together our global and local initiatives on child education. At a global level, ING Bank continues to support education initiatives through the United Nations development agency, UNICEF. We have also initiated local partnerships with community based organisations and employee volunteering programmes in countries where we have a presence. For local examples please visit [ING.com](http://ING.com)

Although the global partnership with UNICEF has not been continued by NN Group in 2013, many business units still support local children's charities as a legacy of the ING Chances for Children programme.

### ING Bank's partnership with UNICEF

2005	partnership between ING and UNICEF started
1 million	children reached objective by 2015
€26.7m	donated to UNICEF since 2005

Worldwide, tens of millions of children do not go to school or receive an unacceptable quality of education. We chose UNICEF as our long-term strategic partner in 2005 because it shares our vision and scale, and has proven expertise in helping children access education. We support UNICEF with a consistent flow of funds to enable them to implement their projects in several countries. Working together with our employees and customers, we want to 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 by the year 2015. For more information on the history of our partnership with UNICEF, please visit [ING.com](http://ING.com).

We have raised funds for UNICEF to build schools, train teachers and supply children with learning materials. We have also worked on clean water and healthcare projects, tackling some of the basic needs of children without which, education cannot happen.

### Disaster relief

When a disaster occurs, children's rights are seriously endangered. This is true not only for the right to education, but also for the right to survival and the right to protection. ING is committed to supporting UNICEF's disaster relief and recovery projects.

#### Case study | DISASTER RELIEF PHILIPPINES

In November 2013, typhoon Haiyan brought terrible destruction to the Philippines and affected up to nearly four million children. UNICEF established its disaster relief response immediately for children who needed shelter, clean water, medicine and nutrition supplies. The EUR 700,000 funds raised by ING were rapidly deployed to provide children with school tents and child-friendly spaces to maintain their education.

### Children's Rights

We participated in the co-development and launch of the Children's Rights Business Principles (CRBPs) in 2012. Developed by UNICEF, the UN Global Compact and Save the Children, these are the first comprehensive set of principles to guide companies on the full range of actions they can take in the workplace, marketplace and community to respect and support children's rights. During 2013, the CRBPs were promoted through workshops, conferences and discussions with businesses, governments and development agencies. We also integrated the CRBPs into the Environmental and Social Risk framework that guides our business conduct.

### Fundraising and volunteering

We facilitate and encourage our employees and customers to participate in supporting UNICEF.

#### Employee contributions

All financial contributions from our employees are doubled through our matching plan.

Our most successful global employee fundraising event was The International Run for UNICEF. It involved the International Run for UNICEF involved 1,500 ING employees from around the world. The running event followed the sun around the globe in 12 cities across 11 countries. Together, we raised over EUR 170,000.



## 8.2 – Educating children continued

### Case study | GLOBAL CHALLENGE 2013

Now in its 6th year, our biggest fundraising and volunteering campaign at ING Bank is the ING Chances for Children Global Challenge. The Global Challenge is an annual event around 20 November – the United Nations International Day of the Child. ING employees across the organisation join efforts in support of children worldwide. The Global Challenge 2013 saw 13,056 ING employees in 25 countries come together and volunteer 8,685 hours during 2013. They also raised funds for UNICEF and local children's charities.

### Customer donations

Customer donations are made in a variety of ways. These include specific campaigns during the festive season or around specific disasters. ING Spain used an animated film to persuade 3,955 customers to donate a total of EUR 281,000. The 'Life of Luna' animation received widespread attention with more than 207,000 customers visiting the site and 187,000 YouTube views.

### Donations through dedicated financial products

ING Netherlands introduced the Savings Account for UNICEF at the end of 2013. This account functions as a normal savings account, with a significant difference. We donate 0.10% per annum to UNICEF, calculated over the total average savings balance on the account. Customers with this savings account receive a quarterly report on the impact of their donation.

### What we achieved with UNICEF in 2013

### CHARITABLE DONATIONS TO UNICEF

	2013		2012		2011	
	EUR (X 1,000)	CHILDREN REACHED	EUR (X 1,000)	CHILDREN REACHED	EUR (X 1,000)	CHILDREN REACHED
ING Bank	3,154	105,121**	2,214	73,804	n/a	n/a
NN Group	—*	—*	560	18,665	n/a	n/a
ING Group	3,154	105,121**	2,774	92,469	3,540	118,100
Total since 2005	26,668	888,990**	23,514	783,869	20,740	691,400

\* The global partnership with UNICEF has not been continued by NN Group in 2013.

\*\* Because of the progress we had in the programme of UNICEF the organisation had to change the original calculation methodology. Due to the type of activities in 2013 UNICEF reached more children. For historical comparison the number presented is in line with former calculation methods. The actual number of children reached in 2013 is more than three times higher and comes down to 346,525.

## 8.3 – Promoting financial empowerment and entrepreneurship

### Our commitment to financial empowerment and entrepreneurship

15

programmes in support  
of financial empowerment  
and entrepreneurship

In 2013, we partnered with several expert agencies to conduct specific research projects into financial behaviour and entrepreneurship. The reports provide us and our customers with valuable information and insight which help us develop new products and services. According to ING's special report on financial education from 2013, 47% of people in Europe say they did not receive financial education at all. We are faced with record high youth unemployment, an ageing population and decreasing state spending on social welfare. It is evident that people need to be equipped with the required skills to face these challenges.

An overview of the key surveys of 2013 can be found on [ING eZonomics](#).

We believe that our role is to contribute to helping people gain the skills and insight they need in order to secure their financial future. To achieve this, we use various channels and tools to create awareness and develop knowledge and insight. We particularly focus on young people because we believe that good financial habits are developed at a young age.

Entrepreneurs create employment, encourage growth and help energise the economy. We therefore support programmes and projects that create entrepreneurial awareness, entrepreneurship for all and the development of entrepreneurial skills. We contribute by donating funds, as well as offering our networks and mentoring. In particular, we support start-ups, social business ventures, women in business and the development of entrepreneurial skills in young people.

## 8.3 – Promoting financial empowerment and entrepreneurship continued

### SELECTION OF LOCAL FINANCIAL EDUCATION AND ENTREPRENEURSHIP INITIATIVES AT ING BANK AND NN GROUP

ING BUSINESS UNIT	WHAT IT'S ABOUT	OUTCOME
<b>ING Bank global</b>	'Women in Business Challenge' with BiD Network to support women entrepreneurs from developing countries	56 ING coaches helped 123 female entrepreneurs to take part in the challenge
<b>ING Bank Hong Kong</b>	China school trip programme to give schools and students in remote areas in China educational and financial support	80 pupils were reached
<b>ING Bank Hungary</b>	Financial education programme to teach young people about finance. Employees serve as guest docents	270 pupils from grade 7-10 have been reached
<b>ING Bank Netherlands</b>	High school programme to discuss money matters. Employees serve as guest docents	2,250 pupils have been reached
<b>ING Bank Netherlands</b>	<u>Fame game</u> . Online app that teaches children how to deal with money issues	20,000 downloads
<b>ING Bank Netherlands</b>	Jumpstart is an online students platform on Facebook. Students can share ideas and concepts on saving money. The best ideas get support from ING to launch their own business	Reach: over a million students reached online 200,000 movie views Over 100 applications of which three were selected and supported by ING
<b>ING Bank Turkey</b>	The Turuncu Damla (Orange Drops) programme focuses on financial literacy for primary school children, with an emphasis on saving	8,400 pupils have been reached
<b>ING Corporate and Institutional Clients Americas</b>	Programme at the Money Museum, designed to allow high school students to explore the world of finance. The Academy teaches students to aspire to financial independence, develop an appreciation for savings, make financial goals and learn to avoid scams	986 pupils from 32 schools, have been reached
<b>ING Direct Australia</b>	Launch of <u>Dreamstarter</u> , together with StartSomeGood. A platform that helps philanthropic entrepreneurs create change. Entrepreneurs post a video explaining their social project and requesting donations to enable them to start working	13 selected Dreamstarter projects received support funding to help them achieve their fundraising goals Over EUR 67,500 was raised
<b>ING Direct Italy</b>	Coltiva il tuo sogno (Grow up your Dream) is an educational project to teach primary school children the value of saving	42 employee volunteers taught more than 1,300 children at primary schools in Milan
<b>ING Direct Italy</b>	<u>BitBamBum</u> is a competition that supports projects and ideas that help new generations learn and develop through the innovative use of technology	Almost 300 concepts were uploaded. Three finalists were selected and they received EUR 5,000 each to spend on goods and services to realise their concept The winner received additional EUR 25,000 to spend on goods and services plus six months of mentorship from iStarter, a famous Italian incubator
<b>ING Group</b>	Launch of a unique social media campaign challenging potential future bankers from around the globe to explain key financial topics to children aged between 7 and 10 years	5,234 views of online book <u>Curious little Leo</u>
<b>ING Commercial Banking Spain</b>	Enterprise simulator programme for children. The children create a product and have to consider economic variables such as markets, demand, target prices and competition Winners on country level continue the contest on European level	More than 60 pupils have been reached
<b>Nationale-Nederlanden</b>	Various workshops for self-employed professionals on topics such as: 'How do I promote myself?' and 'My pension and me'. Self-employed participants also got tax advice. In cooperation with Cultuur-Ondernemen	More than 150 self-employed creatives (multi-disciplinary such as fashion, graphical art and design) who wanted to gain more returns from their entrepreneurship
<b>Nationale-Nederlanden</b>	Awareness campaign 'Battle of Concepts' for students about pensions	12,000 students aged 20 to 28 years old were invited, and 49 concepts were submitted

## 8.4 – Support for local themes

### Our commitment to supporting local causes

Balancing our global strategy and agenda with the interests of local employees and customers is an ongoing but rewarding challenge. To meet this challenge, we have established funds in different countries to enable them to support causes that they consider important. These funds, which are provided by the local business units, give employees and communities a voice in how our corporate donations are used. Supporting local projects was the key strategy for community investment at NN Group in 2013.

### NN Group community investment activities

Our purpose is to help people secure their financial future. Our local community investment activities contribute to fulfilling this purpose. As we are in a transition period to become a standalone company, we are in the process of prioritising the overarching community investment themes for our organisation going forward.

Our local businesses and foundations support a broad scope of community investment activities. In addition to (financial) education and entrepreneurship, other activities were developed, focusing on health, environmental care and social welfare.

### OVERVIEW OF LOCAL CHARITY FUNDS ING BANK AND NN GROUP

Organisation	Name	Amount of donations	Supported organisations	Applications	Votes
<b>ING Bank Austria</b>	Vereinstausender	50,000	50	900	500,000 votes
<b>ING Bank Belgium</b>	ING Solidarity Award	412,500	55	1,400	200,000 votes
<b>ING Bank Luxembourg</b>	ING Solidarity Award	76,000	48	121	22,867 votes
<b>ING Bank Netherlands</b>	ING Goede Doelenfonds	1,100,000	808	943	5,807 employee votes
<b>ING Bank Romania</b>	Adopt a project	40,000	8	80	1,400 employee votes
<b>Insurance Poland</b>	HelpING	16,700	13	50	N/A
<b>Insurance Romania</b>	Foundation for Life	56,000	100	100	N/A
<b>Nationale-Nederlanden</b>	Wij & de Maatschappij	231,000	205	223	1,100 employee votes

## 8.4 – Support for local themes continued

### Our commitment to supporting health

We aim to support and encourage healthy behaviour among our employees, customers and society, with the aim of preventing and reducing the risk of personal health difficulties. With our community investment initiatives we promote healthy lifestyles, invest in research and support a broad variety of charities that help people who suffer or are recuperating from life-threatening illnesses.

#### Case study | PROMOTING CANCER PREVENTION

##### What we did

Our insurance business in Poland has participated in the national education campaign 'Cancer. It can be treated'. The objective was to provide education and awareness about cancer prevention and to fight against the stereotypes associated with the disease.

The campaign focused on prevention and included input from experts in the field of oncology, NGOs and patients. We participated in this campaign from the start and supported all activities in the project, including:

- A charitable concert for 2,500 guests
- A flash mob on World Cancer Day at Central Station in Warsaw with 100 dancers
- Sponsorship of more than 500 mammography's at outdoor events
- A charity run 'Chase the cancer', with all funds raised donated to cancer organisations.

##### What we achieved

For the campaign our insurance business in Poland received the Zloty Spinacz award in the finance category – a prestigious public relations award in Poland – acknowledging their innovative approach to education and prevention of cancer. The campaign is a key activity for our local insurance business and will continue throughout 2014.

### Our commitment to environmental care

Our commitment to environmental care is shared by many of our employees. In many of our locations, employees are involved in activities such as recycling campaigns, planting trees in public spaces or acting as volunteers in city parks.

#### Case study | CLEANING UP THE CITY

Cleaning up the city for five years, our insurance business in Slovakia has participated in the 'Our City' programme organised by Pontis foundation. Our employees volunteer to spend a full working day per year helping to clean the city of Bratislava. Activities are based both outdoors (such as parks, streets, buildings, benches, painting playgrounds, planting trees) as well as indoors (community centres, offices).

### Our commitment to social welfare

In terms of community investment, social welfare includes providing personal care, protection or social support services. These are provided to children, as well as to adults with needs arising from illness, disability, old age or poverty.

#### Case study | HELPING PEOPLE IN DISTRESS

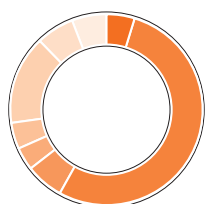
Our insurance business in Greece responded to the critical situation of local communities by providing better living conditions to people in economic distress. The company organised a campaign where employees collected goods such as clothing and shoes, which were donated to the non-profit organisation Children SOS Village. Items valued at EUR 12,200 were donated.

## 8.5 – Progress report

	WHAT WE SAID WE WOULD DO	WHAT WE DID
ING Bank	At least one million children through the partnership with UNICEF have been reached between 2005 and 2015	The total funds raised in 2013 for UNICEF amounted to EUR 3,153,618. Since 2005, we have raised a total of EUR 26.7 million, which has enabled UNICEF to reach more than 888,990 children. We will do our utmost to reach our goal of one million children.
	Our total charitable giving should for 60% or more be targeted towards our focus areas children and education, financial empowerment and entrepreneurship	58% of our charitable donations were donated to our focus areas.
NN Group	Develop a separate community investment programme, in line with our business strategy, new brand values and geographic focus	We reviewed our local community investment portfolios. We also started to align with the new purpose and values that were launched in October 2013 in order for our new community investment strategy to be launched in 2014.

### TOTAL DONATIONS ING BANK (IN € X 1,000)

ING Bank		2013
Direct business donations	Donations business	8,619
	Donations business in-kind	919
Facilitated by ING	Donations customers	1,383
	Donations employees	1,290
Total		12,211

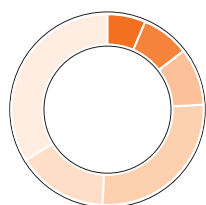


ING Bank		2013
● Arts and Culture		598
● Children and education (incl. UNICEF)		6,513
● Emergency relief		777
● Environment		471
● Financial education and entrepreneurship		559
● Health		1,833
● Social welfare		748
● Other		712
Total		12,211

## 8.5 – Progress report continued

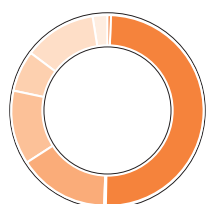
### TOTAL DONATIONS NN GROUP (IN € X 1,000)

NN Group		2013
Direct business donations	Donations business	1,097
	Donations business in-kind	35
Facilitated by NN Group	Donations customers	13
	Donations employees	27
Total		1,172



NN Group		2013
Arts & Culture		77
Children and education		95
Emergency relief		0
Environment		0.3
Financial education and entrepreneurship		112
Health		313
Social welfare		179
Other		395
Total		1,172

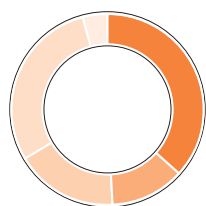
### EMPLOYEE VOLUNTEERING ING BANK (IN HOURS)



ING Bank		2013
Arts & Culture		351
Children and education		27,331
Emergency relief		218
Environment		8,494
Financial education and entrepreneurship		6,832
Health		3,730
Social welfare		6,723
Other		1,374
Total		55,053

Employees volunteer thousands of hours. Volunteering takes place during office hours in all community investment areas with a focus on children and education.

### EMPLOYEE VOLUNTEERING NN GROUP (IN HOURS)



NN Group		2013
Arts & Culture		0
Children and education		1,232
Emergency relief		0
Environment		416
Financial education and entrepreneurship		0
Health		582
Social welfare		984
Other		136
Total		3,350

## 8.5 – Progress report continued

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### LOOKING FORWARD

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#### ING Bank

By 2015 ING Bank expects the partnership with UNICEF to have fulfilled its initial objective of positively impacting the lives of at least one million children. Furthermore we will continue our focus on financial empowerment and entrepreneurship to help young people.

#### NN Group

As we prepare for the standalone future of the insurance and investment management businesses, we will review our current community investment portfolio and align it with our purpose, company values and brand going forward.

We will continue to strike a balance between local and global needs and the expectations of our employees, customers and society at large.

We will base our approach on financial support through donations, with employee volunteering as the main interaction channel. Our new Community Investment strategy will be launched in 2014.



# 9 – Governance and compliance

## HIGHLIGHTS

- Increased focus on materiality for defining sustainability priorities
- High score on DJSI/Bronze class distinction by RobecoSAM
- Stronger ESR risk management
- Increase in sustainable business
- Reorganisation means two independent teams at Bank and Insurance driving sustainability.

We have strong governance and compliance systems in place that reflect our values, local and international regulations. Our business and sustainability governance is ensured by a number of distinct bodies and committees that have the necessary mandate and remit to ensure appropriate and ethical management. Our business principles and policies offer a comprehensive set of strict guidance and systems for all employees to manage day-to-day decision making in a safe, ethical, commercially astute and compliant manner.

## Contents in this chapter

9	Governance and compliance	96
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## 9 – Governance and compliance continued

### ING Business Principles

Our business revolves about people and trust. Being entrusted with other people's money is a responsibility we take very seriously. Only by acting with professionalism and integrity can we 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 ING employee by inserting a reference to the ING Business Principles in the employee's contract of employment.

### 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, shareholders, employees 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. For more information on the members, the profile and charter of the Supervisory Board, please see the link below.

Banking and Insurance have their own management board consisting of the Executive Board members and positions for four other members. Full details about our management structure and implementation of Dutch Corporate Governance Code can be found on [ING.com](http://ING.com)

### Dutch Banking and Insurance Codes

#### Dutch Banking Code

In September 2009, the Dutch Banking Association (NVB) published the Banking Code, which lays out the principles by which Dutch banks should conduct themselves in terms of corporate governance, risk management, audit and remuneration. ING Bank strongly supports the principles of the Banking Code because we believe they are an important way for the banking sector to regain trust, ensure stability and protect the interests of our stakeholders. Accordingly, ING applies the Banking Code within the following legal entities that hold a Dutch banking licence: ING Bank N.V., ING Direct N.V., Bank Mendes Gans N.V.

Drawn up in response to a report entitled 'Restoring Trust' that was published in April 2009 by the Advisory Committee on the Future of Banks in the Netherlands, the [Banking Code](#) is a form of self-regulation that took effect on 1 January 2010 on a 'comply or explain' basis.

#### Dutch Insurers' Code

In December 2010, the Dutch Association of Insurance Companies (Verbond van Verzekeraars) published the Governance Principles, also known as the [Code of Conduct for Insurers](#). The Code of Conduct for Insurers, effective as from June 2011, lays out the principles for Dutch insurance companies in terms of corporate governance, risk management, audit and remuneration.

### Operational and compliance Non-Financial Risks (NFR)

#### 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, e.g. Risk and 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 and 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 Board Insurance (MBI) and Non-Financial Risk Committee and sent to the Supervisory Board for information.

## 9 – Governance and compliance continued

### 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, 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 – Compliance Risk

ING is committed to the preservation of its reputation and integrity through compliance with ING's Business Principles, 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.

### 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 more strict 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.

### 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.

### 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) dealing while having inside information regarding ING. Employees within the organisation who (could) possess inside information regarding ING are assigned as 'Insider ING' and are as such governed by the (additional) rules of the Insider Regulation ING. These rules refer, among other things to their personal account dealing in ING, the monitoring thereof and the treatment of confidential information relating to 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.

## 9 – Governance and compliance continued

### 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.

### Promoting integrity

ING created several programmes and tools 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, and also undermine their trust in ING. Examples include multiple e-modules and dialogue packs that teams can use to discuss the impact of key priorities within ING.

### 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.

#### 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.

#### 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.

### 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 ING's 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. More information regarding our compliance policies can be found on [ING.com](http://ING.com)

# Appendix

This appendix compiles comprehensive disclosure of our independent assurance report and ING's annual communication on progress on the UN Global Compact Principles.

It also details our progress report on the Principles for Sustainable Insurance, and provides a glossary of terms and acronyms used in this report.

## Contents in this section

APPENDIX		100
10.1	Independent Assurance Report	101
10.2	Principles for Sustainable Insurance	102
10.3	UN Global Compact	104
10.4	Glossary	106
10.5	Details	108

# 10.1 – Independent Assurance Report

## To the readers of the ING Group Sustainability Report 2013

We were engaged by the Executive Board of ING Group N.V. (further 'ING') to provide assurance on the ING Group Sustainability Report 2013 (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.

## Observation

Without affecting the conclusion of our engagement, we would like to draw the readers' attention to our observation below: Following up on last year's observation, we have noticed that ING is in the process of formulating more concrete KPIs and targets. In addition, ING has improved its materiality assessment in 2013 to further align the reporting content with stakeholder expectations. We recommend ING to present the new KPIs and targets in the 2014 report. We also recommend ING to further align the content of the report with the outcomes of the materiality assessment. Extending the information on the most material topics, compared to topics deemed less material, will improve the balance of the report.

**Amsterdam, 28 March 2014**  
**KPMG Sustainability, Part of KPMG Advisory N.V.**  
**W.J. Bartels RA, Partner**

## 10.2 – Principles for Sustainable Insurance

### Progress report 2013

In June 2012, ING joined thirty other leading insurance companies and became a founding signatory of the UN Principles for Sustainable Insurance. We report on our progress in implementing the principles in our business operations throughout the ING Sustainability Report. The overview below provides a selection of examples from this progress report, including references to the relevant pages in this report.

We will embed in our decision-making environmental, social and governance issues, relevant to our insurance business

GOALS	PROGRESS 2013
Offer insight, tools and programmes to improve consumers' financial decision making	We developed online and offline platforms for knowledge sharing and development (ING Sustainability Report, <a href="#">pages 32-33</a> )
Maintain an up-to-date Environmental and Social Risk (ESR) policy framework	We strengthened the implementation of our ESR policy framework, improved existing policies and implemented them in our client onboarding and transactional processes (ING Sustainability Report, <a href="#">pages 41-42</a> )
As part of ING's separation process, we will develop a refined set of ambitions, goals and performance indicators – for both our banking and insurance business	In both our banking and insurance and investment management businesses sustainability teams have been put in place that are in the process of defining and developing distinct visions and strategies

We will work together with clients and business partners to raise awareness of environmental, social and governance issues, manage risk and develop solutions

GOALS	PROGRESS 2013
Aim to increase our sustainable assets allocated	In 2013, our sustainable assets allocated increased with EUR 845 million compared to 2012 (ING Sustainability Report, <a href="#">pages 57-58</a> )
Manage our direct footprint and review our procurement process in order to create more sustainable practices	In 2013, the total extrapolated amount of carbon emissions from our business operations decreased from 209 to 169 kilotonnes compared to 2012. ING implemented new procurement guidelines based on the UN Global Compact principles (ING Sustainability Report, <a href="#">page 69</a> )

## 10.2 – Principles for Sustainable Insurance continued

We will work together with governments, regulators and other key stakeholders to promote widespread action across society on environmental, social and governance issues

GOALS	PROGRESS 2013
Engage with stakeholders on general developments or more specific issues	During 2013 we entered into dialogue with various stakeholders on various topics. We also conducted research and published reports on sustainability topics (ING Sustainability Report, <a href="#">pages 17-21</a> )
Promote sustainable finance amongst key stakeholders	We are an active member of various (inter)national networks. ING is amongst others Chair of the Equator Principles Steering Committee. We aim to contribute to positive change as we support clients to seek improvement in ESG practices (ING Sustainability Report, <a href="#">pages 17-18, 39-59</a> )
Strive to positively impact the lives of children and increase our employee participation in ING's community investments initiatives	Total funds raised in 2013 for UNICEF amounted to EUR 3,153,618. Since 2005 we reached more than 888,990 children

We will demonstrate accountability and transparency in regularly disclosing publicly on our progress in implementing the principles

GOALS	PROGRESS 2013
Ensure public disclosure of our sustainability objectives, and the progress we make, in our annual reporting	ING published its Sustainability Report 2013 in parallel with its financial report. This table serves as a cross-reference to the relevant sections in our Sustainability Report



## 10.3 – UN Global Compact

UN Global Compact 2013	ING Commitment	Performance 2013
<b>Principle 1</b> Business should support and respect the protection of internationally proclaimed human rights	<p>The ING Business Principles are based on the commitment to respect human rights and the environment.</p> <p>Human rights are an integral part of ING's ESR Framework and apply to all economic sectors that we conduct business with.</p> <p>ING Human Rights Statement for employees with reference made to the ILO Core Conventions.</p> <p>At ING, we will uphold the Children's Rights and Business Principles in our activities.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection, and anti-corruption.</p> <p>ING is a member of the Thun Group of Banks, dedicated to investigating how the United Nations guidelines on business and human rights can be applied.</p>	<a href="#">Business Principles</a> <a href="#">ING's Environmental Social Risk Framework</a> <a href="#">Human Rights</a> <a href="#">Business Principles for Children Rights</a> <a href="#">Sustainable Procurement</a> <a href="#">ING memberships</a>
<b>Principle 2</b> Business should ensure that they are not complicit in human rights abuses	<p>The ING Business Principles are based on the commitment to respect human rights and the environment.</p> <p>Human rights are an integral part of ING's ESR Framework and apply to all economic sectors that we conduct business with.</p> <p>ING Human Rights Statement for employees with reference made to the ILO Core Conventions.</p> <p>At ING, we will uphold the Children's Rights and Business Principles in our activities.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection, and anti-corruption.</p> <p>ING is a member of the Thun Group of Banks, dedicated to investigating how the United Nations guidelines on business and human rights can be applied.</p>	<a href="#">Business Principles</a> <a href="#">ING's Environmental Social Risk Framework</a> <a href="#">Human Rights</a> <a href="#">Business Principles for Children Rights</a> <a href="#">Sustainable Procurement</a> <a href="#">ING memberships</a>
<b>Principle 3/ILO Conventions 87 and 98</b> Business should uphold the freedom of association and the effective recognition of the right to collective bargaining	<p>The ING Business Principles are based on the commitment to respect human rights and the environment.</p> <p>Under our Human Rights Statement, we uphold the freedom of association for all our employees and recognise the right to collective bargaining.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption.</p>	<a href="#">Business Principles</a> <a href="#">Human Rights</a> <a href="#">Sustainable Procurement</a>
<b>Principle 4/ILO Conventions 29 and 105</b> Business should support the elimination of all forms of forced and compulsory labour	<p>The ING Business Principles are based on the commitment to respect human rights and the environment.</p> <p>Human rights are an integral part of ING's ESR Framework and apply to all economic sectors that we conduct business with.</p> <p>ING Human Rights Statement for employees with reference made to the ILO Core Conventions.</p> <p>At ING, we will uphold the Children's Rights and Business Principles in our activities.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption.</p>	<a href="#">Business Principles</a> <a href="#">ING's Environmental Social Risk Framework</a> <a href="#">Human Rights</a> <a href="#">Business Principles for Children Rights</a> <a href="#">Sustainable Procurement</a>
<b>Principle 5/ILO Conventions 138 and 182</b> Business should support the effective abolition of child labour	<p>The ING Business Principles are based on the commitment to respect human rights and the environment.</p> <p>ING Human Rights Statement for employees with reference made to the ILO Core Conventions.</p> <p>At ING, we will uphold the Children's Rights and Business Principles in our activities.</p> <p>We ask our suppliers to agree to comply with the UNGC principles that promote human rights, fair labour practices, environmental protection and anti-corruption.</p>	<a href="#">Business Principles</a> <a href="#">Human Rights</a> <a href="#">Business Principles for Children Rights</a> <a href="#">Sustainable Procurement</a>
<b>Principle 6/ILO Conventions 100 and 111</b> Business should support the elimination of discrimination in respect of employment and occupation	<p>The ING Business Principles are based on the commitment to respect human rights and the environment.</p> <p>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.</p> <p>ING Human Rights Statement for employees with reference made to the ILO Core Conventions.</p>	<a href="#">Business Principles</a> <a href="#">Diversity</a> <a href="#">ING Human Rights Statement</a>

## 10.3 – UN Global Compact continued

<b>Principle 7</b> Business should support a precautionary approach to environmental challenges	<p>The ING Business Principles are based on the commitment to respect human rights and the environment.</p> <p>ING's ESR Framework aims to mitigate environmental and social risk of our business activities.</p> <p>The ING Procurement Code of Conduct includes environmental criteria.</p> <p>ING's environmental management programme aims to limit the environmental impact of our own operations.</p> <p>ING applies the Equator Principles to Project Finance.</p>	<a href="#">Business Principles</a> <a href="#">ING's Environmental Social Risk Framework</a> <a href="#">Sustainable Procurement</a> <a href="#">Environmental Management at ING</a> <a href="#">Application of the Equator Principles at ING</a>
<b>Principle 8</b> Business should undertake initiatives to promote greater environmental responsibility	<p>The ING Business Principles are based on the commitment to respect human rights and the environment.</p> <p>ING's ESR Framework aims to mitigate environmental and social risk of its business activities.</p> <p>The ING Procurement Code of Conduct includes environmental issues, this to ensure environmental sustainability.</p> <p>ING applies the Equator Principles to its Project Finance activities.</p> <p>ING's Economics Bureau researches and publishes reports on environmental issues.</p>	<a href="#">Business Principles</a>
<b>Principle 9</b> Business should encourage the development and diffusion of environmentally friendly technologies	<p>ING's Economics Bureau researches and publishes reports on environmental issues.</p> <p>ING commits to increasing the share of renewable energy in its project finance portfolio.</p> <p>The ING Groenbank, the ING Sustainable Lending Team and several other specialist teams within ING Bank and ING Lending Services promote sustainable business.</p> <p>Growth in the Sustainable Assets Allocated that represent business conducted with sustainability criteria.</p>	<a href="#">Researching the business case for sustainability</a> <a href="#">Responsible investment and lending</a> <a href="#">Sustainable Assets Allocated 2013</a>
<b>Principle 10</b> Businesses should work against corruption in all its forms, including extortion and bribery	<p>The ING Business Principles set a global standard for the behaviour expected of every employee.</p> <p>ING has zero tolerance towards bribery and corruption and has clear policies on this.</p> <p>ING implements a Corporate Policy on Financial Economic Crime (FEC).</p>	<a href="#">Business Principles</a> <a href="#">Governance and Compliance</a>

## 10.4 – Glossary

### **ABIS**

The Academy of Business and Society

### **ABS**

Asset Backed Securities

### **AFM**

Authority for the Financial Markets

### **AGM**

Annual General Meeting of Shareholders

### **AML**

Anti-Money Laundering

### **BREEAM**

Building Research Establishment Environmental Assessment Methodology

### **CDM**

Clean Development Mechanism

### **CDP**

Carbon Disclosure Project

### **CEO**

Chief Executive Officer

### **CMBS**

Commercial Mortgage Backed Securities

### **CRO Forum**

Chief Risk Officer's Forum

### **CSR**

Corporate Social Responsibility

### **CTF**

Counter Terrorism Financing

### **DJSI**

Dow Jones Sustainability Indexes

### **DUFAS**

Dutch Fund and Asset Management Association

### **EP**

Equator Principles

### **EP II**

Equator Principles two

### **EP III**

Equator Principles three

### **EFAMA**

European Fund and Asset Management Association

### **EHS**

Environmental Health and Safety

### **EIRIS**

Global provider of research into corporate environmental, social and governance performance

### **EPFI**

Equator Principles Financial Institution

### **ESG**

Environmental, Social and Governance

### **ESR**

Environmental and Social Risk

### **EUR**

Euro €

### **EU ETS**

European Union Emissions Trading Scheme

### **FEC**

Financial Economic Crime

### **FTE**

Full-time equivalent (for employees). An FTE of 1.0 equals a full-time employee

### **FSSS**

Financial Services Sector Supplement

### **GDC**

ING's Global Diversity Council

### **GFS**

Global Financial Services

### **GHG**

Greenhouse Gases

### **GMI**

GMI Ratings maintains broad coverage of the environmental, social, governance (ESG) and accounting-related risks affecting the performance of public companies

### **GRI**

Global Reporting Initiative

### **GIIPS**

Greece, Italy, Ireland, Portugal and Spain

### **ICAN**

International Campaign to Abolish Nuclear Weapons

### **ICGN**

International Corporate Governance Network

## 10.4 – Glossary continued

<b>ICS</b>	<b>PRI</b>
Integrated Client Solutions	Principles for Responsible Investment
<b>IFC</b>	<b>PSI</b>
International Finance Corporation	Principles for Sustainable Insurance
<b>ILO</b>	<b>RFP</b>
International Labour Organisation	Request for Proposal
<b>IPO</b>	<b>RMBS</b>
Initial Public Offering	Residential Mortgage Backed Securities
<b>IPSS</b>	<b>ROW</b>
ING's Procurement Sustainability Standards	Rest of the World
<b>ISO</b>	<b>SEAP</b>
International Organisation for Standards	Code of Conduct of the Society of European Affairs Professionals
<b>LEED</b>	<b>SOMO</b>
Leadership in Energy and Environmental Design	Centre for Research on Multinational Corporations
<b>MBB</b>	<b>SRI</b>
Management Board Banking	Socially Responsible Investing
<b>MBI</b>	<b>UHRC</b>
Management Board Insurance	Ultra High Risk Countries
<b>MSCI</b>	<b>UNEP</b>
MSCI World Index	United Nations Environmental Programme
<b>MWh</b>	<b>UNPR</b>
MegaWatt hour	United Nations Principles for Responsible Investment
<b>NAICS</b>	<b>UNEPI</b>
North American Industry Classification System	United Nations Environmental Programme Finance Initiative
<b>NFR</b>	<b>UNEP</b>
Non-Financial risk	UNEP Finance Initiative Climate Change Working Group
<b>NFRC</b>	<b>UNGC</b>
Non-Financial Risk Committees	United Nations Global Compact
<b>NFRD</b>	<b>UNICEF</b>
Non-Financial Risk Dashboard	United Nations International Children's Emergency Fund
<b>NGO</b>	<b>UN Kyoto Protocol</b>
Non-Government Organisation	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
<b>NPS</b>	<b>VBDO</b>
Net Promoter Score	Dutch Association of Investors for Sustainable Development
<b>NVB</b>	<b>VCU</b>
Dutch Banking Association	Voluntary Carbon Units
<b>OECD</b>	<b>WPC</b>
Organisation for Economic Co-operation and Development	Winning Performance Culture employee engagement survey
<b>ORM</b>	<b>WWF</b>
Operational Risk Management	World Wildlife Foundation
<b>PARP</b>	<b>YES</b>
Product Approval and Review Process	Yearly Employee Survey
<b>PAX</b>	
PAX Christi International Catholic Movement for peace	
<b>PIIF</b>	
Principles for Investors for Inclusive Finance	

## 10.5 – Details

### This Sustainability Report is available as a PDF file on

[www.ing.com/sustainabilityreport](http://www.ing.com/sustainabilityreport)

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