

ING non-financial data reporting protocol 2016

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1. Introduction

Through our integrated annual report, we aim to tell the overall story of our organization in a manner that allows all our stakeholders to assess the ability of our organization to create and sustain value in the short, medium and long-term.

A balanced integrated report contains information on our economic performance as well as on the impact of our organization on society and the environment. Material sustainability topics are therefore included in the integrated report. These topics, together with other relevant sustainability data, are described in more detail in the non-financial information annex, which is published especially for a specific target audience of raters and sustainability analysts.

This non-financial data reporting protocol describes the non-financial and sustainability related data that is published either in the integrated report or in the enclosed annex. It gives the definitions of different performance indicators and describes how data is gathered. In this way, we ensure consistent, accurate, complete and balanced reporting over the years. In chapter 2 of this protocol, we describe the reporting guidelines we adhere to as well as data gathering processes. Chapters 3-8 contain the guidelines, definitions, and processes per topic/performance indicator.

2. Sustainability Reporting

2.1 Reporting guidelines

ING's integrated report, including the non-financial appendix, is prepared in accordance with the RJ 4000 and the GRI Standards: Comprehensive option. The content criteria provided by the Standards (sustainability context, stakeholder inclusiveness, materiality and completeness) are integral to our reporting process.

GRI Standards: Comprehensive option are used throughout for the report and the non-financial annex. In addition, specific criteria and guidelines are followed for certain performance indicators such as the Greenhouse Gas protocol for CO2 emissions and the Equator Principles III criteria for the screenings of deals. If specific criteria and guidelines are used, this is explained in chapter 3.

2.2 Reporting scope and period

The boundaries of the economic, environmental and social impact resulting from our business and operations were assessed and, as a result, we have attempted to provide a balanced and reasonable presentation of our performance on those issues identified as material. The table below lists an overview of the material topics that are included in the integrated report. Also included (per material topic) is an indication which stakeholder groups are most significantly impacted:

Material topic	Most significant impact (which stakeholder group)
<u>Economic contribution</u>	
Economic performance	Shareholders
Pricing of products and services	Customers
Managing risks	ING, society
<u>Customer centricity</u>	
Innovative business developments	Customers
Customer privacy and data security	Customers
Enhancing customer financial capabilities	Customers
Stability of IT systems and platforms	Customers
Usability and accessibility of our products and services	Customers
Fair communication about our products and services	Customers
Responsible lending and debt prevention	Customers
<u>Fair operating practices</u>	
Regulatory developments	Customers, society
Anti-competitive behavior prevention	Society
Corruption prevention	Society
Sustainable finance and investment policies	Customers, society
<u>Stakeholder engagement</u>	
Transparency and openness	Society
Regaining trust	Society, customers
<u>Labour practices</u>	
Diversity and equal opportunities, preventing discrimination	ING employees
Remuneration of ING employees	ING employees, society

Table showing compilation of Material Topics from the 2016 Materiality Assessment. Material topics are updated annually following the materiality assessment. See section 2.3 for more information on the Materiality process.

We can report our performance and progress on few material topics, as opposed to others which are covered extensively by local / global laws, ING policies and governance framework. These local / global laws, ING policies and governance framework are captured in several chapters of the annual report, indicating our integrated approach towards reporting.

The data collection process for the material topics is explicitly described in this reporting protocol. In doing so we aim to ensure that our annual report together with the non-financial appendix provides a concise, accurate and balanced account of ING's performance in the business units over which ING has management control. If the scope is different, for example for reasons of materiality, this is mentioned per performance indicator in chapter 3-8. The reporting period always refers to the period January 1 until the December 31 of the given year, unless stated otherwise.

At ING we have a diverse range of Stakeholders. Therefore certain topics are not necessarily material for all our stakeholders groups (eg. our emissions and our donations to charities). These topics are relevant for very specific stakeholder groups such as sustainability professionals and NGO's, and in some cases sustainability rating agencies who request us to disclose this information. Therefore these topics are included in the integrated report and in this protocol. Performance and progress on these topics is found in the non-financial appendix of the annual report and within this reporting protocol for ease of access for these specifically important stakeholder groups.

2.3 Reporting content & materiality

In drawing up the content for the integrated annual report, we have taken into account the issues that can have a material impact on our business and operations, as well as the risks and opportunities, applicable regulations and trends. Sustainability is an ever-evolving domain where material issues change, requiring us to adapt our reporting to meet the expectations of our stakeholders. We therefore undertook a materiality assessment to guide our reporting with the aim of providing a balanced and complete picture of our performance over the reporting year.

This year (2016), ING chose to update the materiality assessment as executed last year (2015) by performing an external stakeholder dialogue and internal interviews to update the materiality assessment based on the results hereof.

ING chose for the best of both worlds by combining quantitative and qualitative analysis, adding a qualitative check to the quantitative outcome of 2015. This approach:

- Adds to the validity of the results and increased understanding of stakeholder priorities
- Does justice to the goal of materiality, to check if we as a company and our stakeholders are truly aligned on material topics
- Creates visibility of stakeholder engagement and provides us with the option to have an in-depth conversation with several stakeholder groups at once

The following steps were performed on for materiality assessment 2016:

- **Step 1** – Building on the existing materiality assessment
- **Step 2** – Ranking of the material topics - external prioritization (y-axis)
- **Step 3** – Ranking of the material topics - internal prioritization (x-axis)
- **Step 4** – Drafting the final materiality matrix

Step 1 – Building on the existing materiality assessment

Starting point of this update is the 2015 materiality matrix as included on page 18 of the 2015 Annual Report. ING choose to update both axes of this matrix for the 2016 Report. As a first step, a media, trend and peer analysis was performed to capture new emerging topics and to ensure the topics reported in 2015 are still relevant. Peer & trend analysis was performed by experts from ING sustainability department.

- Media analysis: Analysis of news items from the period January-June 2016 and researches on global trends in the banking/financial sector
- Peer analysis: Analysis of material topics reported in the Annual report of 24 banks;
- Trend analysis: Analysis of trends affecting the financial services from World Economic Forum (28 reports), BCG Report, PwC Report (Project Blue Report).

Step 2. Ranking of the material topics - external prioritization (y-axis)

The 18 material topics as included in the materiality matrix were discussed during the external stakeholder dialogue held in Amsterdam. The dialogue consisted of 29 key stakeholders comprised of, amongst others: retail clients, wholesale clients, NGOs, shareholders, employees, academia, and supervisor.

8 of the 18 material topics have been discussed in depth during the break-out sessions. During the break-out sessions the participants were asked to 1) Score the material topic, 2) Discuss statements on the material topic and 3) Find consensus on 1 or 2 action points to share as a break-out stakeholder group with ING to work on in the near future. Additionally, stakeholders were also asked to provide their inputs on potential emerging topics for ING and for society.

The outcomes of the event are used to adjust the Stakeholder axis (y-axis).

Step 3 – Ranking of the material topics - internal prioritization (x-axis)

The 18 material topics as included in the materiality matrix were discussed during the internal stakeholder dialogue. 21 key stakeholders were interviewed within ING covering all the relevant departments. The key departments comprised of, amongst others: Strategy, Risk management (financial, non-financial and ESR), Wholesale banking, Retail banking, Finance, HR, Sustainability and communication.

During these interviews, a structure similar to the one described in step -02 was followed. Interviewees were briefly explained about the materiality journey of ING and were asked to

1) score all 18 material topics (see below table for corresponding scores) and 2) express their opinion on the material topics. Also, insights on potential emerging topics were captured during these sessions.

Step 4 – Drafting the final materiality matrix

Drafting the 2016 materiality matrix includes: 1) assessing materiality matrix 2015 w.r.t peer, media and trend analysis 2) considering the average scores received per material topics through step -02 and step - 03 and 3) analysing the summary and notes of discussions collected during step -02 and step -03.

Since a qualitative approach is taken for 2016, we choose to indicate relative increase / decrease in the material topic w.r.t 2015 results rather than changing the position of the material topic in the matrix. This is also given the fact that the 2016 dialogue comprised of limited number of stakeholders focused in the Netherlands as compared the 2015 quantitative survey which covered 1500+ external respondents across 5 different countries.

ING's approach to materiality assessment 2016 was discussed and presented during the MBB of June 13th 2016. Further, the outcomes were approved at the board level.

The outcome of this materiality assessment is shared in-depth in the “What matters most” chapter of the ING integrated report. The top 18 material issues have all been included into the content of the Integrated Report (see table on page 12).

ING's approach to materiality in 2015:

ING's 2015 materiality matrix is based on an extensive analysis of the issues that ING can have an impact on through its business and operations, or that might have an impact on its business strategy. The list of material issues that was included in the materiality survey is based on analysis of international guidelines like GRI and SASB, media en ING's strategy and risk assessment.

The materiality assessment consists of a stakeholder survey and an internal senior management survey, resulting in a graph with the most material issues published in the integrated annual report.

- Stakeholder survey (y-axis). The survey was filled out by 1513 respondents in total:
 - 937 Retail clients
 - 124 Business clients
 - 410 employees
 - 36 NGO's and regulators
 - 6 investors
- Senior management survey (x-axis)
 - 68 senior managers

2.4 Reporting process and methods of data collection

Our reporting process ensures that we only disclose sustainability data that is balanced, comparable, accurate, reliable, and in line with GRI quality criteria and in accordance with

the GRI Standards: comprehensive option. Lessons learned and management letter issues also ensures this.

All reported data is year-end data. Most data is gathered on a yearly basis, but certain data is gathered on a more regular basis, for example HR data. If this is the case, this is mentioned in the relevant chapters per specific performance indicator. For certain performance indicators, measurements or calculations (for example extrapolation of CO2 emissions) are made. If so, these are also explained per specific performance indicator.

Data is gathered on 6 topics: environment, community investment, customers, HR, innovation and business related sustainability topics.

Data on Environment, and Community Investment is gathered through our online data management system (by Credit 360 <https://www.credit360.com/credit/site/en/home.acds>). Data is gathered from all business units over a 100 FTE for which ING has management control in accordance with community investment data collection guidelines set by the London Benchmarking Group. For Environment, we gather data from all business units over 200 FTE as this constitutes over 90% of Emissions and therefore these business units have a material impact on our environmental footprint. If there are extra performance indicators gathered outside of this management system, but within these three topics, this is described in chapter 3-8.

At the global sustainability department, a reporting protocol (this document) has been developed which is updated annually to further improve the quality of our non-financial data reporting. A member of the sustainability department acts as document owner and is responsible for ensuring the document is updated and all the indicator description is based on the data owners inputs.

Data on Human Resources is gathered from our global HR registration system. Data on sustainability-related business activities is collected through the systems of Group Finance and our Environmental and Social Risk Desk, as well as our Sustainable Lending Team and Groenbank. These data gathering processes are described in chapter 3-8 per performance indicator. Data on customers is gathered via amongst others the Global Customer Intelligence department and the Sustainability Department.

3. Business performance indicators

Parameters included in the integrated report and annex include: sustainable transitions financed, impact finance, Equator Principles deals, the credit risk portfolio per economic sector, Sustainable Assets under Management (SAuM), Financial Empowerment interactions, feeling of Financial Empowerment, Channel Availability Service, Green Bonds and thermal coal mining and power generation.

3.1 Sustainable transitions financed (STF) – general

Sustainable transitions financed:

Consists of:	Reported figures
Loans to renewable energy projects	Exposure
Loans to sustainable real estate	Exposure
Loans to other sustainable projects,	Exposure
Loans to Environmental Outperformers	Outstandings
The portfolio of ING Groenbank.	total assets on the balance sheet

Note: Exposure = Outstandings + committed limit. Committed limit is the amount we agree on a transaction to be able to be drawn under that transaction's legal contract. We hold capital against this amount.

Loans to Renewable energy

Includes biomass, geothermal, hydro, solar, offshore and onshore wind power generation. In 2016, we improved the process for extracting renewables data from our system, which gives a more complete overview of our exposure. The figures reported are based on the Exposure as of year-end.

Loans to Sustainable Real Estate

Consistent with the 2015 approach, Sustainable Real Estate projects include the financing of sustainable buildings (certified with a BREEAM, LEED, HQE or DGNB, or with an EPC label of C or higher). As of 2016, rather than including portfolios with more than 50% of sustainable assets, we now only report the portion of the portfolio which qualifies as sustainable according to the above definition. We then calculate each clients' portion of Sustainable collateral and multiply this percentage with the loan limits per client to calculate our total sustainable Exposure.

Loans to other sustainable projects

Includes projects involving energy efficiency, greenhouse gas reduction, climate change mitigation, waste management, water efficiency, public transport and social welfare. The figures reported are the exposure amounts on the transaction

Loans to environmental outperformers

Definition

Clients are identified as environmental outperformers in two ways:

1. clients that are assessed by an independent reputable data provider (Sustainalytics), typically listed and large cap companies, ING selects the top performers - based on environmental, social and governance scores - in each sector as part of its environmental outperformer lists:

Sustainalytics

Sustainalytics is a reputable sustainability assessment company that provides ING with a database of sustainability information on about 4,000 stock listed companies globally on a regular basis.

To determine which of these Parties qualify for the ESR Outcome “Sustainable”, ING processes the Sustainalytics data using the ESR assessment method below, based on the Sustainalytics Peer Group*. The companies meeting **both** criteria below should get a “Sustainable” ESR outcome:

- Companies in each Peer Group that score amongst the top 50% based on the Total ESG (Environment, Social and Governance) Rating score;
- Companies in each Peer Group that score amongst the top 25% based on the Environment score.

Note that the following companies are excluded, and therefore ineligible for the “Sustainable” ESR outcome:

- Sustainalytics “Aerospace” and “Defence” Peer Groups*;
- ESR Restricted companies.

The other companies should be able to proceed with the ESR assessment.

2. front office performs an ESR and sustainability check based on a set of standardized questions that are integrated into the Know Your Customer process.

Loans to environmental outperformers only includes the outstanding amounts which falls under the risk category of “Lending” in Commercial Banking

The portfolio of ING Groenbank

The total assets on the balance sheet of ING Groenbank consists on the debit side of liquid assets and outstanding green loans, and on the credit side of equity capital and attracted savings: green saving deposits.

3.2 Impact finance services

Impact Investing entails investing into companies, organizations and funds with the intention to generate measurable social and environmental impact alongside a financial return. Impact investments can be made in both emerging and developed markets, and target a range of returns from below market to market rate, depending upon the circumstances. Impact Investing comprises Financial Inclusion and (Social) Entrepreneurship. Our impact finance portfolios are documented in contractual agreements with Financial Institutions and OIKOcredit

3.4 Equator Principles screened deals

Equator Principles is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence to support responsible risk decision making. More information can be found here: <http://www.equator-principles.com/>

The principles apply to:

1. Project Finance Advisory Services where total Project capital costs are US\$10million or more.
2. Project Finance with total Project capital costs of US\$10 million or more.
3. Project-Related Corporate Loans where all four of the following criteria are met:
 - i. The majority of the loan is related to a single project over which the client has Effective Operational Control (either directly or indirectly).
 - ii. The total aggregate loan amount is at least US\$100 million.
 - iii. The EPFI's individual commitment (before syndication or sell down) is at least US\$50 million.
 - iv. The loan tenor is at least two years.
4. Bridge Loans with a tenor of less than two years that are intended to be refinanced by Project Finance or a Project-Related Corporate Loan that is anticipated to meet the relevant criteria described above.

EP is embedded in our Environmental and Social Risk policy framework and EP reporting is part of our main stream systems. Data is extracted by our Environmental and Social Risk team.

3.5 Credit risk portfolio per economic sector

The credit risk portfolio: this consists of ING Bank's total outstandings, i.e. the Lending, Pre-Settlement, Money Market and Investment activities per December 31st of the reporting year. Outstandings represent the amount of risk that is present at a given point in time. The numbers and percentages published are in line with the risk data reported in our consolidated annual account.

Economic sector: the economic sectors published in this table are based on Customer type classification level 1 (column 1: consumer lending, financial institutions, governments, other and corporates). From this categorization, the corporates are further broken down in line with NAICS sector classifications level 1 (column 2). NAICS sectors that form a very small part of ING's total credit risk portfolio are grouped in 'other'. These sectors are Non-Bank

Financial Institutions, Unknown, Civic, Religious & Social Organizations, Private Individuals, Commercial Banks, Lower Public Administration, Central Governments and Central Banks.

3.6 Sustainable Assets under Management (SAuM)

SAuM (Sustainable Assets under Management); assets of clients registered at ING Bank which are defined as sustainable by ING. The Netherlands, Germany, Belgium and Luxembourg are in scope. ING offers the following categories of sustainable investments:

- Sustainable investment portfolios. These portfolios are labelled as responsible investing. They consist of individual shares, individual bonds, investment funds and combinations of these, which have been categorized as sustainable by ING.
- Sustainable structured products, including guaranteed products (Lirics); these are ING guaranteed notes based on the CS ING SRI Index or on the Sustainable European Low Risk Equity Index (SELRE).
- Sustainable investment funds on the Master list of the Investment Office NL, and on the Fund lists of ING Retail Banking Belgium and ING Private Banking Belgium and Luxembourg.
- At ING-DiBa (Germany), all funds are selected that fall into the category “ecology/sustainability” (Ökologie/Nachhaltigkeit). The amount of assets under managements held by clients in those funds at ING is measured subsequently. The category itself is defined by an external data provider (Smarthouse).

These products are categorized as sustainable after thorough assessment by the investment offices, on a diverse set of sustainable requirements. The definition and availability of a sustainable product can differ between the countries in which ING is active. This can be linked to local legal or regulatory reasons. ING Retail business units outside the Benelux do not have an investment office. They rely on external (data providing) parties for the sustainable assessment.

3.7 Financial empowerment interactions

Consists of all financial empowerment interactions customers, potential-customers and non-customers have with ING.

Interactions mainly focusing on a retail audience that offers them practical knowledge, insights and/or tools that strive to enable them making better informed decisions that improve their day-to-day finances. We classify these interactions in the following categories:

- **Content**
Informative content that educates and informs the user, enabling them to gather knowledge and/or insights that contributes to taking better financial decisions.
- **Tools & Scans**
Dynamic content that takes users through a set of questions and generates an advice that enables them to take better financial decisions.
- **Products & Services**
Specific propositions developed to enable, support or ‘nudge’ (potential-) clients in

order to make a better financial decision.

- **Seminars & Direct Conversations**
Meetings, gatherings, or online-webinars where (potential-) clients are informed and/or can discuss financial topics which will support them in taking better financial decisions.
- **Society at large**
Activities organized to reach society at large with a specific focus on children & youth In addition to ING's financial inclusion programme.

3.8 Feeling of financial empowerment

Consists of a representative survey in all our retail markets (Netherlands, Belgium, Luxembourg, Austria, France, Australia, Italy, Germany, Spain, Poland, Romania, Turkey and Czech Republic).

The Brand Affinity Monitor provides insights into how the ING brand is perceived by its (potential) clients. Experienced empowerment is one of the variables evaluated in this research, reflecting four dimensions of empowerment among clients.

- Statement 1: Enables me to be in charge
- Statement 2: Enables me to feel in control of my finances
- Statement 3: Enables me to feel confident about my financial future
- Statement 4: Enables me to anticipate on important steps in my life

All statements are measured on a five-point scale. The feeling of financial empowered is calculated by taking the simple average of the top 2 boxes of these four statements, resulting in the % of clients that feel financially empowered by ING per market that ING operates in. The percentage of people that feel empowered are multiplied with the total amount of *ING customers* per market.

3.9 Channel Availability Service-window

For the channel availability metrics a distinction is made between the Retail/SME channels and the Wholesale Banking channel. For Retail/SME the channels in scope of this metric are the internet banking channel and the mobile banking application. These channels are country specific (e.g. Mijning-Particulier for the Netherlands; HomeBank for Belgium). For Wholesale we measure the channel solution IBP (Inside Business Payments) offered to Wholesale Banking customers.

A Retail/SME channel is measured as available when in a specified time-window (so called service-window), the basic functionality is available for the customer, meaning a customer is able to login, see the balance of current accounts and perform a payment transaction (credit transfers). The Wholesale channel (IBP) is measured as available when in a specified time-window, the customer is able to login and use all the payments functionality (all payment-formats and countries – signing; reporting; archiving & billing).

3.10 Reporting on Green Bonds

ING has entered the Green Bond market to accelerate the funding of ING's overall sustainability strategy. The use of proceeds of the Green Bond is to (re)finance loans to projects in six eligible categories.

ING's green bonds are senior unsecured corporate bonds issued by ING Bank N.V. under the existing ING Debt Issuing Program. Green bonds differ from regular corporate bonds on the use of proceeds. The proceeds are used to fund selected assets, which are chosen from a portfolio of eligible sustainable loan assets.

The eligible sustainable loan assets are selected from the Loans to renewable energy projects, the Loans to sustainable real estate and the Loans to other sustainable projects as described under 3.1 (sustainable Transitions Financed (STF)). There are six categories identified: renewable energy, green real estate, public transport, water management, waste management and energy efficiency.

The ING green bond Framework, developed together with third party assurance provider; Oekom provides the additional selection criteria for selecting the eligible assets.

ING will report on the Allocation of proceeds per sector, and environmental impact (carbon emissions avoided). For more information, please refer to: <https://www.ing.com/ING-in-Society/Sustainability/INGs-Sustainability-Direction/Green-bond.htm>

The criteria for the assets from the six eligible categories, besides controversies, are:

Renewable energy:

Included are loans that have the primary purpose to finance the acquisition, development, building, operating, and/or maintenance of assets that generate energy from the following renewable sources; wind (both onshore and offshore) solar, hydro (only small run of river projects) and geothermal.

Green real estate:

We include loans in the Green bond portfolio when the primary purpose is to finance the acquisition, development, building and/or refurbishment of commercial real estate (residential, office, retail and logistic sectors) located in important markets in Europe, the U.S.A. and selected Asia – Pacific markets. Each included loan benefits from a certificate with one of the following quality levels; BREEAM (minimum 'Very Good'), LEED (minimum 'Gold'), DGNB (minimum 'Silver') or HQE (minimum 'Excellent').

Public Transport:

We include in our Green bond portfolio loans that have the primary purpose of financing the acquisition, production, operating, building and/or maintenance of electric public transport infrastructure, systems, vehicles and assets.

Waste management

We include loans in the green bond portfolio that have the primary purpose to finance the acquisition, development, operating, building and/or maintenance of assets for the recycling and/or reuse of wasted materials, in all forms and substances.

Water management

We include loans in the green bond portfolio that have the primary purpose to finance the acquisition, development, building, operating and/or maintenance of assets for treatment and recycling of water and assets for flood protection.

Energy efficiency

We include loans in the green bond portfolio that have the primary purpose of financing energy efficiency measures and/or loans which source of loan repayment is savings through energy efficiency measures. We have set the requirement that the measures should lead to a reduction of energy consumption of minimum 30%.

The reporting on the green bonds includes the allocation of proceeds over the six categories, the allocation of proceeds to refinancing and new financing, as well as the environmental (carbon dioxide avoided) impact on the sectors renewable energy and waste management.

The reporting on the environmental impact comprises of assets in the renewable energy sector.

3.11 Thermal Coal Mining and Power Generation

Beginning with the 2016 Annual Report and in line with our public commitment to reduce our global credit exposure to thermal coal-related businesses, we seek to report our thermal coal-related outstandings (O/S), covering both mining and power generation.

Coal mining refers to thermal coal mines worldwide, including coal terminals.

Coal power generation is reflected within the entire power generation portfolio and refers to asset based financing for this type of activity.

Herein the entire power generation portfolio of ING Bank, which consists of:

- a) Asset based lending / project finance assets including:
 - o Electric power generation from oil
 - o Electric power generation from gas
 - o Electric power generation from coal
 - o Electric power generation from renewables, which comprises of Biomass, Geothermal, Hydroelectric, Solar, Wind Electric Power Generation

The renewables number reported in the Power Generation table represents the outstandings (O/S) amounts. The only difference between the Sustainable Transitions Financed (STF) renewables number and the Power Generation renewables number, is that the former shows exposure amounts rather than outstandings (O/S) amount.

General lending to Diversified Utility Companies (DUCs), which we define as utility companies that operate power plants using various energy sources or power plants combined with other utility operations (such as distribution etc.).

4. HR performance indicators

HR data is collected by the corporate HR department. The following HR indicators are published:

4.1 *Male/female ratio*

4.1.1 Definition

Number of active internal female employees and the number of active internal male employees expressed as a percentage of the total active internal headcount.

4.1.2 Boundaries

In scope are all ING internal employees. Internal employees have an ING contract. Externals (working for example within ING through an employment agency) are not in scope (see glossary for definition). The scope of the numbers includes run-off entities (like Lease/Real Estate) but excludes minority stakes in India/China/Thailand; this is because we are not allowed to collect employee information from entities that ING does not have a management responsibility. Employees with no recorded gender type are also excluded from these figures.

4.1.3 Data gathering process and method

The HR Data Backbone data flow overview (see diagram below) shows how the global data gathering process operates and how data can be loaded into the HR Data Backbone Database. Depending on the source, this process is done on a monthly (e.g. data regarding active employees, local organization and leavers), quarterly (e.g. Saratoga benchmark) or yearly (e.g. WPC and Sustainability/Annual report) basis. The diagram also provides a clear view of the current interfaces with other Corporate HR applications and the reporting environment.

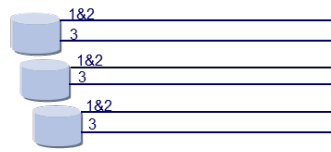
Data collections from Tier 1

Daily – Monthly (minimum)

- 1) Active Employees via MDT_PI
- 2) Local Organisation via MDT_ORG

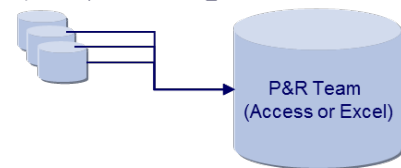
Quarterly

- 3) Leavers via MDT_TER



Avg 3 per year (or upon special request)

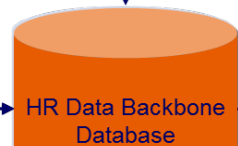
- 4) Comp Data via MDT_COMP



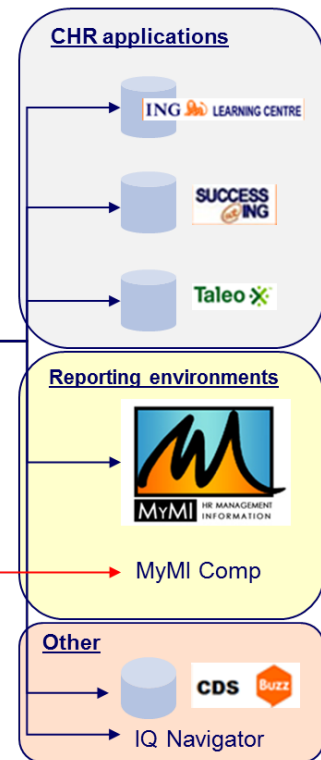
- 5) **Other collections (not connected to HR DBB):**
- Saratoga, via PWC template, quarterly
 - Data for Global HR Dashboard (Finance, global key positions, performance scores)
 - Survey data (WPC, BSS)
 - Sustainability/Annual report/DJI

 Tier 1 workforce admin systems

- “Setup” files, Monthly:**
- Global structure
 - Function structure
 - BU_mapping table
 - CB Region mapping
 - Job code file
 - Reporting Node mapping
 - Dimension Sheet



- Additional input files,**
- Daily:**
- SF User Directory
 - SF IDS Listing
- Monthly:**
- CDS Data
- Annual:**
- SF return feed



4.1.4 Internal controls

The HR data validation process is implemented to assure the controlled loading of data in the HR Data Backbone Database (HRDBB) based on validation rules. This loading process is done in 3 steps:

1. The Hard Error check, based on technical requirements, ensuring a successful load into the HR Data backbone environment.
2. The Critical Error check ensures that all data is in-line with predefined Corporate HR specifications.
3. The Soft Error check, based on agreed validation rules, is done to any reveal missing and/or inappropriate data.

4.2 Sickness rate

4.2.1 Definition

Total number of days absent due to sickness, injury or work-related diseases. Maternity and parental leave are not included in this number. Sickness rate is calculated in the following way: "workdays due to sickness" / "Total workdays in a year".

Sickness rate is a derived definition, whose starting point is the Absence due to sickness, a field included in the HR GDM – Global Data Management – Process. HR GDM is part of the Global Program. This global initiative is a key building block in supporting ING’s strategy.

A global data management (GDM) capability is installed to design, drive and coordinate a bank wide, consistent approach towards managing data management. In order to draft the global HR definitions, we always take as a starting point the IBM BDW, which was adopted by the bank (and the full financial industry) as the common standard framework.

Definitions are then reviewed by HR CDO and HR Data Spocs in all ING Countries, approved by CDO and ratified by the ODC.

4.2.2 Boundaries

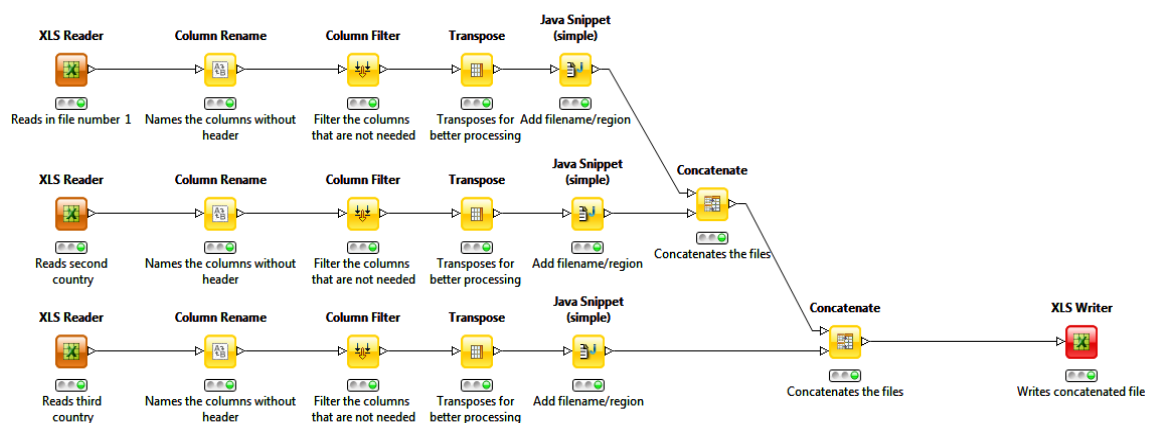
See 4.1.2. It also excludes Kazakhstan and CEL-Belgium as they do not have a dedicated HR team.

4.2.3 Data gathering process and methods (incl. systems used)

HR sends out an excel questionnaire annually (in January) to a network of local SPOCS (at a country and region level). For the data collection a simple excel template ¹ is used. The countries/Regions need to fill in information about the Entity they are reporting on, Sickness rate data, Maternity and/or parental leave, Labor Relations and Performance Management².

4.2.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country/region SPOCs	Clear definitions within the questionnaire, preparatory e-mails for all country/region SPOC respondents.
Traceability of data and changes in data	All data, changes and adjustments are saved and archived.



¹ The template is added to the Appendix

² The exact questions can be found in the Appendix

4.3 Number/percentage of employees covered by a collective bargaining agreement

4.3.1 Definition

The percentage of employees that are covered by a Collective Bargaining Agreement.

A Collective Bargaining Agreement (CBA) is a written agreement resulting from negotiations between an employer and a union. It usually contains provisions on conditions of employment and the procedures to be used in setting disputes during the term of the contract. Issues covered in a CBA include: working hours, working conditions, salary, fringe benefits, and matters affecting the health and safety of employees.

4.3.2 Boundaries

See 4.2.2

4.4.3 Data gathering process and methods (incl. systems used)

Data gathering is done according to the process explained in 4.2.3.

4.4.4 Internal controls

Please refer to the controls described in section 4.2.4. The same process and controls are in place for this.

4.4 Number of leavers and turnover rate

4.4.1 Definition

Number of internal employees that left ING in the last 12 months, both voluntary and layoffs.

4.4.2 Boundaries

See 4.2.2

4.4.3 Data gathering process and methods (incl. systems used)

HR Backbone. For a description, please refer to the text in section 4.1.3.

4.4.4 Internal controls

Please refer to the controls described in section 4.1.4. The same process and controls are in place for the number of leavers.

4.5 Number of employees that are part of a performance management process

4.5.1 Definition

The number of employees with an ING contract that are part of a Performance Management process per country/region.

Performance management is defined as the process by which:

- employees agree with their managers annual performance targets which are aligned with business priorities

- managers provide clarity about the performance criteria and standards against which employees will be evaluated
- employees propose and agree with their managers a plan for their development in line with both their current role and their future career aspirations
- managers provide continuous coaching and feedback throughout the year to enable employees to be successful
- employees formally discuss and evaluate their own performance together with their managers at least once a year

4.5.2 Boundaries

See 4.2.2

4.5.3 Data gathering process and methods (incl. systems used)

Data gathering is done according to the process explained in 4.2.3.

4.5.4 Internal controls

Please refer to the controls described in section 4.2.4. The same process and controls are in place for this.

4.6 Total hours of training enrolment

4.6.1 Definition

Total number of training enrolments in 2016 (data provided by the ING Learning Center, ING's Learning Management System). The status of the training is: completed, or in process. Enrolments are broken down by learning category or business lines and country.

4.6.2 Boundaries

In scope are all ING internal employees. Internal employees have an ING contract. External (working for example within ING through an employment agency) are not in scope. Training detail: includes all training types, all training subjects, for trainings "finished" in 2015.

Country detail: The scope of the numbers includes run-off entities (like Lease/Real Estate) but excludes minority stakes in India/China/Thailand. And also:

- Bank Slaski: no data available
- Turkey: no classroom data available
- Germany: compliance training and global training included, local offering is not included
- Luxembourg: compliance training and global training included, local offering is not included.

4.6.3 Data gathering process and methods (incl. systems used)

The ING Learning Centre (ILC) can report on the total training hours used. As the ILC is connected to the HR Data Backbone (HRDBB), and is equipped with an advanced reporting environment, there is no need for connecting data.

Local SPOCs are needed for data validation. A breakdown in reporting can be provided for:

- Organization
- Manager / Employee

- Gender
- Learning category (1)
- Learning type (2)

In the near future, the ING Learning Centre will be able to report on the quality of training (level1)

(1)

- Managerial and Leadership Skills Training - Development programs for improving managerial and / or leadership skills derived from the Orange Leadership Profile.
- Soft Skills Training / Personal Development - Learning activities aimed at the improvement of individuals' competencies or skills.
- Functional Skills Training - Training directly related to the fulfilment of a current or next function (e.g. Project Management).
- Banking Skills Training - Specific type of functional skills training focused at improving the core banking skills.
- Mandatory Awareness Training - (e.g. Compliance & Risk, Diversity) - Training programs aimed at increasing awareness and / or stimulating cultural change.

(2)

- Online
- Classroom
- Webinar
- Program

The HR Data Backbone is able to provide the number of employees per country. The ING Learning Centre (ILC) database provides the training hours per country; this is local data and collected via the ILC SPOC on an annual basis. When these two data sources are combined, it will show the number of training hours per employee, per country.

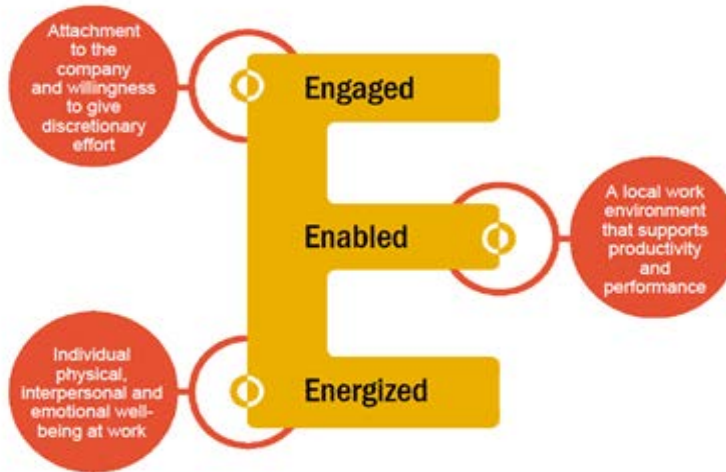
4.6.4 Internal controls

Reporting risk	Control description
Inaccurate reporting	Make sure that the responsibility for data quality is with the countries. The data provided is challenged on a regular basis by a central error checking process performed by Corporate HR and OIB (see process flow above). The outcomes of these validations are shared with the data providers (countries) in a formalized feedback loop.
Inconsistent use of definitions by country/region SPOCs	Clear definitions within the questionnaire, preparatory e-mails for all country/region SPOC respondents.
Traceability of data and changes in data	All data, changes and adjustments are saved and archived.

4.7 WPC engagement score

4.7.1 Definition

Sustainable engagement measures the extent to which employees are motivated, enabled and energized to perform at their best and help ING to succeed.



4.7.2 Boundaries

The engagement score is based on our WPC research, done by Willis Towers Watson (WTW). This research is done bi-annually and is sent to all internal ING employees (in all countries).

4.7.3 Data gathering process and method (incl. systems used)

The WPC survey is done by a specialized third party, Willis Towers Watson. They email a link and a personalized password to the survey to all ING employees, who can fill out the survey for a period of 3 weeks. After that, Willis Towers Watson processes the data using internal tools and provides reports on an aggregated level to ING. The lowest aggregated level that is published is for teams with 10 or more respondents, the highest level is ING Bank as a whole. The sustainability engagement score is taken from this last report. ING does not receive individual results. All data is processed and stored depersonalized by Willis Towers Watson.

4.7.4 Internal controls

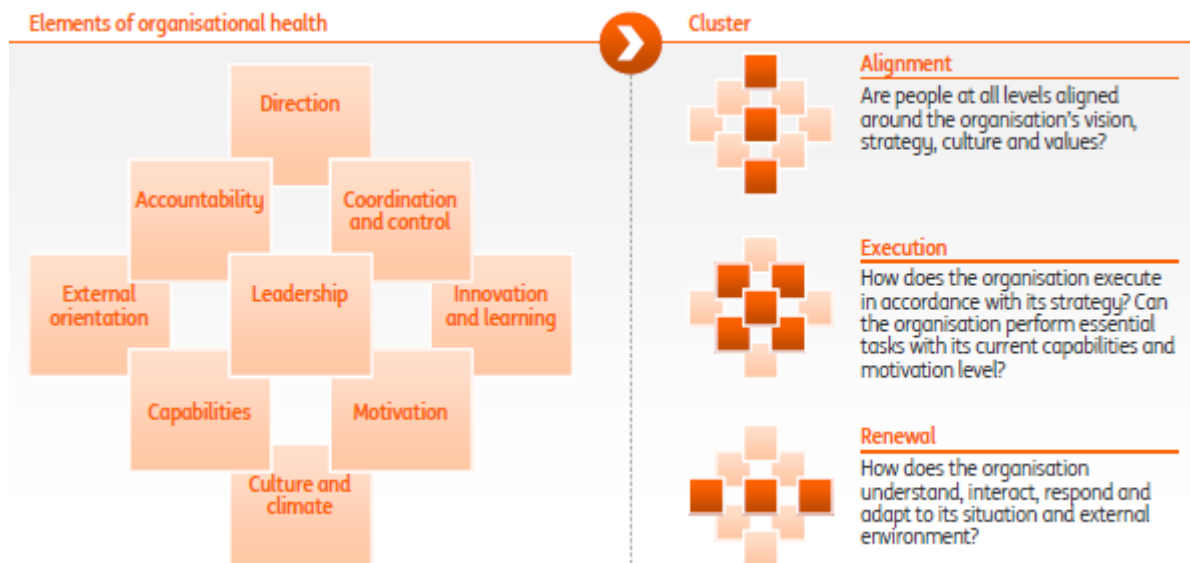
Willis Towers Watson is responsible for the accuracy of data and provided reports from which ING publishes the engagement score.

4.8 Organizational Health Index (OHI)

4.8.1 Definition

The Organizational Health Index (OHI) survey measures the ability of an organization to align behind common goals, execute effectively to meet them, innovate, and continually adapt to change faster than the competition. McKinsey research shows a strong correlation between organizational health and the overall performance of an organization.

The survey, held in September 2015, sets out to check ING's health, and pinpoint areas in which we need to improve. It is run by McKinsey and examines nine different outcomes:



4.8.2 Boundaries

This research is done bi-annually and is sent to all internal ING employees (in all countries). Since 2014, ING Vysya is out of scope.

4.8.3 Data gathering process and method (incl. systems used)

The OHI survey is conducted by a specialized third party, McKinsey & Company. All ING employees receive an e-mail with a link to the survey. Employees can fill out the survey for a period of 3/3.5 weeks. At the end of this period, the data is processed and the aggregated data is delivered to ING. No reports are created below business unit level. Results with less than 10 respondents are not shared with ING.

4.8.4 Internal controls

McKinsey is responsible for the accuracy of data and provided reports from which ING publishes the OHI score.

4.9 Human Capital Return on Investment score (HCROI) - (calculated by, and based on figures from Finance)

4.9.1 Definition

The Human Capital Return on Investment (HC ROI) indicator measures ING's profitability in relation to total employee costs by removing non-employee costs from overall operating costs. The indicator is a ratio of profitability divided by employee costs. This indicator helps identify the influence of HR inputs, such as performance management, training and development, automation and organisational structure, on the organisation's productivity.

By subtracting Total Operating Expenses (b) minus Total employee-related expenses (salaries + benefits) (c) from Total Revenue (a), the company's profitability prior to human capital costs are calculated. Dividing this figure by Total employee-related expenses (salaries + benefits) (c) then leads to the ratio that examines your company's level of profitability in relation to the total human capital expenses.

4.9.2 Boundaries

Total employee-related expenses (salaries + benefits) includes training and development programs, pensions, hiring, etc., as it covers all costs directly related to employees.

4.9.3 Data gathering process and methods (incl. systems used)

All number mentioned above are provided by our internal Finance Department. The numbers are 'underlying' numbers complying with ING's Historical Trends data document as published on ING.com

4.9.4 Internal controls

The numbers are 'underlying' numbers complying with ING's Historical Trends data document as published on ING.com.

5. Customer performance indicators

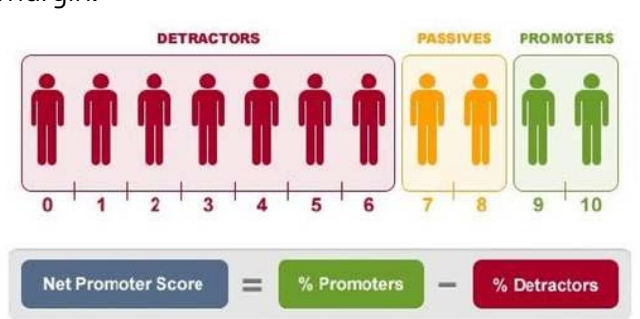
5.1 Net Promoter Score (retail) ranking

Net Promoter Score (NPS) is a way of measuring customer loyalty and satisfaction. NPS is based on a direct question: 'How likely is it that you would recommend our company/product/service to a friend or colleague?'

All countries where there is a Retail business unit are in scope. In order to be able to report more reliable NPS results we embedded relational NPS in the Brand Affinity Monitor. This is an important improvement, because this enables us to compare the scores of different business units. We use the same methodology for every country and measure and report it on a systematic way. Because we started measuring each month we are able to report the metrics each quarter. An important advantage of measuring each month is that the moment of measuring does not influence the results.

NPS and error margin

NPS is a metric that is likely to fluctuate because of the way it is calculated. NPS is calculated as the difference between two proportions and has a higher sampling error than single proportions. This has to do with the fact that NPS is calculated based on the proportions within three different groups, namely Advocates, Neutrals and Detractors. So there are three different categories a respondent can fall into. More variability is expected because of this reason, which causes less certainty of the sample result and a higher error margin.



For more detailed information and a calculation example please check the following link: <http://www.natureresearch.com.au/2010/09/tracking-kpis-with-confidence/>

How do we manage the error margin of NPS

Because we want to make sure that we evaluate and monitor our relational NPS correctly in each country, we want to lower this error margin. Otherwise sample fluctuations could cause misinterpretations. One of the methodologies to do this is by enlarging the base size. Because the main goal of the Global Brand Affinity Monitor is to evaluate the brand positioning in each country, the sample should reflect the general population. Some of the competitor banks on our NPS list are quite small, especially in the more fragmented markets. The amount of clients of a specific competitor bank in our sample could be quite low which causes a higher error margin for all the metrics and especially NPS. Because of the high costs, enlarging the total sample for NPS purposes only is not realistic. Rolling averages of two quarters are reported so that the sample size is bigger. The error margin could still be quite large in the countries where the market share of ING (and

competitor banks) is limited. That is why we decided to boost the sample for ING clients from January 2016 onwards.

Why is the ranking not the best indicator of the result

The error margin of NPS is higher (as written above) and although we try to manage this as best possible, it remains a metric that is likely to fluctuate. The NPS rankings are therefore not the best indicators of the actual NPS in each country. Especially in markets with limited differentiation, small fluctuations could result in totally different rankings. The NPS rankings should therefore be interpreted only as an indicator of the ING performance compared to the main competition.

5.2 Customer-related data (primary relationships etc)

Total (operative) customers are customers with at least one operative product at reporting date. Primary relationships are all active payment customers with recurrent income on their payment account and that are also active in at least one extra ING product category. To consolidate the product portfolio across units, eight different product categories are defined: Payments, Savings, Investments, Credit Cards, Mortgages, Other Loans, Life Insurance and Other Insurance. All individual products are mapped into one of these categories.

Recurrent income is defined as a customer having had an inflow of funds from an external source in at least two of the last three months. The monthly inflow of funds needs to exceed a minimum threshold, which is defined differently depending on currency. For example the threshold amount is EUR 700 for Eurozone.

1. Customer-related data is gathered centrally in the same way as financial data is: Business units collect the customer indicators according to the agreed global definitions, and use pre-defined templates to upload the information into the country-specific layer of the MisOneBank database.
2. The department in charge of supporting the MisOneBank database checks consistency of the data delivery.
3. In case of no issues, the data is uploaded into the global database (production).
4. Information on primary relationships is now ready to be used for internal and external reporting.

All countries where ING operates with a Retail business unit are in scope.

6. Community performance indicators

Parameters included in the integrated report and annex include: charitable donations, number of volunteering hours of employees, donations to UNICEF, and adolescents reached through the ING- UNICEF Power for Youth partnership.

6.1 Donations & volunteering

6.1.1 Definition

Donations: charitable donations include one-off donations, donations to (long term) partners in community investment programs, and donations to community organizations as part of commercial initiatives. Donations from employees, from ING as a company, and from customers are separate categories.

Volunteering: volunteering activities are those activities that are done voluntarily by ING employees (without any legal obligation) and are charitable. Usually this means an activity to support an organization that has a clear charitable purpose.

Both donations and volunteering hours are split up over 8 thematic categories. All definitions and categories are aligned with, and checked by, the London Benchmarking Group, an international standard for community investment. The definitions are explained in more detail in the questionnaire where countries are asked to input their data.

6.1.2 Boundaries

All countries that have over 100 FTE are asked to provide data.

6.1.3 Data gathering process and methods

Data on community investment is gathered through an online data management system (DMS) and is initiated and overseen by the global ING sustainability department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360.

From the DMS, questionnaires are sent out to country offices that deliver data by the January of each year at the latest. The data is then aggregated at the global sustainability department. This department also defines the requests for specific data and collaborates closely with country offices that are delivering data to ensure an understanding of the definitions and the type and sort of data is required from them.

Once the data is delivered, it is validated by the global sustainability department. In case of any ambiguity regarding the data and answers provided, the questionnaires are sent back to the country offices for further explanation.

6.1.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country offices	Clear definitions within the questionnaire, preparatory e-mails and webinar for all country office respondents, Q&A within the DMS.
Inconsistencies in data	At the global sustainability department, a reporting protocol [this document] has been developed which is updated annually to further improve the quality of our sustainability data reporting.
Errors in data	Complete data validation by global sustainability department
Traceability of data and changes in data	Audit trail within our online data management system. All changes and adjustments (+ the person making them) are registered and saved.

6.2 Donations to UNICEF

6.2.1 Definition

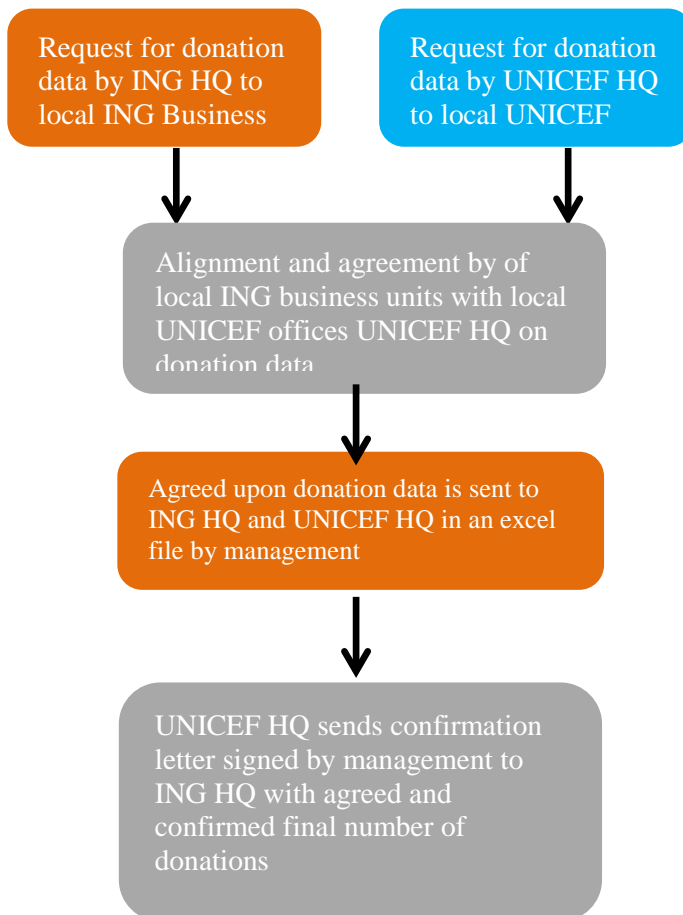
Donations: charitable donations include one-off donations, donations to (long term) partners in community investment programs, and donations to community organizations as part of commercial initiatives. Donations from employees, from ING as a company, and from customers are separate categories.

6.2.2 Boundaries

- All ING Business Units that donate to UNICEF are included.
- Donations to UNICEF always have the following categorization:
 - o Donations made by ING Employees (these will be matched by ING)
 - o Donations made by ING Business Units
 - o Donations made by ING Customers

6.2.3 Data gathering process and systems

Data on donations to UNICEF is gathered outside the CR 360 data management system, by the global Sustainability Department, in close cooperation with UNICEF:



6.2.4 Internal controls and data checks

Reporting risk	Control description
Over reporting	<ul style="list-style-type: none"> - Double check by UNICEF - Second pair of eyes at ING - Non alignment of data > lowest number is agreed upon

6.3 # of adolescents reached with UNICEF

6.3.1 Definition

Number of adolescents reached is the number of adolescents that have benefited from UNICEF's programs as a result of the ING-UNICEF partnership.

6.3.2 Boundaries

Adolescents empowered by the ING-UNICEF partnership in Indonesia, Kosovo, Montenegro, Nepal, the Philippines and Zambia.

6.3.3 Data gathering process and systems

The UNICEF Country offices report on the number of adolescents reached in that country in that year. These numbers are used by UNICEF HQ to report on the number of adolescents in the specific ING-UNICEF programs. UNICEF HQ then sends a confirmation letter signed by management to ING HQ with the agreed and confirmed final number of donations and accompanying number of adolescents reached.

6.3.4 Internal controls

Control is achieved by UNICEF's internal audit procedures. The UNICEF audit procedure document is available on request.

7. Innovation Indicators

7.1 Innovation Bootcamp – Number of Ideas Submitted

7.1.1 Definition

Innovation Bootcamp is a programme implemented by the Chief Innovation Office to accelerate innovation within ING globally and activate employees to be innovative. In 2015/2016 edition, the programme revolved around 4 business challenges ING was facing which were defined by the management. Employees had the task to come up with possible solutions that would solve these challenges.

7.2 Number of fintech partnerships and investments

As part of the Innovation strategy, ING's focus is creating an open culture and becoming open for collaborations with the fintech start-ups. ING considers fintech a company which

provides an innovative/disruptive product or service that is of added value within the financial service industry and does not have a relationship with ING yet. ING looks for partners that can help execute our strategy faster.

7.3 PACE playbook and number of trained people

To accelerate the pace of innovation at ING, a tailored approach to innovation was created. PACE is ING's way to innovate. PACE is implemented through the PACE Accelerator programme

8. Environmental performance indicators

Environmental performance indicators in the integrated report and annex include: total CO₂e emissions, paper consumption, residual waste, water consumption, and sustainable procurement, including renewable electricity procurement.

8.1 Total CO₂e Emissions

8.1.1 Definition

Our total CO₂e emissions are the sum of our emissions in scope 1, 2 and 3 in kilotonnes.³ Scope 1 emissions comprises emissions from our use of natural gas and fuel oil. Scope 2 comprises emissions from our use of electricity, renewable electricity and district heating. Data collated in scope 1 and 2 only comprises the energy used in buildings where ING has management control and includes office buildings, data centers and retail branches. Scope 3 comprises emissions from our business travel by air and car. For air travel, we gather information on short, medium and long-haul flights. When hauls are unknown, an average is used. Car travel data is derived from business travel of lease cars, rentals and declared kilometers when private vehicles are used for business travel. As lease cars are also utilized by employees for private purposes, we presume that 30% of all kilometers driven in lease cars are for business purposes. This is the reported number unless a similar local assumption is applied.

Renewable Electricity: By renewable electricity we mean electricity generated from renewable sources such as wind, solar power, geothermal and hydropower. Municipal solid waste (MSW) is also considered to be a renewable energy resource. The use of nuclear power is not included in our renewable electricity consumption. Renewable electricity is procured either as a part of contractual agreements with electricity providers in the form of Power Purchase Agreements (PPAs), Renewable Energy Certificates (RECs) or Guarantees of Origin (GOs) or is procured separately via a third party who then retires instruments on ING's behalf and provides the certification. We strive to ensure that renewable electricity is procured from local projects when available and meets the quality criteria listed in the GHG Protocol Scope 2 Guidance.

Emissions Factors: For air travel (long, medium, short and unknown hauls), natural gas, district heat and transmission losses, we employ emissions factors from DEFRA 2016. Scope 3 emissions factors for business and logistics from the Netherlands, Belgium, Poland, Germany, France, Luxembourg, Spain, Italy and the United Kingdom have been updated

³ CO₂e (CO₂ equivalent) denotes the conversion of greenhouse gases (carbon dioxide - CO₂, methane - CH₄ and nitrous oxide - N₂O) into the equivalent radiant force of CO₂ based on their respective global warming potentials (GWP) at a 100 year time-horizon. For conversion factors, we utilize the DEFRA 2016 GWP factors from the Intergovernmental Panel on Climate Change (IPCC) 5th assessment report.

using a bespoke emissions factor. This bespoke emission factor is based on local country data from our car lease supplier on the respective average fuel efficiency of a country's vehicle fleet. We also apply a 34% uplift to these figures in line with DEFRA guidelines. For countries where local data is not available on vehicle efficiency we apply the standard 2016 DEFRA emission factor for road vehicles. For electricity generation and heating oil the 2015 International Energy Agency emissions factors are used.

Data Comparison and Completeness

We aim to constantly improve our data collection process and methodology. Therefore it is our policy to update our greenhouse gas emissions factors to reflect an increasingly more accurate calculation. Additionally in some cases we will collect historical data from countries to increase the coverage ratio of our baseline or historical figures in order to disclose more accurate baseline measurements. Both cases – the change in emission factors or an increase in coverage scope – may cause the absolute figures for a given year to deviate slightly between reports. In instances where changes in scope or emissions factors have been restated to reflect more accurate data, for example in the non-financial appendix of the annual report, footnotes are used to explain which figures were restated and why. See section 8.6 Baseline recalculation policy.

Scope 2 Calculation: Location- and Market- Based Methods: We report our scope 2 emissions using both the location- and market-based calculation methods outlined in the GHG Protocol Scope 2 Guidance published in January 2015. We report our market-based emissions in the key figures of the annual report as well as in the carbon emissions table of the appendix. Our scope 2 emissions using the location-based method is reported in a footnote of the carbon emissions table in the appendix. The market-based calculation takes into account the purchase of contractual renewable electricity instruments while the location-based calculation does not. Instead, using the location-based method, the regional or national grid average emissions factors (mentioned above) are applied to the total amount of kilowatt hours consumed per country.

To reach the status of carbon neutrality we use carbon offsetting. A carbon offset is a reduction in emissions of carbon dioxide or greenhouse gases made in order to compensate for or to offset an emission caused elsewhere. We offset our total extrapolated market based emissions through this method. Carbon offsets are purchased as a guarantee in the reductions of an amount of CO₂ in Tonnes. These differ from Renewable energy certificates (REC's) which represent one megawatt hour (MWh) of energy generated from a clean, renewable source, such as wind, solar, hydro, or certain types of renewable biomass. ING purchases independently verified offsets as a part of the Voluntary Carbon market as well as a part of the Carbon Development Mechanism.

8.1.2 Boundaries

Only countries that have over 200 FTE are asked to provide data regarding CO₂e emissions and other environmental indicators. This is because smaller countries do not have a material impact on our footprint.

Our scope three boundaries presently only include business travel by air and car due to the fact that we do not yet have reliable data for public transport use and employee commuting. For air travel, we gather information on short, medium and long-haul flights.

When hauls are unknown, an average is used. Car travel includes business travel of ING lease cars. As lease cars are also utilized by employees for private purposes, we presume that 30% of all kilometers driven in lease cars are for business purposes. This is the reported number unless a similar local assumption is applied.

8.1.3 Data gathering process, methods and tools

Activity data on environmental performance indicators is gathered through an online Data Management System (DMS) and is initiated and overseen by the global ING sustainability department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360. Credit360 is ING's proprietary tool used for calculating CO₂e and emissions extrapolations.

From this, DMS questionnaires are sent out to country offices that deliver data in January of each year at the latest. The data is then aggregated at the global sustainability department. This department also defines the requests for specific data and collaborates closely with country offices that are delivering data to ensure an understanding of definitions and the type and sort of data is required from them.

Once the data is delivered, it is validated by the global sustainability department. In case of any ambiguity in the data and answers provided, the questionnaires are sent back to the country offices for further explanation.

After this initial check, all data provided is checked and validated a second time by an independent external agency, Royal Haskoning DHV.

Extrapolation

Because only countries that have over 200 FTE are asked to provide data, and because not all countries can provide all requested data in time, we extrapolate our CO₂e emissions to our total number of FTE in order for this number to reflect our actual emissions as accurately as possible.

Not all entities of ING Bank are included in the reporting scope when collecting sustainability data. This means that the absolute CO₂e emissions which have been reported do not include all CO₂e emissions of ING Bank worldwide. In order to give a more representative view of ING Bank's CO₂e emissions worldwide, ING Bank extrapolates its carbon footprint. The extrapolated carbon footprint is calculated by extrapolating CO₂e emissions for each of the following carbon sources based on the no FTE's:

- Non-renewable electricity
- Natural Gas
- District Heating
- Heating Oil
- Car Travel
- Air travel

For each of the above sources, the coverage in FTE's is calculated by adding up the number of FTE's that corresponds to each country that reports data for the source concerned. The absolute carbon footprint of the source concerned, which corresponds to a certain coverage

in FTE, is then being extrapolated to the total number of FTE within the ING Bank worldwide, i.e. a 100% coverage in FTE.

8.1.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country offices	Clear definitions within the questionnaire, preparatory e-mails and webinar for all country office respondents, Q&A within the DMS.
Inconsistencies in data	At the global sustainability department, a reporting protocol [this document] has been developed which is updated annually to further improve the quality of our sustainability data reporting.
Errors in data	Complete data validation by the global sustainability department and independent third party: Royal Haskoning DHV.
Traceability of data and changes in data	Audit trail within our online data management system. All changes and adjustments (+ the person making them) are registered and saved.

8.2 Paper consumption

8.2.1 Definition

Paper consumption is the consumption of paper in kilograms. Paper is divided into eco-labelled and non-eco-labelled paper. Eco-labelled paper is either FSC labelled or another eco-label.

FSC labelled paper: Forest Stewardship Council (FSC) labelled office paper is paper that has an FSC label. Paper carrying the FSC label is independently certified to assure buyers that it comes from forests that are managed to meet the social, economic and ecological needs of present and future generations. FSC paper meets the highest social and environmental requirements in the forestry sector.

Other eco-labels: other eco-labels for office paper might be Nordic Swan, Blue Angel, Tree Farm, Sustainable Forestry Initiative, Environmental Choice Australia or another label.

Non eco-labelled paper: is paper without one of the eco-labels described above.

8.2.2 Boundaries

Only countries that have over 200 FTE are asked to provide data on paper and other environmental indicators. This is because smaller countries do not have a material impact on our footprint. Paper consumption is not extrapolated. Coverage percentages are provided which indicates the percentage of total ING FTE included in the figure reported.

8.2.3 Data gathering process and methods

Data on environmental performance indicators is gathered through an online data management system (DMS) and is initiated and overseen by the global ING sustainability department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360. The process (including check by Royal HaskoningDHV) is the same as described under 'Total CO₂e emissions'.

8.2.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country offices	Clear definitions within the questionnaire, preparatory e-mails and webinar for all country office respondents, Q&A within the DMS.
Inconsistencies in data	At the global sustainability department, a reporting protocol [this document] has been developed which is updated annually to further improve the quality of our sustainability data reporting.
Errors in data	Complete data validation by global sustainability department and independent third party: Royal Haskoning DHV.
Traceability of data and changes in data	Audit trail within our online data management system. All changes and adjustments (+ the person making them) are registered and saved.

8.3 Residual Waste

8.3.1 Definition

ING gathers data (in KG) on waste produced and waste recycled through our online data management system. Waste produced & recycled consists of:

Paper: Paper waste including cardboard and discarded documents etc.

Cartridges: Cartridges from printers and/or photocopiers.

E-waste: Electronic waste: this include ICT-related material such as computers, cables, hardware, mainframes from datacenters and offices, and also other electronic devices such as printers, coffee machines and lighting.

Other waste: This is all other residual waste that does not fit the other categories, including domestic-type waste from cafeterias and offices.

Residual waste is the total waste generated minus the total waste recycled. This is the figure reported. The data gathering process is the same as described above for emissions. Waste is not extrapolated.

8.3.2 Boundaries

Only countries that have over 200 FTE are asked to provide data on waste and other environmental indicators. This is because smaller countries do not have a material impact on our footprint. Residual waste is not extrapolated. Coverage percentages are provided which indicate the percentage of total ING FTE included in the figure reported.

8.3.3 Data gathering process and methods

Data on environmental performance indicators is gathered through an online data management system (DMS) and is initiated and overseen by the global ING sustainability

department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360. The process (including check by Royal HaskoningDHV) is the same as described under 'Total CO₂e emissions'.

In case of incomplete or missing data that falls short of a country's entire scope some figures may be based on assumptions. These assumptions would be based on the local context for waste management, the number of FTE's and the size of the local operations. All local assumptions and extrapolations are reviewed by the Sustainability Department and external validation company Royal HaskoningDHV.

8.3.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country offices	Clear definitions within the questionnaire, preparatory e-mails and webinar for all country office respondents, Q&A within the DMS.
Inconsistencies in data	At the global sustainability department, a reporting protocol [this document] has been developed, which is updated annually to further improve the quality of our sustainability data reporting.
Errors in data	Complete data validation by global sustainability department and independent third party: Royal Haskoning DHV.
Traceability of data and changes in data	Audit trail within our online data management system. All changes and adjustments (+ the person making them) are registered and saved.

8.4 Water consumption

8.4.1 Definition

Total water consumption is the total water consumed in cubic meters by our business for any use. Total water consumption includes water usage for sanitary installations, air conditioning, cooling systems, cafeteria, garages, sporting areas, indoor plants, external areas, etc.

8.4.2 Boundaries

Only countries that have over 200 FTE are asked to provide data on water and other environmental indicators. This is because smaller countries do not have a material impact on our footprint. Coverage percentages are provided which indicates the percentage of total ING FTE included in the figure reported.

Extrapolation

During the period of 2014 to 2015 there was no extrapolation for water data. As of 2016 however water consumption is extrapolated. Total water consumption has a minimum deviation between countries. Therefore extrapolation can give a better estimate of the global footprint. For water, the coverage in FTE's is calculated by adding up the number of FTE's that corresponds to each country that reports data. The absolute water footprint which corresponds to a certain ratio per FTE, is then being extrapolated to the total number of FTE within the ING Bank worldwide, i.e. a 100% coverage in FTE. The introduction of

extrapolations requires the restating of our 2014 baseline data in line with the section 8.6 Baseline Recalculation Policy. We also restated our 2015 water consumption in line with this protocol.

8.4.3 Data gathering process and methods

Data on environmental performance indicators is gathered through an online data management system (DMS) and is initiated and overseen by the global ING sustainability department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360. The process (including check by Royal HaskoningDHV) is the same as described under 'Total CO₂e emissions'.

8.4.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country offices	Clear definitions within the questionnaire, preparatory e-mails and webinar for all country office respondents, Q&A within the DMS.
Inconsistencies in data	At the global sustainability department, a reporting protocol [this document] has been developed, which is updated annually to further improve the quality of our sustainability data reporting.
Errors in data	Complete data validation by global sustainability department and independent third party: Royal Haskoning DHV.
Traceability of data and changes in data	Audit trail within our online data management system. All changes and adjustments (+ the person making them) are registered and saved.

8.5 Sustainable Procurement Policy

8.5.1 Definition

Sustainable Procurement Policy: The ING Procurement Sustainability Standards (IPSS) comprise ING's sustainable procurement policy towards third parties. This policy contains the minimum standards regarding environment, human rights, fair labor, and anti-corruption that ING requires its contracted suppliers to uphold. Supplier Qualification is the process by which suppliers are asked to sign the IPSS. Suppliers who do not enter supplier qualification are asked to agree to the IPSS via the contracts.

8.5.2 Boundaries

The scope we have defined includes suppliers contracted via procurement processes.

8.5.3 Data gathering process and methods

Each country in Global Procurement receives KPIs for IPSS coverage each year. The countries report annually on their progress using exports from our systems and using data from our Supplier Qualification team.

NL process:

When the IPSS is applied to a contract, this is recorded in our system (Hubwoo).
 When a supplier agrees via our Supplier Qualification process, this is recorded in our supplier data management system. Reports can be generated at any time for monitoring by making a query in the database.

Process for other countries:

Annual reports are requested from the local countries. The Sustainability manager for procurement verifies the reports and aggregates this with other figures. The countries provide the total number of suppliers in scope and the number that have signed the policy to the IPSS.

8.5.4 Internal controls

Reporting risk	Control description
Errors in data	We have introduced a system whereby suppliers are identified according to their DUNNS number to safeguard against incorrect or repeated numbers. The DUNNS number is required for qualification.

8.6 Baseline recalculation policy

In case of structural changes in the organization, including significant scope changes, changes in calculation methodology, improvement in the accuracy of emission factors or activity data, or the discovery of data/calculation errors, that significantly impact the base year emissions data, the base year will be recalculated to ensure consistency and relevance of reported data. A recalculation will be conducted when any of the above circumstances result in a material impact on base year emissions data.

9. Glossary and Definitions

4 eyes principle	A decision, transaction, etc., must be approved by at least two people. This controlling mechanism is used to facilitate delegation of authority and increase transparency.
Approval Package	An ING internal corporate credit risk assessment system.
Asset Based Financing	Technique of providing structured working capital and term loans which are tenable by accounts receivable, machinery, inventory, equipment, and real estate
AuM	Asset under management
BCD	Bank Wide Customer Domain
BAM	
BREEAM	Building Research Establishment Environmental Assessment Method
CA	Customer Analytics
CB clients	Corporate Banking Clients
CBA	Collective bargaining agreement
CC	Client Coverage
CEL Belgium	An external but fully ING owned company that maintains the automatics offices at ING Belgium.
CDO	Chief Data Officer
CinO	Chief Innovation Officer
CO₂	Carbon Dioxide
Community Investment	Long-term strategic involvement in community partnerships to address social issues chosen by the company through financial contributions, in-kind donations, or employee volunteering.
CRC	Credit Risk Committee
Credit Committee	A delegated authority within ING with the power to approve or decline transactions
CX	Customer Experience
DEFRA	Department for Environment, Food and Rural Affairs

DGND	German Sustainable Building certificate
DMS	Data management system
DUNNS Number	
Ecofys	Consultancy in renewable energy, energy & carbon efficiency, energy systems & markets and energy & climate policy.
EPC	Energy Performance Certificates
EPFI's	Equator Principles Financial Institutions
Equator Principles III	Risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects.
ESG	Environmental Social Risk
External Employees	Employees working at ING through an agency or other organisation. This number fluctuates but is around 10,000 compared with 50,000+ internal employees
FSC	Forest Stewardship Council
FTE	Full time Employee
GCC	Global Credit Committee
GDM	Global Data Management
GHG	Green House Gas
GOs	Guarantees of Origin
Green House Gas Protocol	Global standard for how to measure, manage, and report greenhouse gas emissions.
GRI	Global Reporting Initiative
GRI G4	Global reporting Initiative guidelines for Sustainability reporting.
GRI G4 Comprehensive Option	Global Reporting Guidelines option that sates for each identified material Aspect, the organization should disclose the Generic Disclosures on Management Approach and all Indicators related to the material Aspect.
GRID	Group Risk Development - Group Risk Development (GRiD) is the industry body for the group risk protection sector.

GroenBank	INGs “Green Bank” which offers sustainability focused products and services to corporate and retail clients
Group Finance	Provides Finance & Control activities ensuring that ING meets its external (non) financial reporting requirements in accordance with Generally Accepted Accounting Principles and Regulatory requirements.
HC ROI	Human Capital Return On Investment
HomeBank	INGs personal online banking service for retail clients in the Belgium.
HQE	Haute Qualité Environnementale or HQE (High Quality Environmental standard) is a standard for green building in France.
HR	Human Resources
HR CDO	Human Resources Chief Data Officer
HRDBB	HR Data Backbone Database
IBM BDW	IBM Banking Data Warehouse
IBP	Inside Business Payments
IBM	International Buisness Machines. An American multinational technology company.
ILC	ING Learning centre
Internal Employees	Employees working at ING with an official ING contract.
Interhyp	German broker of private mortgage lending.
IPSS	ING Procurement Sustainability Standards
KG	Kilograms
Know your customer	INGs process of identifying and verifying the identity of our clients.
KPI's	Key performance indicators
LEED	Leadership in Energy & Environmental Design. A green building certification program that recognizes best-in-class building strategies and practices.
Liric Duurzaam	ING Sustainable Limited Risk Certificates. Allows customers to participate in the Sustainable Europe Low Risk Equity Index.
Lirics	Limited Risk Certificates
Materiality matrix	2 dimensional axis that displays issues for a company relative to the degree of

	stakeholder concern and potential business impact.
Medallia System	Customer Experience Software
Metrix Lab	Market Research Company, offering customer insight services & market research data for businesses.
Microfinance	Financial services for entrepreneurs and small businesses lacking access to banking and related services.
MijnING	INGs personal online banking service for retail clients in the Netherlands
Minority Stake	Minority stakeholdings held by ING. In total there are around 18 employees working in ING minority stakeholdings.
Money Market	The trade in short-term loans between banks and other financial institutions
MSW	Municipal Solid Waste
NAICS code	North American Industry Classification System code.
NGO's	Non-Governmental Organisations
NPS	Net Promoter Score
ODC	Operational Data Council
Oekom	Leading rating agencies in the field of sustainable investment.
OHI	Organisational Health Index
OIB	Operations & IT Banking
OIKOcredit	Worldwide cooperative and social investor, providing funding to the microfinance sector
PFE	Potential Future Exposure
Q&A	Questions and Answers
RECs	Renewable Energy Certificates
RJ 4000	Dutch Accounting Standard Board reporting guidelines
Saratoga benchmark	Global metrics and benchmarking database developed by the professional services firm Price Waterhouse Cooper
SAS	Data Management System
SASB	Sustainability Accounting Standards Board.
SAUM	Sustainable Assets Under Management

SELRE	Sustainable European Low Risk Equity Index.
SME	Small/Medium Enterprise
SPOC	Single Point of Contact
STARpro	Credit Risk Tool
STF	Sustainable Transitions Financed
The ING Vysya	Bangalore based bank purchased by ING group.
UPR	Utilities Power and Renewables
Vantage	Credit risk tool
Vortex	Risk analysis software
WB	Wholesale Banking
WPC	Winning Performance Culture
WTW	Willis Towers Watson