

# Corporate Governance

This chapter reports on the application of the Dutch Corporate Governance Code effective as from 1 January 2009 ("Corporate Governance Code"), at ING Groep N.V. ("ING Group"), including information on ING's share capital, control, Executive Board, Supervisory Board and external auditor.

This chapter, including the parts of this Annual Report incorporated by reference, with the separate publication "ING's implementation of the Dutch Corporate Governance Code" dated April 2010, (see [www.ing.com](http://www.ing.com)), together comprise the "corporate governance statement" as specified in section 2a of the Decree with respect to the contents of the annual report ("Besluit tot vaststelling van nadere voorschriften omtrent de inhoud van het jaarverslag")<sup>1</sup>.

## Recent developments

### Corporate governance review 2015

As announced in the 2014 Annual Report, the Executive Board and Supervisory Board, assisted by its Corporate Governance Committee, have reviewed ING Group's corporate governance, including the depositary receipts structure, in 2015. An external law firm and a proxy advisory firm have advised ING in this review. As part of this review ING has also reached out to investors, proxy advisors and other stakeholders to seek their views on key elements of the corporate governance. Also the board structure and the interaction between the Supervisory Board and the ING organisation were reviewed.

The outcome of the review was submitted to the 2016 Annual General Meeting, in the form of a proposal to amend ING Group's articles of association, in particular the provisions concerning the appointment, suspension and dismissal of the members of the Executive Board and of the Supervisory Board (see pages 83 and 85).

The Annual General Meeting adopted the proposed amendments of the articles of association which implied the abolition of the depositary receipts structure.

### Legislative and regulatory developments

On 11 February 2016 the proposal for revision of the Corporate Governance Code was published by the Corporate Governance Code Monitoring Committee. The final version of the revised Corporate Governance was published on 8 December 2016. The Code is based on the "comply or explain" principle and applies as from the financial year 2017.

## Corporate Governance Codes Compliance with the Corporate Governance Code

ING Group uses the Corporate Governance Code as reference for its corporate governance structure and practices.



*The Corporate Governance Code can be downloaded from the website of the Dutch Corporate Governance Code Monitoring Committee ([www.commissiecorporategovernance.nl](http://www.commissiecorporategovernance.nl)).*

The application of the Corporate Governance Code by ING is described in the 2010 publication "ING's implementation of the Dutch Corporate Governance Code", which is available on the website of ING Group ([www.ing.com](http://www.ing.com)). This is to be read in conjunction with this section and is deemed to be incorporated into this section. In case there is a difference between the content of ING's publication and this section, this section will prevail.

## Dutch Banking Code

The Dutch Banking Code ("Banking Code"), a revised version of which was adopted by the Dutch Banking Association in 2014, is applicable only to ING Bank N.V. and not to ING Group. The Banking Code can be downloaded from the website of the Dutch Banking Association ([www.nvb.nl](http://www.nvb.nl)). Its application to ING Bank is described in the "Application of the Dutch Banking Code by ING Bank N.V.", available on the ING Group website ([www.ing.com](http://www.ing.com)). This is to be read in conjunction with the Annual Report of ING Bank N.V. ING Group voluntarily applies the principles of the Banking Code regarding remuneration to the members of its Executive Board and considers these principles as a reference for its own corporate governance. ING Group's remuneration policy for the Executive Board and senior management is compliant with these principles.

## Differences between Dutch and US corporate governance practices

In accordance with the requirements of the US Securities and Exchange Commission, ING Group, as a foreign private issuer whose securities are listed on the New York Stock Exchange ("NYSE"), must disclose in its Annual Report on Form 20-F any significant differences between its corporate governance practices and those applicable to US domestic companies under NYSE listing standards.

ING Group believes the following to be the significant differences between its corporate governance practices and NYSE corporate governance rules applicable to US companies:

- ING Group has a two-tier board structure, in contrast to the one-tier board structure used by most US companies. In the Netherlands, a public limited liability company ("naamloze vennootschap") with a two-tier board structure has an executive board as its management body and a supervisory board that advises and supervises the executive board. In general,

<sup>1</sup> Dutch Bulletin of Acts (Staatsblad) 2009, 154.

members of the executive board are employees of the company while members of the supervisory board are not. The latter are often former state or business leaders and sometimes former members of the executive board. A member of the executive board or other officer or employee of the company cannot simultaneously be a member of the supervisory board. The supervisory board must approve specified decisions of the executive board. Under the Corporate Governance Code, all members of the supervisory board, with the exception of not more than one person, should be independent. The definition of independence under the Corporate Governance Code however differs in its details from the definitions of independence under the NYSE listing standards. In some cases, Dutch requirements are stricter; in other cases the NYSE listing standards are stricter. The Audit Committee, Risk Committee, Remuneration Committee, Nomination Committee and Corporate Governance Committee of ING Group are comprised of members of the Supervisory Board.

- In contrast to the Sarbanes-Oxley Act of 2002, the Corporate Governance Code contains a “comply-or-explain” principle, offering the possibility of deviating from the Code as long as any such deviations are explained. To the extent that such deviations are approved by the general meeting, the company is deemed to be fully compliant with the Code.
- Consistent with Dutch law, the supervisory board committees generally act only in an advisory capacity to the supervisory board and, for instance, ING's Remuneration Committee may not directly set the compensation of the CEO.
- Dutch law requires that ING Group's external auditors be appointed by the General Meeting and not by the Audit Committee.
- The articles of association of ING Group (“Articles of Association”) provide that there are no quorum requirements to hold a General Meeting, although certain shareholder actions and certain resolutions may require a quorum.
- The shareholder approval requirements for equity compensation plans under Dutch law and the Corporate Governance Code differ from those applicable to US companies that are subject to NYSE's listing rules that require a shareholder vote on all equity compensation plans applicable to any employee, director or other service provider of a company. The results of such votes are advisory in nature rather than binding. Under Dutch company law and the Corporate Governance Code, binding shareholder approval is only required for equity compensation plans (or changes thereto) for members of the executive board and supervisory board, and not for equity compensation plans for other groups of employees.

## Capital Capital structure

The authorised capital of ING Group consists of ordinary shares and cumulative preference shares. Currently, only ordinary shares are issued, while a call option to acquire cumulative preference shares has been granted to the ING Continuity Foundation (“Stichting Continuïteit ING”). The acquisition of cumulative preference shares pursuant to the call option is subject to the restriction that, immediately after the issuance of cumulative preference shares, the total amount of cumulative preference shares outstanding may not exceed one-third of the total issued share capital of ING Group (see page 93).

The purpose of this call option is to protect the independence, the continuity and the identity of ING Group against influences that are contrary to the interests of ING Group, its enterprise and the enterprises of its subsidiaries and all stakeholders (including, but not limited to, hostile takeovers). However, the ordinary shares are not used for protective purposes.

The Board of the ING Continuity Foundation is comprised of four members who are independent of ING Group. No (former) Executive Board member, (former) Supervisory Board member, (former) ING Group employee or (former) permanent adviser to ING Group is on the Board of the ING Continuity Foundation. The Board of the ING Continuity Foundation appoints its own members, after consultation with the Supervisory Board of ING Group, but without any requirement for approval by ING Group.



Read more in the “Report of ING Continuity Foundation” chapter.

ING Group's authorised capital is the maximum amount of capital allowed to be issued under the terms of the Articles of Association. New shares in excess of this amount can only be issued if the Articles of Association are amended. For reasons of flexibility and to meet the requirement as set forth in the Bank Resolution and Recovery Directive (“BRRD”) that the amount of authorised share capital should at all times be sufficient to permit the issuance of as many ordinary shares as required for a potential future bail-in, ING Group seeks to set the authorised capital in the Articles of Association at the highest level permitted by law, which is five times the actually issued share capital.

## Issuance of shares

Share issuances are decided by the General Meeting, that may also delegate its authority. Each year, a proposal is made to the General Meeting to delegate authority to the Executive Board to issue new ordinary shares or to grant rights to subscribe for new ordinary shares, both with and without pre-emptive rights to existing shareholders.

In the context of ING's corporate governance review that was performed in 2015-2016 the authorisation of the Executive Board to issue ordinary shares was revised. The new set-up and content has been discussed with many investors, proxy advisors and other stakeholders and ING has taken into account their feedback.

The currently applicable share issue authorisation enables the Executive Board to issue ordinary shares (including the granting of rights to subscribe for ordinary shares, such as warrants or in connection with convertible debt instruments) for a period of 18 months, ending on 25 October 2017:

- 1 up to 40% of the issued share capital, as a general rule with pre-emptive rights of existing shareholders; plus
- 2 up to 10% of the issued share capital, with or without pre-emptive rights of existing shareholders.

Specific approval by the General Meeting is required for any share issuance exceeding these limits.

The share issue authorisation which will be proposed to the 2017 Annual General Meeting will be along the same lines. Its first element will enable the Executive Board to issue up to 40 percent of the issued share capital by means of a rights issue. This entails that the shares to be issued will be offered to all shareholders in proportion to their existing holdings of ordinary shares as nearly as may be practical. However, the Executive Board and Supervisory Board may exclude certain shareholders from such a share offering for practical or legal reasons such as record dates, fractional entitlements, treasury shares, applicable legal restrictions on share offerings or in the context of a syndicated rights issue.

In line with market practice, ING Group currently intends to include the following categories of shareholders in such a share offering by way of a rights issue:

- 1 Qualified investors as well as retail investors in the Netherlands and the US (SEC registered offering).
- 2 Qualified investors in EU member states;
- 3 Retail investors in EU member states where ING has a significant retail investor base, provided that it is feasible to meet local requirements (in ING's 2009 rights offering, shares were offered to existing shareholders in Belgium, France, Germany, Luxemburg, Spain and the UK, where ING believed the vast majority of retail investors were located at that time); and
- 4 Qualified or institutional investors in Canada and Australia.

Retail investors in Canada and Australia and investors in Japan will not be included in such a share offering.

Shareholders who are not allowed to, do not elect to, or are unable to subscribe to a rights offering, are entitled to sell their rights in the market or receive any net financial benefit upon completion of a rump offering after the exercise period has ended.

This delegation of authority allows ING Group to respond promptly to developments in the financial markets. Without such delegation, should ING Group wish to issue new shares, there would be an increased risk that conditions in the financial markets may change during the time needed to convene a General Meeting, especially given the 42-day statutory convocation period in the Netherlands.

## Transfer of shares and transfer restrictions

Shares not included in the Securities Giro Transfer system ("Wet Giraal Effectenverkeer" system) are transferred by means of a deed of transfer between the transferor and the transferee. To become effective, ING Group has to acknowledge the transfer, unless ING Group itself is a party to the transfer. The Articles of Association do not restrict the transfer of ordinary shares.

Shares which are included in the Securities Giro Transfer system are transferred pursuant to the Securities Giro Transfer Act ("Wet Giraal Effectenverkeer"). Shareholders wishing to transfer such shares must instruct the securities intermediary where their shares are administered accordingly.

## Repurchase of shares

ING Group may repurchase issued shares. Although the power to repurchase shares is vested in the Executive Board subject to the approval of the Supervisory Board, prior authorisation from the General Meeting is required for these repurchases. Under Dutch law, this authorisation lapses after 18 months. Each year, a proposal is made to the General Meeting to authorise the repurchase of shares by the Executive Board.

Pursuant to this authorisation, no more than 10% of ING Group's share capital may be held as treasury shares. When repurchasing shares, the Executive Board must observe the price ranges prescribed in the authorisation. For the ordinary shares, the authorisation currently in force stipulates a minimum price of one eurocent and a maximum price equal to the highest stock price on the Amsterdam stock exchange on the date on which the purchase agreement is concluded or on the preceding day of stock market trading.

## Special rights of control

No special rights of control referred to in Article 10 of the directive of the European Parliament and the Council on takeover bids (2004/25/EC) are attached to any share.

## Shareholders' structure

Pursuant to the Dutch Financial Supervision Act ("Wet op het financieel toezicht"), any person who, directly or indirectly, acquires or disposes of an interest in the voting rights and/or the capital of ING Group as a result of which acquisition or disposal the percentage of his voting rights or capital interest, whether through ownership of shares, American depositary receipts ("ADR") or any other financial instrument, whether stock-settled or cash-settled, such as call or put options, warrants, swaps or any other similar contract, reaches, exceeds or falls below certain thresholds, is required to notify in writing the Dutch Authority for the Financial Markets ("Autoriteit Financiële Markten") immediately after the acquisition or disposal of the triggering interest in ING Group's share capital. These thresholds are 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% or 95% of the issued share capital of ING Group. The notification will be recorded in a public register that is held by the Dutch Authority for the Financial Markets.

Details of investors, if any, who have reported their interest in ING Group pursuant to the Dutch Financial Supervision Act (or the predecessor of this legislation), are shown on page 63.

ING Group is not aware of any investors (or potential shareholders) with an interest of three percent or more in ING Group other than those shown on page 63 as per year-end 2016.

Pursuant to Regulation (EU) no. 236/2012 of the European Parliament and the Council on short-selling and certain aspects of credit default swaps, any person who acquires or disposes of a net short position relating to the issued share capital of ING Group, whether by a transaction in shares or ADRs, or by a transaction creating or relating to any financial instrument where the effect or one of the effects of the transaction is to confer a financial advantage on the person entering into that transaction in the event of a change in the price of such shares or ADRs, is required to notify, in accordance with the provisions of the above-mentioned regulation:

- a. The Dutch Authority for the Financial Markets if, as a result of such acquisition or disposal the person's net short position reaches, exceeds or falls below 0.2% of the issued share capital of ING Group and each 0.1% above that.
- b. ING Group if, as a result of such acquisition or disposal the person's net short position reaches, exceeds or falls below 0.5% of the issued share capital of ING Group and each 0.1% above that.

### **Investor Relations and bilateral contacts with investors**

ING Group encourages and recognises the importance of bilateral communication with the investment community. The Investor Relations department actively manages communications with current and potential shareholders, holders of ADRs, bondholders, and industry analysts.

ING Group strives to provide clear, accurate and timely financial information that is in strict compliance with applicable rules and regulations, in particular those concerning selective disclosure, inside information and equal treatment. In addition to the Annual General Meeting, ING Group communicates with its shareholders and the investment community through earnings announcements, presentations, and meetings with analysts or investors.

ING Group publishes a comprehensive quarterly disclosure package that includes extensive and detailed financial figures with relevant explanatory remarks. This information is discussed thoroughly on the day of the earnings release during media, analyst and investor conference calls. These are broadly accessible to interested parties. The publication dates of quarterly earnings releases are announced in advance on ING Group's website.

ING Group participates in several industry conferences and generally hosts one Investor Relations Day every

two to three years. These events are announced in advance on ING Group's website, and presentation materials are made available in real time on the website. This is in accordance with the applicable regulatory requirements intended to ensure that all shareholders and other market participants have equal and simultaneous access to information that could potentially influence the price of the company's securities. ING Group's Investor Relations Days can be accessed by means of live webcasts. Investor Relations Days or conferences in which ING Group participates will not take place during the period immediately prior to the publication of quarterly financial results.

ING Group strives to maintain an open and constructive dialogue with current and potential investors, and with industry analysts. The scope of such bilateral communication may range from single investor queries via email, to more elaborate discussions with analysts or institutional investors that take place via telephone or face-to-face. ING Group's Investor Relations department is the main point of contact for these communications. Executive Board members or Management Board Banking or divisional management members may also participate in investor meetings. These meetings are not announced in advance, nor can they be followed by webcast or any other means. Information provided during such occasions is limited to what is already publicly available.

If bilateral communication between ING Group and investors is organised and/or facilitated through a broker, an analyst or specialist salesperson representing the broker may be present in the meeting.

In the event that any inside information is inadvertently disclosed during any bilateral contacts, it is ING Group's policy, in accordance with applicable regulations, to publish such information as soon as possible.

ING Group may decide not to accommodate or accept any requests or invitations to enter into a dialogue with potential investors, or to accommodate or accept such request or invitation under specific conditions. ING does not initiate bilateral contacts during the period immediately prior to publication of regular quarterly results.


Approximately 25 analysts actively cover and generally issue reports on ING Group. A list of these analysts can be found under "Analyst Coverage" in the Investor Relations section of ING Group's website. During 2016, ING Group did not provide any form of compensation to parties that are directly or indirectly involved in the production or publication of analysts' reports, with the exception of credit-rating agencies.

ING Group participated in 13 industry conferences during 2016. In total, there were approximately 700 meetings (including conference calls) with institutional investors and/or analysts during 2016. Conference presentations and face-to-face meetings with investors and/or analysts took place in 47 different cities across the globe.

ING Group held an Investor Day on 3 October 2016. "Accelerating Think Forward" was the theme of the strategy update that CEO Ralph Hamers and other executives presented at this event, which was held in Amsterdam, the Netherlands.

The geographical distribution of ING Group's investor base is diverse: an estimated 33% of our shares are held in the United States, 21% in the United Kingdom, 10% in France, 9% in Germany, 4% in Switzerland, 4% in the Netherlands, 11% in rest of Europe and 8% in the rest of the world.

These figures are based on the year-end 2016 estimates of institutional share ownership provided by IPREO.

 Read more in the "ING Shares" chapter.

### General Meeting Frequency, notice and agenda of General Meetings

ING's General Meeting is normally held each year in April or May to discuss the course of business in the preceding financial year on the basis of the reports prepared by the Executive Board and the Supervisory Board, and to decide on:

- The distribution of dividends or other distributions;
- The appointment and/or reappointment of members of the Executive Board and the Supervisory Board;
- Any other items requiring shareholder approval pursuant to Dutch law; and
- Any other matters proposed by the Supervisory Board, the Executive Board or shareholders in accordance with the Articles of Association.

As of the Annual General Meeting of 2017 Corporate Governance will only be a separate agenda item in case of material corporate governance changes.

General Meetings are convened by public notice via the ING Group website ([www.ing.com](http://www.ing.com)) at least 42 days before the day of the General Meeting. As of the date of convening a General Meeting, all information relevant for shareholders is made available via the ING Group website and through its head office.

As provided in the Dutch Civil Code, implementing the BRRD, ING Group's Articles of Association permit to shorten this convocation period to 10 days if (i) ING Group meets the criteria for early intervention measures, (ii) resolution can be avoided by means of a capital increase and (iii) a general meeting would be required to enable ING Group to issue the required number of shares.

Information relevant for shareholders includes the notice of the General Meeting, the agenda, the place and time of the meeting, the address of the website of ING Group, the verbatim text of the proposals with an explanation and instructions on how to participate in the meeting (either in person or by proxy), as well as the reports of the Executive Board and the Supervisory Board. More complex proposals, such as proposals to amend the Articles of Association, are normally not included in the

notice, but are made available separately on the website of ING Group and at the ING Group head office.

### Proposals by shareholders

Proposals to include items on the agenda for a General Meeting that have been adequately substantiated under applicable Dutch law can be made by shareholders representing together a certain interest in ING's share capital. As of 26 July 2016 the Articles of Association of ING Group were amended to the effect that this interest should represent at least one per cent of the issued share capital.

### Dialogue with shareholders

Shareholders are given the opportunity to contact ING about the Annual General Meeting, via the Annual General Meeting dedicated web page on the website of ING Group ([www.ing.com](http://www.ing.com)).

### Record date

Pursuant to Dutch law, the record date for attending a general meeting and voting on the proposals at that general meeting is the 28th day before the day of the general meeting. Only those who hold shares at the record date are entitled to attend the general meeting and to exercise other rights related to the general meeting in question on the basis of their holding at the record date, notwithstanding any subsequent sale or purchase of shares. The record date is published in the notice for the general meeting. If the shortened convocation of 10 days is applicable (see above, paragraph: "Frequency, notice and agenda of General Meetings"), the record date is two days after the convocation date.

In accordance with US requirements, the depositary sets a record date for the ADRs, which date determines which ADRs are entitled to give voting instructions. This record date can differ from the record date set by ING Group for shareholders.

### Attending General Meetings

Holders of ordinary shares may attend a General Meeting, or may grant in writing a proxy to a third-party to attend the meeting and to vote on their behalf. Prior to General Meetings, ING will make proxy forms available on its website. For logistical reasons, attending the General Meeting, either in person or by proxy, is subject to the requirement that ING Group is notified in advance. Instructions to that effect are included in the notice for the General Meeting.

General Meetings are webcast via ING Group's website ([www.ing.com](http://www.ing.com)), so that shareholders who do not attend the General Meeting in person may nevertheless follow the meeting online.

### Voting rights on shares

Each share entitles the holder to cast one vote at the General Meeting. The Articles of Association do not restrict the voting rights on any class of shares. ING Group is not aware of any agreement pursuant to which voting rights on any class of its shares are restricted.



### Proxy voting facilities

ING Group provides proxy voting facilities to its investors via its website and solicits proxies from its ADR holders in line with common practice in the US.

Proxy voting forms for shareholders are made available on the website of ING Group ([www.ing.com](http://www.ing.com)). By returning the form, shareholders will give a proxy to an independent proxy holder (a public notary registered in the Netherlands) who will vote according to the instructions expressly given on the proxy form. The submission of these forms is subject to additional conditions specified on such forms.

To encourage participation at the Annual General Meeting, ING provides the EVO (e-voting) platform, an online facility through which shareholders can register for a meeting or appoint a proxy.

### Main powers of the General Meeting

The main powers of the General Meeting are to decide on:

- The appointment, suspension and dismissal of members of the Executive Board and members of the Supervisory Board, subject to a binding nomination or a proposal of the Supervisory Board as set forth in the Articles of Association.
- The adoption of the annual accounts.
- The declaration of dividends, subject to the power of the Executive Board to allocate part or all of the profits to the reserves – with approval of the Supervisory Board – and the declaration of other distributions, subject to a proposal by the Executive Board and approved by the Supervisory Board.
- The appointment of the external auditor.
- An amendment of the Articles of Association, a legal merger or division of ING Group, and winding-up of ING Group, all subject to a proposal made by the Executive Board with approval by the Supervisory Board.
- The issuance of shares or rights to subscribe for shares, the restriction or exclusion of pre-emptive rights of shareholders, and delegation of these powers to the Executive Board, subject to a proposal by the Executive Board which was approved by the Supervisory Board.
- The authorisation of a repurchase of outstanding shares and/or a cancellation of shares.

In addition, the approval of the General Meeting is required for Executive Board decisions that would be expected to have a material effect on the identity or nature of ING Group or its enterprise.

### Reporting

Resolutions adopted at a General Meeting are generally published on the website of ING Group ([www.ing.com](http://www.ing.com)), within one week following the meeting. The draft minutes of the General Meeting are, in accordance with the Corporate Governance Code, made available to shareholders on the website of ING Group ([www.ing.com](http://www.ing.com)) no later than three months after the meeting. Shareholders may react to the draft minutes in the following three months, after which the final minutes are adopted by the chairman of the meeting in question and

by a shareholder appointed by that meeting. The final minutes are made available on the website of ING Group ([www.ing.com](http://www.ing.com)). In a deviation from the provisions of the Corporate Governance Code, shareholders will not have the opportunity to react to the minutes of a General Meeting if a notarial report of the meeting is made, as this would be in conflict with the laws applicable to such notarial report.

### Executive Board

#### Appointment, suspension and dismissal

Members of the Executive Board are appointed, suspended and dismissed by the General Meeting. For the appointment of Executive Board members, the Supervisory Board may draw up a binding list, which may be rendered non-binding by the General Meeting.

A resolution of the General Meeting to render this list non-binding, or to suspend or dismiss Executive Board members without this being proposed by the Supervisory Board, requires an absolute majority of the votes cast. Additionally, this majority must represent more than half of the issued share capital. This additional requirement was tightened up (from one third to one half of the issued share capital) in connection with the abolition of the depositary receipts structure in 2016. Also in connection with the abolition of the depositary receipts structure in 2016, the Articles of Association now exclude the possibility under Dutch corporate law to waive this requirement in a second General Meeting. Both additional elements, which deviate from what is recommended under the Dutch Corporate Governance Code, ensure that significant proposals of shareholders cannot be adopted in a General Meeting with a low attendance rate and can only be adopted with substantial support of ING Group's shareholders.

Candidates for appointment to the Executive Board must comply with the suitability and reliability requirements as set out in the Dutch Financial Supervision Act and must continue to meet these while in function.

#### Function of the Executive Board

The Executive Board is charged with the management of ING Group. This includes responsibility for setting and achieving ING Group's strategy, objectives and policies, as well as the ensuing delivery of results. It also includes the day-to-day management of ING Group. The Executive Board is accountable for the performance of these duties to the Supervisory Board and the General Meeting. The responsibility for the management of ING Group is vested in the Executive Board collectively. The organisation, powers and *modus operandi* of the Executive Board are detailed in the Executive Board Charter, which was approved by the Supervisory Board.



The Executive Board Charter is available on the website of ING Group ([www.ing.com](http://www.ing.com)).

According to the Banker's Oath that is taken by the members of the Executive Board, they must carefully consider the interests of all stakeholders of ING. In that consideration they must put the customer's interests at the centre of all their activities.

ING Group indemnifies the members of the Executive Board against direct financial losses in connection with claims from third parties, as far as permitted by law, on the conditions laid down in the Articles of Association and their employment or commission contract. ING Group has taken out liability insurance for the members of the Executive Board.

### Profile of members of the Executive Board


The Supervisory Board has drawn up a profile to be used as a basis for selecting members of the Executive Board. It is available on the website of ING Group ([www.ing.com](http://www.ing.com)) and at the ING Group head office.

ING Group aims to have an adequate and balanced composition of its Executive Board. The Supervisory Board annually assesses the composition of the Executive Board. In the context of such assessment, ING Group aims to have a gender balance by having at least 30% men and at least 30% women amongst its Executive Board members.

However, because of the fact that ING Group needs to balance several relevant selection criteria when composing its Executive Board, the composition of the Executive Board did not meet the abovementioned gender balance in 2016 (no women). In accordance with the diversity policy mentioned on page 45, ING Group will continue to strive for an adequate and balanced composition of its Executive Board in future appointments, by taking into account all relevant selection criteria including, but not limited to, gender balance, executive experience, experience in corporate governance of large stock-listed companies and experience in the political and social environment.

### Remuneration and share ownership

Members of the Executive Board are permitted to hold shares in the share capital of ING Group for long-term investment purposes. Transactions by members of the Executive Board in these shares are subject to the ING regulations for insiders. These regulations are available on the website of ING Group ([www.ing.com](http://www.ing.com)).

 Details of the remuneration of members of the Executive Board, including shares granted to them, together with additional information, are provided in the "Remuneration report".

### Ancillary positions/conflicting interests


No member of the Executive Board has corporate directorships at listed companies outside ING.

### Transactions involving actual or potential conflicts of interest

In accordance with the Corporate Governance Code, transactions with members of the Executive Board in which there are significant conflicts of interest will be disclosed in the Annual Report. In deviation

from the Corporate Governance Code this however does not apply if (i) such disclosure would be against the law; (ii) the confidential, share-price sensitive or competition-sensitive character of the transaction prevents disclosure; and/or (iii) the information is so competition-sensitive that the disclosure could damage the competitive position of ING Group.

Significant conflicting interests are considered to be absent and are not reported if a member of the Executive Board obtains financial products and services, other than loans, which are provided by ING Group subsidiaries in the ordinary course of their business on terms that apply to all employees. In connection with the aforementioned, the term loans does not include financial products in which the granting of credit is of a subordinated nature, e.g. credit cards and overdrafts in current account, because of a lack of materiality.

 For an overview of loans granted to members of the Executive Board, see page 104 of the "Remuneration report" chapter.

### Information on members of the Executive Board

#### R.A.J.G. (Ralph) Hamers, Chief Executive Officer ("CEO")

(Born 1966, Dutch nationality, male; appointed in 2013, term expires in 2017)

Ralph Hamers has been a member of the Executive Board of ING Group since 13 May 2013 and was appointed CEO and Chairman of the Executive Board and the Managing Board Banking on 1 October 2013. He is responsible for the proper functioning of the Executive Board and the Management Board Banking and its committees, formulating and implementing ING's strategy, acting as main contact for the Supervisory Board and also responsible for the following departments: innovation, Legal, Corporate Strategy, Corporate Human Resources, Corporate Communications and Corporate Audit Services. He joined ING in 1991 and has held various positions including Global Head Wholesale Banking Network from 2007 to 2010, Head of Network Management for Retail Banking Direct & International from 2010 to 2011, and CEO of ING Belgium and Luxembourg from 2011 to 2013. He holds a Master of Science degree in Business Econometrics/Operations Research from Tilburg University, the Netherlands.

#### Relevant positions pursuant to CRD IV:<sup>2</sup>

Chairman and CEO of the Executive Board of ING Groep N.V. and of the Management Board of ING Bank N.V.

#### Other relevant ancillary positions:

Member of the Management Board of the Nederlandse Vereniging van Banken (NVB), member of the Board of the Institute of International Finance, Inc. and member of the Supervisory Board of Foundation Royal Concertgebouw Orchestra Amsterdam.

<sup>2</sup> The fourth EU Capital Requirements Directive 2013/36/EU

**P.G. (Patrick) Flynn, Chief Financial Officer ("CFO")**

*(Born 1960, Irish nationality, male; appointed in 2009, term expires in 2017)*

Patrick Flynn has been a member of the Executive Board and CFO of ING Group since 27 April 2009. He also serves as a member and CFO on the Management Board Banking. He is responsible for ING's financial strategy, including internal and external reporting, budgeting, procurement, forecasting, capital management, investments/acquisitions and divestments, tax management, investor relations and business performance reporting and analysis, including measuring adherence to financial targets. He is a Chartered Accountant, a member of the Institute of Chartered Accountants Ireland, and a member of the Association of Corporate Treasurers in the UK. He holds a Bachelor's degree in Business Studies from Trinity College Dublin.

**Relevant positions pursuant to CRD IV:**

Member and CFO of the Executive Board of ING Groep N.V., Member and CFO of the Management Board of ING Bank N.V.

**W.F. (Wilfred) Nagel, Chief Risk Officer ("CRO")**

*(Born 1956, Singaporean nationality, male; appointed in 2012, term expires in 2020)*

Wilfred Nagel has been a member of the Executive Board and CRO of ING Group since 14 May 2012. He also serves as a member and CRO on the Management Board Banking. He is responsible for ING's risk appetite, risk-related policies, methodologies and guidance, risk management and control activities performed by the business. He was CEO of ING Bank Turkey until 5 October 2011, when he was appointed as a member of the Management Board Banking. He joined ING in 1991 and held various positions including Global Head Credit Risk Management from 2002 to 2005 and CEO Wholesale Banking in Asia from 2005 to 2010. He holds a Master's degree in Economics from VU University Amsterdam.

**Relevant positions pursuant to CRD IV:**

Member and CRO of the Executive Board of ING Groep N.V. and Member and CRO of the Management Board of ING Bank N.V.; Non-Executive Board Member of Nidera Capital B.V.

**Supervisory Board****Appointment, suspension and dismissal**

Members of the Supervisory Board are appointed, suspended and dismissed by the General Meeting. For the appointment of Supervisory Board members, the Supervisory Board may draw up a binding list, which may be rendered non-binding by the General Meeting.

A resolution of the General Meeting to render this list non-binding, or to suspend or dismiss Supervisory Board members without this being proposed by the Supervisory Board, requires an absolute majority of the votes cast. Additionally, this majority must represent more than half of the issued share capital. Also in connection herewith this, the Articles of Association now exclude the possibility available under Dutch corporate

law to waive this requirement in a second General Meeting. Both additional elements, which deviate from what is recommended under the Corporate Governance Code, ensure that significant proposals of shareholders cannot be adopted in a General Meeting with a low attendance rate and can only be adopted with substantial support of ING Group's shareholders.

Candidates for appointment to the Supervisory Board must comply with the suitability and reliability requirements as set out in the Dutch Financial Supervision Act and must continue to meet these while in function.

**Function of the Supervisory Board**

The function of the Supervisory Board is to supervise the policy of the Executive Board and the general course of affairs of ING Group and its business, as well as to provide advice to the Executive Board.

In line with Dutch company law, the Articles of Association, the Corporate Governance Code as well as the Supervisory Board Charter, all members of the Supervisory Board are required to:

- act in accordance with the interests of ING Group and the business connected with it, taking into account the relevant interests of all stakeholders of ING Group;
- perform their duties without mandate and independent of any interest in the business of ING Group; and
- refrain from supporting one interest without regard to the other interests involved.

According to the Banker's Oath that was taken by the members of the Supervisory Board, they must carefully consider the interests of all stakeholders of ING. In that consideration they must put the customer's interests at the centre of all their activities. Certain resolutions of the Executive Board, specified in the Articles of Association, in the Executive Board Charter and in the Supervisory Board Charter, are subject to approval of the Supervisory Board.

ING Group indemnifies the members of the Supervisory Board against direct financial losses in connection with claims from third parties as far as permitted by law on the conditions laid down in the Articles of Association and an indemnity statement.

ING Group has taken out liability insurance for the members of the Supervisory Board.

**Profile of members of the Supervisory Board**

The Supervisory Board has drawn up a profile to be used as a basis for its composition. It is available on the website of ING Group ([www.ing.com](http://www.ing.com)) and at the ING Group head office.

In view of their experience and the valuable contribution that former members of the Executive Board can make to the Supervisory Board, it has been decided, taking into account the size of the Supervisory Board and



ING's wide range of activities that such individuals may become members of the Supervisory Board of ING Group. Former Executive Board members must wait at least one year before becoming eligible for appointment to the Supervisory Board.

Former members of the Executive Board are not eligible for appointment to the position of chairman or vice-chairman of the Supervisory Board, unless they are independent within the meaning of the Corporate Governance Code.

After a former member of the Executive Board has been appointed to the Supervisory Board, this member may also be appointed to one of the Supervisory Board's committees. However, appointment to the Audit committee is only possible if the individual in question resigned from the Executive Board at least four years prior to such appointment.

ING Group needs to balance several relevant selection criteria when composing its Supervisory Board but strives for an adequate and balanced composition of the board by taking into account all relevant selection criteria including, but not limited to, experience in retail and wholesale banking, gender balance, executive experience, experience in corporate governance and experience in the political and social environment.

The Nomination Committee assesses the composition of the Supervisory Board at least annually. In the context of this assessment, ING Group aims to have a gender balance by having at least 30% men and at least 30% women amongst its Supervisory Board members. After the appointment of Ann Sherry at the Annual General Meeting in April 2016, the composition of the Supervisory Board met the above-mentioned gender balance (more than 33% women). Other diversity related aspects are taken into consideration as well in light of the overall SB composition (read more on page 75 in the "Report of the Supervisory Board" chapter).

### Term of appointment of members of the Supervisory Board

A member of the Supervisory Board retires no later than at the end of the first General Meeting held four years after his or her last appointment or reappointment. In accordance with the Corporate Governance Code, members of the Supervisory Board may, as a general rule, be reappointed for two additional four-year terms. Under special circumstances however, the Supervisory Board may deviate from this general rule, for instance in order to maintain a balanced composition of the Supervisory Board and/or to preserve valuable expertise and experience. As a general rule, members of the Supervisory Board shall also resign at the end of an Annual General Meeting in the year in which they attain the age of 70 and shall not be reappointed. However, the Supervisory Board may, at its discretion, decide to deviate from this age limit. The schedule for resignation by rotation is available on the website of ING Group ([www.ing.com](http://www.ing.com)).

### Ancillary positions/conflicting interests

Members of the Supervisory Board may hold other positions, including directorships, either paid or unpaid. CRD IV restricts the total number of supervisory board positions or non-executive directorships with commercial organisations that may be held by a Supervisory Board member to four, or to two, if the Supervisory Board member also has an executive board position. The European Central Bank may, under special circumstances, permit a Supervisory Board member to fulfil an additional supervisory board position or non-executive directorship. Positions with, inter alia, subsidiaries or qualified holdings are not taken into account in the application of these restrictions. Such positions may not conflict with the interests of ING Group. It is the responsibility of the individual member of the Supervisory Board and the Corporate Governance Committee to ensure that the directorship duties are performed properly and are not affected by any other positions that the individual may hold outside ING Group.


Members of the Supervisory Board are to disclose material conflicts of interest (including potential conflicts of interest) and to provide all relevant information relating to them. The Supervisory Board – without the member concerned taking part – then decides whether a conflict of interest exists.

In case of a conflict of interest, the relevant member of the Supervisory Board abstains from discussions and decision-making on the topic or the transaction in relation to which he or she has a conflict of interest with ING Group.

### Transactions involving actual or potential conflicts of interest

In accordance with the Corporate Governance Code, transactions involving members of the Supervisory Board in which there are material conflicting interests are disclosed in the Annual Report. In a departure from the Corporate Governance Code this however does not apply if (i) such disclosure would be against the law; (ii) the confidential, share-price sensitive or competition-sensitive character of the transaction prevents such disclosure; and/or (iii) the information is so competition-sensitive that disclosure could damage the competitive position of ING Group.

Any relation that a member of the Supervisory Board may have with ING Group subsidiaries as an ordinary, private individual, is not considered a significant conflict of interest. Such relationships are not reported, with the exception of any loans that may have been granted.

 For an overview of loans granted to members of the Supervisory Board, see page 105 of the "Remuneration report".

### Independence

The members of the Supervisory Board are requested to assess annually whether the criteria of dependence set out in the Corporate Governance Code do not apply to them and to confirm this in writing. On the basis of these criteria, all members of the Supervisory Board, with the

exception of Eric Boyer de la Giroday, are to be regarded as independent on 31 December 2016. Eric Boyer de la Giroday is not considered independent because of his position as Chairman of the Board of Directors of ING Belgium S.A./N.V. and his former positions as member of the Executive Board of ING Group and vice-chairman of the Management Board Banking of ING Bank N.V. On the basis of the NYSE listing standards, all members of the Supervisory Board are to be regarded as independent.

### Committees of the Supervisory Board

On 31 December 2016, the Supervisory Board had five committees: the Audit Committee, the Risk Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. An organisational chart of the five committees of the Supervisory Board can be found below.

The organisation, powers and conduct of the Supervisory Board are detailed in the Supervisory Board Charter which can be found on [www.ing.com](http://www.ing.com).

Separate charters have been drawn up for the Audit Committee, the Risk Committee, the Remuneration Committee, the Nomination Committee and the Corporate Governance Committee. These charters are available on the website of ING Group ([www.ing.com](http://www.ing.com)). A short description of the duties for the five Committees follows below.

The Audit Committee assists the Supervisory Board in monitoring the integrity of the financial statements of ING Group, and ING Bank N.V., in monitoring the compliance with legal and regulatory requirements and in monitoring the independence and performance of ING Group's internal and external auditors. On 31 December 2016, the members of the Audit Committee were: Hermann-Josef Lamberti (chairman), Eric Boyer de la Giroday, Isabel Martín Castellá, and Robert Reibestein. No member of the Audit Committee was considered as a "financial expert" as defined by the SEC in its final rules implementing Section 407 of the Sarbanes-Oxley Act of 2002. Eric Boyer de la Giroday is a financial expert as defined in the Corporate Governance Code considering his academic background as well as his knowledge and experience in his previous role as board member and vice-chairman of ING Groep N.V. and ING Bank N.V.


The Risk Committee assists and advises the Supervisory Board in monitoring the risk profile of ING as a whole as well as the structure and operation of the internal risk management and control systems. On 31 December 2016, the members of the Risk Committee were:

Robert Reibestein (chairman), Eric Boyer de la Giroday, Mariana Gheorghe, Hermann-Josef Lamberti and Jeroen van der Veer.

The Remuneration Committee's tasks include advising the Supervisory Board on the terms and conditions of employment (including remuneration) of the members of the Executive Board and on the policies and general principles on which the terms and conditions of employment of the members of the Executive Board and of senior managers of ING Group and its subsidiaries are based. On 31 December 2016, the members of the Remuneration Committee were: Henk Breukink (chairman), Robert Reibestein and Jeroen van der Veer.

The Nomination Committee's tasks include advising the Supervisory Board on the composition of the Supervisory Board and Executive Board. On 31 December 2016, the members of the Nomination Committee were: Jeroen van der Veer (chairman), Henk Breukink and, Isabel Martín Castellá.

The Corporate Governance Committee assists the Supervisory Board in monitoring and evaluating the corporate governance of ING as a whole and reporting on this in the Annual Report and to the General Meeting. It also advises the Supervisory Board on improvements. On 31 December 2016, the members of the Corporate Governance Committee were: Henk Breukink (chairman) and Jeroen van der Veer.


 More information on the composition of the Supervisory Board Committees can be found at [www.ing.com/16ar6](http://www.ing.com/16ar6), which is updated on a regular basis.

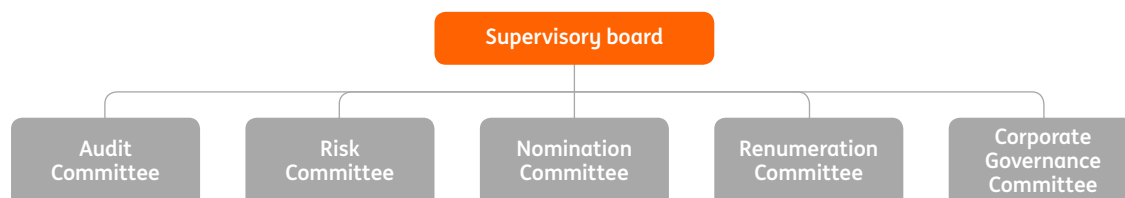
### Company secretary

The Supervisory Board is assisted by the company secretary Cindy van Eldert-Klep.

### Remuneration and share ownership

Remuneration of the members of the Supervisory Board is determined by the General Meeting and is not dependent on the results of ING Group. Details of the remuneration are provided in the Remuneration report on page 97. Members of the Supervisory Board are permitted to hold shares in the share capital of ING Group for long-term investment purposes. Details are given on page 97. Transactions by members of the Supervisory Board in these shares are subject to the ING regulations regarding insiders.

 More information on ING's regulations regarding insiders can be found at [www.ing.com/16ar7](http://www.ing.com/16ar7).



## Information on members of the Supervisory Board

### J. (Jeroen) Van der Veer (chairman)

(Born 1947, Dutch nationality, male; appointed in 2009, term expires in 2017)

Former Chief Executive Officer of Royal Dutch Shell plc.

#### Relevant positions pursuant to CRD IV:

Chairman of the Supervisory Board of ING Groep N.V./ING Bank N.V., Chairman of the Supervisory Board of Koninklijke Philips Electronics N.V., Member of the Supervisory Board of Koninklijke Boskalis Westminster N.V. and Member of the Supervisory Board of Statoil ASA.

#### Other relevant ancillary positions:

Member of the Supervisory Board of Het Concertgebouw N.V. and Chairman of the Supervisory Council of the Technical University of Delft.

### H.J.M. (Hermann-Josef) Lamberti (Vice-Chairman)

(Born 1956, German nationality, male; appointed in 2013, term expires in 2017)

Former Chief Operating Officer of Deutsche Bank AG.

#### Relevant positions pursuant to CRD IV:

Vice-chairman of the Supervisory Board of ING Groep N.V./ING Bank N.V., Non-Executive Member of the Board of Directors of Airbus Group N.V., (formerly European Aeronautic Defense and Space Company N.V.), Chairman of the Supervisory Board of Addiko Bank (Austria), member of the Supervisory Board of Lefdal Mine Data Centre SA and member of the Supervisory Board of Stonebranch.

The number of positions held by Hermann-Josef Lamberti currently exceeds the maximum allowed under CRD IV. Steps are being taken to reduce the number of positions as required by CRD IV in the near future.

### E.F.C.B. (Eric) Boyer de la Giroday

(Born 1952, Belgian nationality, male; appointed in 2014, term expires in 2018)

Former Vice-Chairman Management Board Banking ING Groep N.V. and ING Bank N.V.

#### Relevant positions pursuant to CRD IV:

Member of the Supervisory Board of ING Groep N.V./ING Bank N.V. and Chairman of the Board of Directors of ING Belgium S.A./N.V.

#### Other relevant ancillary position:

Non-Executive Director of Institututs Internationaux de Physique et de Chimie fondé par Ernest Solvay, asbl.

### H.W. (Henk) Breukink

(Born 1950, Dutch nationality, male; appointed in 2007, term expires in 2019)

Former Managing Director of F&C and country head for F&C Netherlands (asset management firm).

#### Relevant positions pursuant to CRD IV:

Member of the Supervisory Board of ING Groep N.V./ING Bank N.V., Chairman of the Supervisory Board of NSI N.V.

(real estate fund) and Non-Executive Director of Brink Groep B.V.

#### Other relevant ancillary position:

Chairman of the Supervisory Board of Stichting Hoger Onderwijs Nederland.

### I. (Isabel) Martín Castellá

(Born 1947, Spanish nationality, female; appointed in 2013, term expires in 2017)

Former Vice-President and Member of the Management Committee of the European Investment Bank.

#### Relevant positions pursuant to CRD IV:

Member of the Supervisory Board of ING Groep N.V./ING Bank N.V. and Member of the Supervisory Board of SACYR S.A.

#### Other relevant ancillary positions:

Member of the Advisory Board of NEINVER S.A. and Member of the Advisory Committee of GED Capital.

### M. (Mariana) Gheorghe

(Born 1956, Romanian nationality, female, appointed in 2015, term expires in 2019)

Current Chief Executive Officer OMV Petrom S.A.

#### Relevant positions pursuant to CRD IV:

Member of the Supervisory Board of ING Groep N.V./ING Bank N.V., Chief Executive Officer of OMV Petrom S.A., Chairwoman of the Supervisory Board of OMV Petrom Marketing SRL, Chairwoman of the Supervisory Board of OMV Petrom Gas SRL and Member of the Supervisory Board of OMV Petrom Global Solutions SRL.

### A.C. (Ann) Sherry

(Born 1954, Australian nationality, female, appointed in 2016, term expires in 2020)

Former Chief Executive Officer Carnival Australia

#### Relevant positions pursuant to CRD IV:

Member of the Supervisory Board of ING Groep N.V./ING Bank N.V., Member of the Supervisory Board ING Direct (Australia), Member of the Supervisory Board Sydney Airport Corporation and Member of the Supervisory Board The Palladium Group.

#### Other relevant ancillary position:

Chairwoman of Carnival Australia (advisory role).

### R.W.P. (Robert) Reibestein

(Born 1956, Dutch nationality, male; appointed in 2012 as an observer, full member as of 2013, term expires in 2017)

Former senior partner of McKinsey & Company.

#### Relevant positions pursuant to CRD IV:

Member of the Supervisory Board of ING Groep N.V./ING Bank N.V. and Member of the Supervisory Board of IMC B.V.

#### Other relevant ancillary position:

Member of the Supervisory Board of Stichting World Wildlife Fund.

### Changes in the composition

In April 2016, the General Meeting appointed Ann Sherry to the Supervisory Board, while Joost Kuiper resigned for health reasons from the Supervisory Board.

### Financial reporting

A description of the main features of ING Group's internal control and risk management systems in relation to the financial reporting process is included in the statement with respect to Section 404 of the Sarbanes-Oxley Act on page 96, which is deemed to be incorporated by reference herein.

### Change of control provisions

#### Legal provisions

Pursuant to the terms of the Dutch Financial Supervision Act, a declaration of no objection from the European Central Bank must be obtained by anyone wishing to acquire or hold a participating interest of at least 10 percent in ING Group and to exercise control attached to such a participating interest. Similarly, on the basis of indirect change of control statutes in the various jurisdictions where subsidiaries of ING Group are operating, permission from, or notification to, local regulatory authorities may be required for the acquisition of a substantial interest in ING Group.

### Change of control clauses in material agreements

ING Group is not a party to any material agreement that becomes effective or is required to be amended or terminated, in case of a change of control of ING Group following a public bid as defined in section 5:70 of the Dutch Financial Supervision Act.

ING Group subsidiaries may have customary change of control arrangements included in agreements related to various business activities, such as joint-venture agreements, letters of credit and other credit facilities, ISDA-agreements, hybrid capital and debt instruments, insurance and reinsurance agreements and futures and option trading agreements. Following a change of control of ING Group (as a result of a public bid or otherwise) such agreements may be amended or terminated, leading, for example, to an obligatory transfer of the interest in the joint venture, early repayment of amounts due, loss of credit facilities or reinsurance cover, and liquidation of outstanding futures and option trading positions.

### Severance payments to members of the Executive Board

The contracts entered into with the members of the Executive Board provide for severance payments, that become due upon termination of the applicable Executive Board member's contract, including if this occurs in connection with a public bid as defined in section 5:70 of the Dutch Financial Supervision Act. For purposes of calculating the amounts due, it is not relevant whether or not termination of the employment or commission contract is related to a public bid. Severance payments to the members of the Executive Board are limited to a maximum of one year's fixed salary, in line with the Corporate GovernanceCode.

### Amendment of the Articles of Association

The General Meeting may resolve to amend the Articles of Association of ING Group, provided that the resolution is adopted based on a proposal of the Executive Board, which has been approved by the Supervisory Board. An amendment of the Articles of Association must be passed by notarial deed.

### External auditor

At the Annual General Meeting held on 11 May 2015, KPMG was appointed as the external audit firm for ING Group for the financial years 2016 through 2019. This appointment includes the responsibility to audit the financial statements of ING Group for the financial year 2016, to audit the effectiveness of internal control over financial reporting on 31 December 2016, to report on the outcome of these audits to the Executive Board and the Supervisory Board and to provide an audit opinion on the financial statements of ING Group. Additionally KPMG performs a review of the sustainability information in the annual report to obtain limited assurance about whether this information is free from material misstatement.

The external auditor may be questioned at the Annual General Meeting in relation to its audit opinion on the financial statements. The external auditor will therefore attend and be entitled to address this meeting. The external auditor attended the meetings of the Audit Committee and Risk Committee and attended and addressed the 2016 Annual General Meeting, at which the external auditor was questioned on the audit opinion.

The external auditor may only provide services to ING Group and its subsidiaries with the permission of the Audit Committee.

ING Group provides the Audit Committee with a full overview of all services provided by the external auditor, including related fees, supported by sufficiently detailed information. This overview is periodically evaluated by the Audit Committee throughout the year.



More information on ING's policy on external auditor independence can be found at [www.ing.com/16ar8](http://www.ing.com/16ar8).


### Depository receipts

Prior 26 July 2016, more than 99.9 percent of the issued ordinary shares were held by ING Trust Office ("Stichting ING Aandelen"). In exchange for these shares, ING Trust Office issued depository receipts. These depository receipts were listed on various stock exchanges (see page 63 for an overview of the listings). Depository receipts could be exchanged upon request of the holders of depository receipts for non-listed ordinary shares, without any restriction, other than payment of an administrative fee of one eurocent (EUR 0.01) per depository receipt with a minimum of 25 euros (EUR 25.00) per exchange transaction.

The holder of a depository receipt was entitled to receive from ING Trust Office payment of dividends and other distributions corresponding to the dividends and other distributions received by ING Trust Office on an ordinary share.

On 26 July 2016 the depositary receipts were exchanged for ordinary shares and ING Trust Office no longer holds any Shares in ING Group. As of this date, the depositary receipt holders of ING Group automatically became shareholders of ING Group and the depositary receipt structure was abolished as approved by the Annual General Meeting of 25 April 2016. The ADRs, representing bearer depositary receipts issued by ING Trust Office, which are listed at the New York Stock Exchange, represent ordinary shares in ING Group as of 26 July 2016.

Any reference to “shares” and “shareholders” in this Corporate Governance Chapter should also be read as a reference to “depositary receipt of shares” and “depositary receipt holders” that existed until 26 July 2016.

 *The Board of ING Trust Office reports on its activities through an annual report, which has been included on pages 90 to 92.*

### **Voting on the ordinary shares by holders of depositary receipts as proxy of ING Trust Office during 2016**

Although the depositary receipts for shares did not formally carry any voting rights, holders of depositary receipts, in practice, ranked equally with shareholders with regard to voting. ING Trust Office granted, subject to certain restrictions, a proxy to a holder of depositary receipts allowing such holder, in the name of ING Trust Office, to exercise the voting rights attached to the number of ordinary shares that corresponds to the number of depositary receipts held by such holder of depositary receipts. On the basis of such a proxy, the holder of depositary receipts could vote such shares according to his or her own discretion.

The following restrictions applied to the granting of voting proxies to holders of depositary receipts by ING Trust Office:

- The relevant holder of depositary receipts had to announce his or her intention to attend the General Meeting observing the provisions laid down in the Articles of Association.
- The relevant holder of depositary receipts could delegate the powers conferred upon him or her by means of the voting proxy, provided that the relevant holder of depositary receipts had announced his or her intention to do so to ING Trust Office observing a term before the commencement of the General Meeting, which term was determined by the ING Trust Office.

### **Voting instructions of holders of depositary receipts to ING Trust Office**

Holders of depositary receipts not attending a General Meeting were entitled to give binding instructions to ING Trust Office, concerning ING Trust Office's exercise of the voting rights attached to the ordinary shares. ING

Trust Office followed such instructions for such number of ordinary shares equal to the number of depositary receipts for shares held by the relevant holder of depositary receipts.

### **Voting on the ordinary shares by ING Trust Office**

ING Trust Office had discretion to vote in respect of shares for which it had not issued voting proxies to holders of depositary receipts and had not received any voting instructions.

According to its articles of association and the Trust Conditions, ING Trust Office was guided primarily by the interests of the holders of depositary receipts, taking into account the interests of ING Group and its affiliated enterprises.

ING Trust Office promoted the solicitation of specific proxies or voting instructions by holders of depositary receipts. ING Trust Office encouraged the greatest possible participation of holders of depositary receipts and promoted the execution of voting rights in a transparent way. At the same time it prevented a minority of shareholders and holders of depositary receipts from using a chance majority of votes to the disadvantage of the shareholders and holders of depositary receipts neither present nor represented at a General Meeting of ING Group.