

ING's approach to the Modern Slavery Act

Introduction

As a global company with more than 38 million customers, ING believes we have a responsibility and opportunity to help society meet the challenges it faces. As a bank, our role is to facilitate and finance society's shift to sustainability. In other words, support and encourage economic, social and environmental progress that leads to a better quality of life. This is why sustainability forms an integral part of our strategy and is embedded in our business.

In 2019, we made significant strides in our human rights practices and disclosures. An overview of these can be found in our [2019 Human Rights Update](#). In the report we describe how we have been setting up and rolling out our management approach for ING's salient human rights issues. Within our relationship as a corporate lender, harmful child and forced labour were identified as salient human rights issues in our [2018 Human Rights Report](#). Both Human Rights Reports linked to provide further information on our business, policies, due diligence, location of risks, KPIs and capacity-building on the topic of human rights.

Our business

We are a global bank with a strong European base, offering retail and wholesale banking services to customers in over 40 countries in Europe (including the UK), North America, South America, the Middle East, Asia and Australia. Our activities connect us to millions of people and businesses across the globe. We protect people's savings and offer them loans to help them make purchases – from everyday transactions to buying a home – that improve the quality of their lives. We advise people on how to invest for future needs and help them buy securities, such as stocks and bonds. We work with companies to optimise their daily operations, whether they need working capital to make payroll or export their goods overseas. We provide financing and support to governments so they can build infrastructure, such as housing, transportation, schools and other vital public works, that enhance their economies and the living standards of their people. By lending to clients large and small, we help them grow, creating jobs and economic value at home and in communities across the globe. In our own operations we purchase goods and services from thousands of suppliers around the world.

On the one hand, businesses can help advance human rights in a number of different ways, including by offering access to decent work, creating higher living standards, protecting children's rights and procuring goods in a responsible manner. On the other hand, businesses can also hinder human rights, as evidenced by reports around the world of forced labour, unsafe working conditions, migrant worker exploitation and harm done to communities.

As a bank, our impact is on different levels and in the various roles that we have:

- our workplace (as an employer);
- our supply chain (as a procurer of goods and services);
- our clients and business partners (as a provider of financial, advisory and other products and services), and;
- as an industry leader, helping to shape industry standards through multiple engagement platforms and working groups.

ING is committed to conducting business in an honest way, including complying with applicable laws, regulations and standards in markets and jurisdictions we operate in.

ING's respect for human rights and their integration into our business engagements are guided by the standards established in:

- the Universal Declaration of Human Rights (UDHR);
- the eight Fundamental International Labour Organisation Conventions ('ILO Conventions');
- the Children's Rights and Business Principles (CRBP);
- the Corporate Responsibility to Respect Human Rights under the UN Guiding Principles on Business and Human Rights;
- the UN Global Compact, which encourages companies to conduct business in a responsible manner by following common principles in the field of human rights, labour, the environment and anti-corruption, and;
- The OECD Guidelines for Multinational Enterprises.

ING supports eliminating all forms of human trafficking, slavery, forced and harmful child labour that go under the general term of 'modern slavery'. We ensure compliance within our own organisation and support eliminating these among those we do business with through proactive screening, engagement and using our leverage.

This year, the KYC team of ING Domestic Bank The Netherlands (DBNL) started participation in a project that aims to detect human trafficking. The project is the result of joint research of the Inspectorate of the Dutch Ministry of Social Affairs and Employment, the University of Amsterdam, ABN AMRO and the Financial Intelligence Unit (FIU) of the Netherlands over the period July 2016 to April 2019. Together, these parties have developed a model to detect signals of money laundering related to socio-economic fraud and human trafficking in bank data. Based on this research programme, the Financial Expertise Centre (FEC) in the Netherlands, to which ING is connected, has started a project in which several public and private parties are involved. The aim is to apply the typologies that are developed in the programme in the KYC processes of private parties as part of their gatekeeper role. Together with the other FEC partners, ING will test and further improve the identified indicators and expects to apply these in monitoring processes.

Our workplace

With over 56,000 employees, we aim to be a responsible employer that provides staff with good working conditions and opportunities for growth.

Our business centres around trust, as we can only maintain our stakeholders' confidence and preserve our company's reputation by acting with professionalism and integrity. This, and more, is outlined in our Orange Code – our ING set of values and behaviours. The Orange Code underpins all people, processes and tools including performance management. We also have ongoing local and global communication programmes around living the Orange Code to make sure it is embedded within ING.

We're committed to respecting all human rights, but there are some rights we consider particularly relevant and fundamental for our workforce. These include freedom of association, having a healthy and safe workplace, collective bargaining, and freedom from discrimination.

Our supply chain

With more than €4.7 billion spend and 28,000 suppliers worldwide, we have a real opportunity to drive our sustainability ambitions through our supply chain. By having a process in place that encourages suppliers to act responsibly, we believe we can have a significant impact. As a financial institution, our suppliers are mainly service suppliers ranging from IT, retail services, logistics to catering and cleaning. Involving suppliers that see sustainability the way we do – including zero tolerance towards Modern Slavery – helps to make a difference. They must have solid governance in place and show they can act responsibly.

Our global Know Your Supplier (KYS) process helps us determine the levels of social, environmental and financial risks associated with a supplier. The KYS process ensures that while selecting, contracting and working with suppliers and outsourcing partners, both regulatory and policy requirements are respected and complied with. These requirements stem from areas such as procurement, our know your customer corporate client screening process and legislation in relation to Financial Economic Crime, Anti-Bribery and Corruption, Environmental and Social Risk, Sustainability and Modern Slavery.

Within our KYS process, suppliers with a spend above a yearly threshold are taken through different levels of due diligence, each level having various dependencies. In the first level suppliers are screened for various risks and performance such as Environmental and Social risk. Suppliers that are required further due diligence must confirm and acknowledge that they do and will comply with specific ING policies. One of the questions addressed to our suppliers in this process specifically refers to legislation in relation to Modern Slavery, including human rights (e.g. protection of human rights, no human rights abuses) and labour (e.g. no forced and compulsory labour, abolish harmful child labour). Our approach, including that specific question, will lead to having more informed decisions on the important topic of human rights in our supply chain. Suppliers that successfully complete the full KYS process, attain “Qualified” status and are ready to become potential ING suppliers.

While we are proud of the sustainability criteria already in place in our KYS process, we are also aware this is an ongoing process that requires constant attention. This is an evolving area. We need to ensure we continue to comply with current and new developments.

How we do business and who we do business with

As a bank, our financing choices can help society transition to becoming more sustainable and behaving in a more socially responsible way. Every corporate client and every lending transaction is assessed, monitored and evaluated against the requirements of [ING's Environmental and Social Risk \(ESR\) Framework](#).

The ESR Framework is built on ING's values and its underlying commitment to respect human rights and the environment. Combined, they define the underlying ESR considerations for all business conduct. Under these pillars, ING has developed policies that identify, assess and manage business engagement in certain activities and sectors that are more vulnerable to environmental and social risks and impacts. Human rights are captured in an overarching human rights policy that applies to all industry sectors. In our 2018 ESR policy review we updated and expanded this overarching policy and included explicit guidance on forced and harmful child labour. Our 2019 ESR policy review included several human rights related updates as well. Amongst others, the Human Rights policy has been enhanced to further capture the commitments of ING to discuss human rights supply chain issues as part of client dialogue. Also, our Restricted Activities have been expanded and further formalized regarding defence, ship breaking and palm oil.

Within our defined high-risk sectors within the ESR Framework, the following sector policies specifically address the increased risk of harmful child and forced labour: Manufacturing; Forestry and Agro Commodities; and Metals and Mining.

Additionally, in the past year, through various platforms, we have gained a better understanding of how society's expectations have moved on when it comes to the human rights responsibilities of corporates. Our environmental and social risk evaluation includes a clearer emphasis on human rights, explicitly taking account of whether a company has a human rights policy and if it is associated with (severe and systemic) human rights and other social risks.

ING has adopted the updated Equator Principles 4. The Equator Principlesⁱ prohibit financing projects linked to forced labour and harmful child labour. As part of the alignment with the IFC Performance Standards under the Equator Principles, promoting safe and healthy working conditions and the avoidance of forced labour and harmful child labour is an essential when financing projects.

The ESR governance and assessment tools that ING has in place help us to evaluate our corporate clients and we periodically review the client/transaction throughout the entire lifetime of the relationship. On a yearly basis the ESR team also provides training to front office, risk and compliance colleagues on the ESR Framework and the application of the Equator Principles worldwide.

ING joined the Dutch Banking Agreement on Human Rights (DBA) in 2016, together with other Dutch banks, trade unions, NGOs and the Dutch government. A mapping of our actions resulting from the DBA can be found on p. 4 of our [2019 Human Rights Update](#).

Beginning in 2018, we also began a proactive human rights engagement programme with a select number of clients whose supply chain is more exposed to human rights adverse impacts. The aim of this proactive dialogue is to raise awareness on human rights issues that clients may potentially be facing in their operations as well as in their value chains. It focuses on, but is not restricted to, the salient human rights issues identified by ING.

The results of this engagement programme, that are shared in our 2019 Human Rights Update (p.18-32), show that our salient issues are relevant in our client base and their supply chains. As such, we decided to extend the scope of this approach throughout to all corporate clients exposed to the most severe human rights impacts, including child and forced labour. A methodology (p.35-36) especially designed for this, verified by external stakeholders, will be rolled out in 2020 to start engagements with the clients in scope.

ING is increasing its efforts to engage with other financial institutions in the Netherlands and globally to promote a common level playing field in business and human rights. A list of these partnerships can be found on p. 23 of our [2018 Human Rights Report](#).

Our policies

Alongside the policies already mentioned, and those extensively explained within our Human Rights Report, we also support responsible business conduct with the following policies:

Financial Economic Crimes (FEC) Policy and Minimum Standards

As a result of regularly evaluating all businesses from an economic, strategic and risk perspective, ING believes that it is inappropriate to do business involving certain countries. In that respect, ING has a policy not to enter into new relationships with suppliers and/or clients from these countries. Processes also remain in place for discontinuing existing relationships involving these countries. At present these countries are: North Korea, Sudan, Syria, Iran and Cuba.

Anti-Bribery and Corruption Policy

ING addresses integrity risks related to personal conduct by committing to conduct business in an honest and ethical manner, and taking a zero-tolerance approach to bribery and corruption in all relationships and business dealings, wherever we operate.

Whistleblower Policy

The ING Group [Whistleblower Policy](#) (updated 31 March 2020) provides a means for every employee to report a concern outside normal reporting channels, including concerns related to modern slavery and/or human trafficking. This can be done anonymously.

Complaints Procedure

ING updated our complaints procedure on our <https://www.ing.com/About-us/Compliance/Complaints.htm> on 31 March 2020. It is now open to all third parties and specifically refers to the possibility to address human rights issues via this channel.

Conclusion

This statement has been produced in accordance with the requirements of section 54 of the United Kingdom Modern Slavery Act 2015. It will be reviewed annually and updated as necessary. It has been reviewed by senior managers and key stakeholders within ING and was last approved by our Board on 22 April 2020.

Signed by Isabel Fernandez,
Member Management Board Banking and head of Wholesale Banking ING Group

ⁱ A financial industry benchmark for determining, assessing and managing environmental and social risk in projects. www.equator-principles.com