

A circular graphic with a thick orange border. Inside the circle is a large white space. Around the border are various orange icons: a wind turbine, a family of four, a sun, a tree, a person sitting, a person standing, a factory, and a sun with dots.

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EQUATOR PRINCIPLES

The Equator Principles are a benchmark for the financial industry to manage environmental and social risk in project financing.

Introduced in June 2003 and adopted by 41 banks and financial institutions, the Principles have been a huge step forward for the project finance industry.

THE EQUATOR PRINCIPLES AND ING

By adopting the new Principles, ING commits itself with renewed vigour to certain socio-environmental standards in project financing. But what exactly do the Principles mean?

Any project that falls within the scope of the Principles undergoes a risk assessment on its possible socio-environmental risks. In other words, these non-financial risks feature prominently in our overall risk analysis.

By addressing these risks ING lowers the credit risk of its own portfolio and helps clients design more socially and environmentally responsible projects.

THE EQUATOR PRINCIPLE ADVISORY TEAM

A dedicated team is responsible for embedding the Principles within ING.

Operating independently from the commercial units, our EP Advisory Team provides training, guidance and compliance advice on implementing the Principles.

In all high risk transactions, the EP Advisory team not only advises the deal team on compliance with the Principles throughout the life of ING's involvement in the transactions, but also advises decision making authorities on critical approval decisions.

On 6 July 2006 ING and other financial institutions announced a revised version of the Equator Principles:

- The Principles apply globally and to all industrial sectors;
- The Principles are now based on stronger and better social and environmental standards, including more robust public consultation standards;
- The Principles apply to all projects with capital costs above USD 10 million (the threshold has been lowered from USD 50 million);
- The Principles also apply to project finance advisory activities;
- The Principles apply to upgrades or expansions of existing projects where the additional environmental or social impacts are significant (so far it was limited to new projects);
- The approach in applying the Principles to countries with existing high standards for environmental and social issues has been streamlined;
- Each EPFI is now required to report on the progress and performance of Equator Principles' implementation on an annual basis;

ING EQUATOR PRINCIPLE FIGURES 2010

Grand Total		74	17	48	9	2	45	27	34	27	10	20
Region	Sector	Grand Total	EP Category			Advice Outcome			MLA	HI-OECD	Annual Review	EP Spirit
			A	B	C	neg.	pos.	cond.				
Africa	Infrastructure	2		2			1	1	2			2
	Natural Resource	2		2			1	1	1		1	1
	Other											
	Power & Utilities											
Africa	Total	4		4			2	2	3		1	3
Asia	Infrastructure	1		1				1	1			
	Natural Resource	10	4	6			4	6	6		7	1
	Other	2	1	1			1	1				
	Power & Utilities	4	2	2			1	3	3	1	1	1
Asia	Total	17	7	10			6	11	10	1	8	2
CEE	Infrastructure	3		3			2	1	1	1		1
	Natural Resource	11	4	6	1		4	7	2			6
	Other	4	1	1	2		3	1		1	1	2
	Power & Utilities	2	1	1			1	1	2	1		1
CEE	Total	20	6	11	3		10	10	5	3	1	10
Europe	Infrastructure	2		2			2		2	2		
	Natural Resource	4	1	2	1	1	2	1	4	4		1
	Other	1	1				1					1
	Power & Utilities	7	1	5	1		7		4	7		3
Europe	Total	14	3	9	2	1	12	1	10	13		5
Latin America	Infrastructure											
	Natural Resource	3	1	2		1	1	1				
	Other											
	Power & Utilities	1		1			1					
Latin America	Total	4	1	3		1	2	1				
Middle East	Infrastructure											
	Natural Resource	3		3			2	1				
	Other											
	Power & Utilities	1		1			1					
Middle East	Total	4		4			3	1				
North America	Infrastructure	1		1				1				
	Natural Resource	3		2	1		3		2	3		
	Other	1		1			1			1		
	Power & Utilities	6		3	3		6		4	6		
North America	Total	11		7	4		10	1	6	10		
Grand Total		74	17	48	9	2	45	27	34	27	10	20

FINANCIAL ECONOMIC CRIME

The ING Group Financial Economic Crime Policy (FEC Policy) aims to provide a clear statement to guard against any involvement in criminal activity and to participate in international efforts to combat money laundering and the funding of terrorist and criminal activities.

Most criminal activities require access to the financial system to obtain funding, develop ways to launder funds or to move them across territories, ensuring that funds can be used for further criminal activities. ING Group and other financial institutions may be used unwittingly as intermediaries in a process to conceal the true source of funds that were originally derived from criminal activity or in the process of funding criminal activity, including terrorism.

The unintentional involvement of ING Group in criminal activity is of great concern to the Executive Board and the Group's shareholders since the public's confidence in ING Group may be undermined through such activity. This is also reflected in the ING Business Principles, in which the commitment to ING's integrity is clearly expressed.

Hence ING implemented a Corporate Policy on Financial Economic Crime (hereafter: FEC Policy) that provides a clear statement on Financial Economic Crime in order to guard against any involvement in criminal activity, and to participate in international efforts to combat money laundering and the funding of terrorist and criminal activities.

The objectives of the FEC Policy aim to ensure

- that the appropriate, risk-based standards of due diligence apply in relation to 'know your customer' principles;
- that ING consistently complies with the requirements of legislation and appropriate guidelines in the jurisdictions in which it operates, and;
- the safeguarding of our brand and reputation. The FEC Policy is mandatory for all business units and describes standards on:
 - Customer due diligence
 - Screening procedures in order to comply with international economic sanctions regulations
 - Customer activity monitoring and filling of suspicious activity reports
 - Independent audits on compliance with the FEC Policy
 - Training of relevant staff on the FEC Policy

Management of ING entities must introduce appropriate local procedures that will enable them to comply with local laws, regulations and the ING Group FEC Policy. Where local legislation is more stringent, the local legislation should be applied. Likewise the FEC Policy prevails when the standards therein are stricter than local legislation. ING developed non- mandatory guidelines to support the Business Lines, regional and local FEC teams to implement the FEC Policy and accompanying Minimum Standards in a consistent manner. ING also developed a new training course called the 'MLRO Master Class' for ING's Money Laundering Reporting Officers. The course aims to support ING businesses' implementation of the updated FEC Policy, Minimum Standards and guidance by strengthening the MLROs' understanding of the updated policy requirements.

For more information on Compliance with CR and compliance training also see
http://www.ing.com/group/showdoc.jsp?docid=139900_EN&menopt=abo|coc|fec

GLOBAL VOTING POLICY

ING is a large institutional investor that manages assets for the account of clients worldwide as well as for its own account.

ING adopted the Voting Policy to monitor and govern the exercise of voting rights for ING's third-party and proprietary assets worldwide. When managing assets, ING strives to enhance long-term value. To ensure long-term performance, not only financial, economic and corporate governance information but also social, ethical and environmental considerations are relevant factors in determining shareholder value.

The Global Voting Policy makes a clear distinction between proprietary assets and third-party assets. In order to avoid potential conflicts of interest, ING maintains a Chinese Wall between the management of proprietary assets and third-party assets.

Votes on mutual fund assets are cast in line with the fund's voting policies and in the collective interest of the fund investors. Different ING asset management companies may have their own procedures for voting in accordance with the ING Global Voting Policy. Despite the possible differences, the procedures are always streamlined to serve the interests of the client. During the voting process and without exceptions, all ING asset management companies will take into account the regulations and standards of the countries and sectors in which they operate. ING IM Europe is supported by RiskMetrics, a proven leader in risk management, corporate governance and financial research and analysis, in determining the annual voting activities. RiskMetrics provides ING IM Europe with research on the companies on which ING IM is to cast votes. Furthermore, it manages a substantial part of the administration process surrounding the voting. ING IM Europe's Proxy Voting Committees assess the advice provided by RiskMetrics and take the ultimate decisions. ING provides frequent updates and detailed information on its voting conduct, including information per ballot.

ING believes that environmental, social and governance criteria should apart from being addressed through the voting activities of ING IM, be also a part of the whole investment process. The ING IM sustainable fund management maintains an open dialogue with stakeholders, such as NGOs, to provide a forum for discussion on environmental, social and governance topics. ESG topics are also discussed during meetings with companies' management for the sustainable fund portfolios.

For more information on ING's Global Voting Policy, please visit our [corporate website](#)

For an overview of voting activity for Client Assets held in mutual funds and Proprietary Assets, please visit [the ING IM website](#)

PROPRIETARY ASSETS

ING holds billions in proprietary assets. Proprietary assets include assets that belong to ING Insurance and Bank Companies. NG Investment Management (ING IM) is the business unit that manages most of these proprietary assets. The main component of ING's proprietary assets is derived from premiums paid by consumers for ING's life insurance products. We believe these assets should be managed and invested responsibly and with respect for stakeholders worldwide. We want to be able to meet our obligations to ING's policyholders in the short and long term. At the same time, we avoid investing proprietary assets in companies engaged in activities that are incompatible with our Business Principles and other ING policies, such as our Defence Policy.

SELECTION CRITERIA

To assess the sustainable performance of companies, ING uses a twofold method:

Sustainable business strategy and implementation determine the positive test. ING gathers information on their performance on the levels, people, planet and society. The Non-Financial Indicator (NFI) is used to assess per industry sector which companies positively distinguish themselves from their direct competitors in terms of their sustainable performance. Over 70 parameters (data entry points) are used to calculate the NFI. Key is the ranking position and comparison of the company in relation to its competitors in the relevant sector. If a company receives a negative NFI- score (i.e. below sector average), the company will not qualify as an investment (best-in-class assessment).

The negative test revolves around the operational management of a company. Companies are assessed on the basis of a number of exclusion criteria. For example, companies that use child labour, are active in the production of arms or are guilty of corruption practices are excluded.

INVESTMENT STRATEGY

Investment portfolios are mostly defined by asset allocation for risk profile purposes. In addition to that, ING in the Netherlands offers retail customers the possibility to invest according to five different approaches. One of these five approaches is 'Socially Responsible Investing', which builds portfolios by taking 'People, Planet and Society' issues into account. Customers can choose either a portfolio with selected investment funds, both from ING and from other providers ('open architecture'). Alternately, they can select a portfolio with individual companies. Both portfolios meet the ING criteria on sustainability.

SUSTAINABLE INVESTMENT FUNDS

ING provides retail clients in the Netherlands information on the sustainable characteristics of (thematic) investment funds offered by a wide range of providers, not just funds managed by ING. ING selects funds that positively distinguish themselves by certain sustainability topics and/or themes.

SRI DEPARTMENT

The SRI department of ING in the Netherlands has a number of dedicated consultants and analysts that provide sustainable investment information. Sustainable assets under management held by the SRI department grew 10% to EUR 2,524 million in 2009.

ING's SRI investment specialists of both Retail and Investment Management meet regularly to review actual topics.

Sustainable Funds

SUSTAINABLE GROWTH EQUITY FUND

ING's SRI team of ING Investment Management, based in The Hague, manages the Sustainable Growth Equity Fund which combines risks and opportunities linked to ESG (environmental, social and governance) factors with financial analysis of a company. In this way the fund takes into account factors which are often out of scope of traditional financial analysis, but can have a significant impact on long-term performance. When selecting equity for the Sustainable Growth Equity Fund, the ING SRI team uses both relative (best-in-class) and absolute (exclusionary) selection criteria. The first step in determining the fund portfolio is to apply the best-in-class approach, whereby the relative position of companies is determined by ESG scores. Only the top 50% of each sector pass this relative test. Subsequently, the ING SRI team assesses the remaining companies on the basis of a number of exclusionary criteria. For example, companies involved in the production of nuclear energy, arms, tobacco, and gambling are excluded, as are companies that act in breach of international labour and human rights conventions.

SUSTAINABLE FIXED INCOME

The ING Sustainable Fixed Income strategy combines socially responsible investment with a diversified worldwide euro bond portfolio. In order to put together the portfolio of the fund, the applied criteria are fully in line with those of ING's Sustainable Growth Equity Fund. The Sustainable Fixed Income portfolio consists of euro-denominated bonds issued by governments and companies that have sound financial prospects and meet a range of environmental, social and transparency criteria.

MANAGING THIRD-PARTY ASSETS

ING manages third-party assets for investors, who choose to invest their money through ING at their own discretion. Among ING's third-party assets are the assets that belong to individual and institutional investors, as well as assets of mutual funds managed by ING. ING IM is the business unit that manages most of these third-party assets. ING held billions in third-party assets at end 2009. Different ING SRI policies could be applied to a client's portfolio if required. Clients who wish to exclude defence industry or

other controversial activities from their portfolio are offered sustainable investment funds and portfolio screening.

UN PRINCIPLES FOR RESPONSIBLE INVESTMENT

Since 1 September 2008, ING IM has been a signatory of the UN Principles for Responsible Investment (UNPRI). Launched in 2006 by the UN Secretary General, the UNPRI are a set of global best practices for responsible investing. The UNPRI is in partnership with the UN Global Compact and the Finance Initiative of the UN Environmental Programme, both of which ING is a member. The UNPRI are designed to help investors consider the environmental, social and governance issues in investment decision-making and ownership practices. The UNPRI are voluntary and aspirational. They function as a direction to head in, and ING's ambition is to demonstrate continual improvement.

The decision to join the UNPRI is in line with ING's increased strategic focus on sustainability issues. Where consistent with its fiduciary responsibilities, ING IM will seek to work with the UNPRI framework, integrating environmental, social and governance criteria in its investment management activities. A global ING Investment Management Committee (the UNPRI Committee), which includes members from Europe, US, Asia, and Australia, has been set up to monitor and align regional UNPRI initiatives, encourage best practice sharing and support consistent internal and external communication regarding UNPRI initiatives. Each year, this committee will also participate in the UNPRI Reporting and Assessment survey, which will help evaluate our progress.

The UNPRI Committee has set various ambitions. One of them is to provide training to mainstream ING IM teams on ESG (environmental, social and governance) criteria. This ESG information is shared globally as part of the mainstream investment analysis and decisionmaking process.

SOUND COMPLIANCE RISK MANAGEMENT

ING believes that our compliance risk management practices are in the best interest of its customers, shareholders and staff. Managing compliance with relevant laws, regulations and ethical/internal standards, in both letter and spirit, is essential for maintaining a good reputation. However, achieving the bare minimum of Compliance Risk Management isn't enough; ING encourages the Business Leaders to manage beyond compliance.

Clear and practical policies and procedures are embedded in ING business processes in all Business Lines. Systems are in place to enable management to track current and emerging Compliance Risk issues, to communicate these to internal and external stakeholders, and to drive continuous improvement. ING understands that good Compliance Risk Management involves understanding and delivering on the expectations of customers and other stakeholders, thereby strengthening the quality of key relationships.

NON FINANCIAL RISK POLICIES AND PROCEDURES INCLUDE:

- The ING Group Charter & framework
- Insider regulations
- Whistleblower procedure
- Financial Economic Crime policies

ENVIRONMENTAL AND SOCIAL RISK POLICIES

ING avoids business dealings that are not in line with our visions on corporate responsibility. For that reason, ING has also developed environmental and social policies to help our employees identify deals that carry sustainability and ethical challenges. The Environmental & Social Risk Policies provide the framework for responsible business engagements and are an integral part of ING's Risk Management portfolio. ING's current ESR Policies are focused on:

- business activities of clients.
- environmental and social profile and track records of clients.
- environmental and social impacts linked to project financings.

ENVIRONMENTAL AND SOCIAL RISK POLICIES

Environmental & Social Risk (ESR) Policies provide the framework for responsible business engagements and are an integral part of ING's Risk Management portfolio.

The current set of ESR Policies is grouped into the following three categories:

- General ESR Policies: the ESR assessment is based on the business activities of the clients.
- Sector Specific ESR Policies: the ESR assessment is based on environmental and social profile and track records of clients.

- Equator Principles: the ESR assessment is based on the project impacts and the environmental and social track record of clients and or sponsors.

LEARNING

By having clear policies and extensive monitoring ING aims to reduce incidents of non compliance to a minimum. This requires the education of all ING's (107.000) employees on their roles and responsibilities in managing compliance risks.

During 2009 ING Group Compliance Risk Management continued the roll out of an aggressive training programme aimed at employees, managers and compliance professionals. Trainings include:

THE LEADING COMPLIANCE RISK MANAGEMENT IN YOUR BUSINESS.

Class room training targeted the top four echelons of ING management (Bank and Insurance) worldwide. It ensured over 12,000 Managers not only gained a deeper understanding of the effective embedding of ING's Three Lines of Defence model and the strategic value of Compliance Risk Management, but also learned practically what actions they can take to strengthen the management of Compliance Risk as well as how to apply the Framework and tools

COMPLIANCE OFFICER TRAINING

Group Compliance RM worked closely with the Business Lines on developing this week long programme which focussed on technical knowledge and personal effectiveness skills for the Compliance Risk Management staff.

OUTLOOK 2010

In addition to the implementation of improved Compliance Risk Management tools and processes, Group Compliance Risk Management will continue to raise awareness on managing compliance risks by further focussing on group wide communication, training and education.

Amongst the innovations for 2010 are:

- Raising awareness of compliance risks through an innovative cartoon campaign.
- An integrated Web 2.0. knowledge portal developed to facilitate knowledge sharing
- A manager lead version of the Leading Integrity Behaviour education programme will be rolled out throughout ING
- A new half day Integrity behaviour programme will be delivered to all new ING employees as part of their induction to ensure that they have a deep understanding of ING's commitment to its Business Principles, Environmental and Social Responsibility and compliance standards and practices.
- Following the agreement with the European Commission, Group Compliance Risk Management will work closely with the European Commission representatives on monitoring the adherence to the EC specified requirements.
- The restructuring of ING will continue to be managed carefully from a Compliance Risk Management perspective and awareness, procedures and

processes around potential conflicts of interest and use of inside information are tightened. In addition, the operational compliance risk management processes such as, threshold reporting, screening and monitoring of customers and personal transactions monitoring will be executed for divested units as

SUPPLIERS

ING deals with its business partners according to a set of high ethical standards and has strict procurement policies on child labour, environmental issues, health and safety regulations and supplier diversity.

PROCUREMENT

Procurement staff has to comply with the ING Procurement Code of Conduct as well as the Business Principles that all staff follow. This code prohibits the acceptance of personal gifts or benefits in any form, requires confidentiality with respect to quotations and proposals from suppliers and sets strict boundaries for contacts and relations with suppliers. Procurement staff must sign the code every year to remind them of its importance. Furthermore, the code is an integral part of ING's General Terms & Conditions for Procurement with which business partners are required to comply. The current version, released in 2004, includes ethical clauses related to the environment, health and safety and child labour and applies to all new contracts and contract renewals, while existing contracts will be modified as soon as the first legal opportunity occurs.

OUR RECIPROCITY POLICY

Many of ING's suppliers are also clients of ING. Our reciprocity policy states that when a customer or potential customer wants to become a supplier, this company will be assessed only on the basis of price and quality and not on its customer status. For further details, see the "[General Terms and Conditions for the procurement of goods and services](#)" and the "[Procurement Code of Conduct](#)".