

# Non-financial appendix

## Reporting principles

We aspire to present a balanced and comprehensive overview of our financial and non-financial performance. We disclose data on our financial performance as well as the impact of our organisation on society and the environment. We report performance data on areas of our business and operations where we can have a material impact both inside the organisation and externally. The Executive Board and the Supervisory Board are the highest bodies to review and approve our Annual Report including disclosure on all material topics.

The high-priority material topics identified and disclosed in our materiality assessment are reported on in the relevant sections of the Annual Report including this appendix. For a detailed description of data-gathering scope and process on specific data points, please refer to the Non-financial data reporting protocol ([www.ing.com/16ar1](http://www.ing.com/16ar1)). This provides the definitions on performance indicators and describes the internal data-gathering process. Compared to previous year, no significant changes were observed in definitions and measurement methods.

## Progress report

Progress report	
Our goals	Our performance in 2016
<i>Accelerating financial empowerment</i>	
We aim to achieve number-one net promoter score (NPS) ranking compared to our main competitors in each of our retail banking markets	We achieved number one Net Promoter Scores (NPS) in 7 of our 13 major retail markets
We set an ambition to make 25 million people feel financially empowered by 2020	ING's financial empowerment activities aim to help people in make better financial decisions. In 2016, 23.9 million people felt financially empowered
Through our "Power for Youth" partnership with UNICEF, we aim to reach 335,000 adolescents in six less-developed countries by 2018, helping them to develop the social and financial knowledge and skills needed to build a brighter future	Power for Youth" partnership reached a total 95,227 adolescents since 2015
<i>Accelerating sustainable transitions</i>	
Sustainable assets under management: we aim to increase our sustainable assets under management	At the end of 2016, sustainable assets under management (SAuM) for customers were EUR 3,306 million, up from EUR 2,573 million in 2015
We set an ambition to increase our sustainable transitions financed (STF) to EUR 35 billion by 2020	Sustainable transitions financed (STF) increased to EUR 34.3 billion
<i>People</i>	
Our employee engagement score is above 70% (bi-annual)	ING achieved an overall engagement score of 77% exceeding the 70% target it had set
We aim to further invest in the personal and professional development of our employees	EUR 70 million spent on training and development
<i>Improving environmental performance</i>	
We will reduce our total global CO <sub>2</sub> e emissions by 18% by 2017 and 20% by 2020 (compared to 2014)	The total extrapolated amount of carbon emissions decreased by 27% from 101 to 74 kilotonne CO <sub>2</sub> e
We will procure 100% renewable electricity for all ING buildings where we have management control worldwide by 2020.	Our share of renewable electricity increased by 14% compared to our base year to 91% of our total global electricity use.

## Finding out what matters the most

To improve as an organisation, we need to identify and understand the most important issues for our stakeholders and how these relate to the actions and decisions that we take. Our regular materiality assessment results guide us in our strategic decision-making, stakeholder engagement agenda and reporting framework.

For the 2015 materiality assessment, ING reached out to senior management and six stakeholder groups (business and retail customers, investors, NGOs, regulators and employees) in five countries. In total, over 1,500 respondents from the Netherlands, Poland, Germany, Spain and Turkey provided us with insights into the topics that matter most to them.

## Non-financial appendix - continued

The topics were based on an extensive analysis of issues that either ING can impact through our business and strategy, or that can impact ING's own business. These topics were checked against ING's own risk assessment as well as guidelines from international bodies such as GRI G4 and the Sustainability Accounting Standards Board (SASB).

Materiality research is constantly evolving, and we updated our methodology in 2016. We chose for the best of both worlds by combining quantitative and qualitative assessment. Adding a qualitative check to the quantitative outcome of 2015:

- adds to the validity of the results and increased understanding of stakeholder priorities;
- does justice to the goal of materiality, to check if we as a company and our stakeholders are truly aligned on material topics;
- provides us with the opportunity to have an in-depth conversation with several stakeholder groups at once.

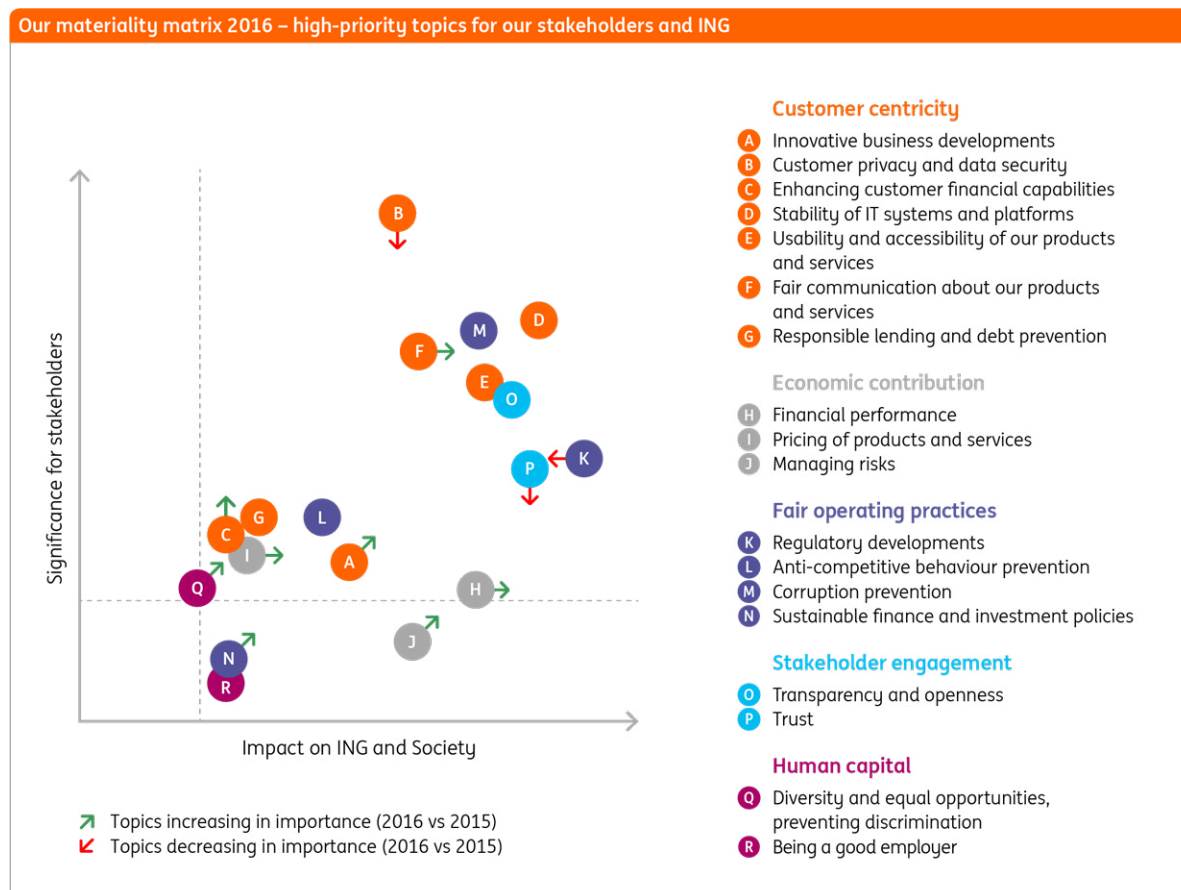
The qualitative approach we took in 2016 included an external stakeholder dialogue and internal interviews. ING reached out to senior management and seven stakeholder groups: business and retail customers, NGOs, academics, shareholders, employees and regulators. All were asked to score the material topic in importance; to find consensus on one or two action points for ING to work on in the near future. They were also asked to provide their input on potential emerging topics for ING and for society.

In addition, a media, trend and peer analysis was performed to capture emerging topics and to ensure the topics reported in 2015 are still relevant. The results from these analyses were discussed during external stakeholder dialogue and internal interviews and served as a basis for drafting the 2016 materiality matrix. Our materiality assessment approach and results are discussed and approved at the board level.

The materiality matrix below shows senior management's views on the horizontal axis and our stakeholders' views on the vertical axis.



More information on the process can be found at [www.ing.com/16ar10](http://www.ing.com/16ar10)



The position of the material topics is based on 2015 materiality assessment. The arrows indicate 2016 outcomes, demonstrating whether a topic is increasing or decreasing in importance.

## Economic value generated

ING contributes to the economies of more than 40 countries where we operate. In addition to this, we aim to align the disclosures with the Global Reporting Initiative (GRI) G4 guidelines.

### Economic value generated and distributed from continuing operations

in EUR million

Stakeholder group	Indicator	Economic value		
		2016	2015	2014
Suppliers	Operating cost <sup>1</sup>	2,280	2,274	2,159
Employees	Staff expenses <sup>2</sup>	5,039	4,972	5,788
Shareholders	Net result from continuing operations <sup>3</sup>	4,210	4,466	2,657
Governments	Corporate income tax and bank taxes <sup>4</sup>	1,970	1,881	1,459
Community	Total donations	13.6	12.7	11.3

1 Refer to note 27 of the ING Group Consolidated Annual Accounts 2016. Includes: Computer costs, office expenses, travel and accommodation expenses, advertising and public relations, external advisory fees, audit and non-audit services and postal charges.

2 Refer to note 26 of the ING Group Consolidated Annual Accounts 2016.

3 Refer to the P&L of the ING Group Consolidated Annual Accounts 2016 in the Annual Report 2016.

4 Refer to note 27 and 36 of the ING Group Consolidated Annual Accounts 2016.

## Business

Most of ING Bank's activities serve the financing and investment needs of households and companies, other financial institutions and governments. We allocate 39.3% of the balance sheet to private individuals in the form of mortgages and other types of loans. This exposure has minimal environmental risk implications. Some 34.6% of our assets is allocated to meet the financing needs of corporates. In response to what stakeholders and society ask of us with regard to transparency, the tables on the next pages provide insight into the different sectors we finance and how we apply our Environmental and Social Risk Framework.

### Credit risk portfolio per client segment

in percentage	2016		2016		2016
<b>ING Bank</b>		<b>Governments</b>		<b>Financial institutions</b>	
Governments	9,8%	Bonds – Germany	1,5%	United Kingdom	1,4%
Financial institutions	15,0%	Bonds – Netherlands	1,2%	Germany	1,1%
Corporates	34,6%	Bonds – ROW <sup>1</sup>	4,9%	Spain	0,6%
Consumer lending	39,3%	Other <sup>2</sup>	2,2%	China	1,0%
Other	1,3%			Netherlands	2,3%
				United States	1,5%
				ROW <sup>1</sup>	7,2%
<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>9,8%</b>	<b>Total</b>	<b>15,0%</b>
		<b>Corporates</b>		<b>Consumer lending</b>	
		Netherlands	7,0%	Residential mortgages – NL	15,8%
		Belgium	4,6%	Residential mortgages – ROW <sup>1</sup>	20,8%
		United States	3,5%	Other consumer lending	2,6%
		Poland	1,5%		
		United Kingdom	1,4%		
		Turkey	1,6%		
		ROW <sup>1</sup>	15,0%		
		<b>Total</b>	<b>34,6%</b>	<b>Total</b>	<b>39,3%</b>












1 Rest of the world.

2 Other financial instruments such as term loans and derivatives.

## Non-financial appendix - continued

In response to what stakeholders and society ask of us regarding transparency, the table below provides insight into the different sectors we finance and how we apply our Environmental and Social Risk Framework. It specifically focuses in more detail on the corporate sectors, as these sectors are more vulnerable to environmental and social risks and impacts. The table also provides insight into which sectors we have Sustainable Finance strategies for.

## Credit risk portfolio per economic sector and application of ESR framework and SF strategies

		Environmental and Social Risk policies													Sustainable Finance strategies**
		General pillars				Sector policies*									
		ING Values	Equator principles (Project Financing)	Human rights	Environmental management *UNESCO World Heritage Site, Ramsar, IUCN Cat I&II	Animal husbandry * Animal testing for cosmetic purposes	Chemicals	Defence *Cluster Munition (Controversial Weapons)	Forestry and Agrocommodities *Deforestation and/or burning down tropical rainforest	Mining and Metals *Mountain Top Removal	Manufacturing *Ship Breaking in Asia	Energy *New coal-fired power plants	*Online gambling***	* Online pornography***	Sustainable Finance sector strategies
in percentage	Exposure 2016 (%)														
Consumer lending	39,3%	•													
Financial institutions	15,0%	•													
Governments	9,8%	•													
Other	1,3%	•													
Corporates	34,6%														
– Real estate	5,7%	•	•	•	•										•
– Natural resources	6,8%	•	•	•	•					•		•			•
– Transportation & logistics	3,9%	•	•	•	•			•			•				•
– Services	2,5%	•	•	•	•			•			•		•		
– Food, beverages & personal care	2,6%	•	•	•	•	•			•						
– General industries	2,3%	•	•	•	•			•	•		•				
– Builders & contractors	1,8%	•	•	•	•						•				
– Chemicals, health & pharmaceuticals	1,8%	•	•	•	•	•	•								
– Other	1,4%	•	•	•	•										
– Utilities	1,8%	•	•	•	•							•			•
– Media & telecom	1,3%	•	•	•	•			•					•	•	•
– Retail	1,1%	•	•	•	•										
– Automotive	1,0%	•	•	•	•			•			•				•
– Technoloquy	0,6%	•	•	•	•		•	•			•				•

\* Examples of excluded activities per sector are mentioned in the smaller font. The full list of excluded activities is available in the public ESR policy Framework.

\*\* A Sustainable Finance sector strategy identifies sustainability related developments in a specific sector. It outlines how best to pursue the opportunities that arise from them and provides solutions for best-in-class clients and best practices that are outstanding in their environmental performance relative to their sector.

\*\*\* Gambling and Pornography are excluded activities only and not sector policies.

## Non-financial appendix - continued

## Policy into practice – Energy policy

In November 2015, ING decided to end the financing of new coal-fired power plants and thermal coal mines worldwide. ING also won't finance any new clients whose business is over 50 percent reliant on operating coal-fired power plants or thermal coal mines. Standing commitments and new clients whose business complies with our policy may lead to additional lending exposure to the sector. Overall, given our reluctance to finance new thermal coal mines, new coal-fired power plants and new clients predominantly relying on thermal coal, we aim to reduce our overall credit exposure to thermal coal-related businesses.

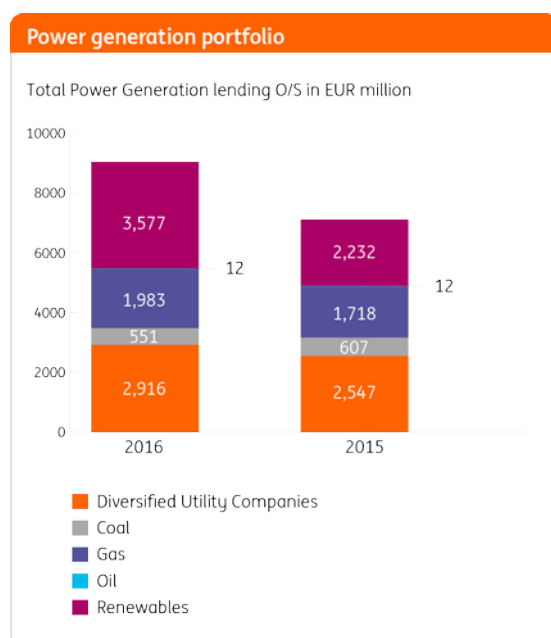
In terms of exposure to thermal coal we define the following categories:

Thermal coal category			
Lending O/S in EUR million	Dec 2016	Dec 2015	% change
Mining (including coal terminals)	455	616	26%
Power generation, coal fired power plants	551	607	9%

In addition, we acknowledge coal being used in the energy mix of Diversified Utility Companies (DUC) that operate various energy sources (typically coal, gas, nuclear, and/or renewables) to generate power. Within this category however, the exact energy mix used is not known to ING. ING's power generation lending portfolio to DUC's reached EUR 2.9 billion at YE2016.

ING's power generation lending portfolio to Single Energy Sources (SES) clients, transactions supporting a particular energy source or utility companies operating one single energy source, is EUR 6.1 billion at YE 2016. Within this category, coal-fired power EUR 551 million represents some 9% of total.

Overall, ING's power generation lending portfolio (DUC's and SES) is EUR 9.0 billion at YE 2016, an overview of the distribution in sources being reflected in the chart below<sup>1</sup>.



<sup>1</sup> The 2016 renewables figure reported above differs from the 2016 renewables figure reported in the Sustainable Transitions Financed (STF) table in the "Wholesale Banking" chapter. STF is reported on exposure in line with the STF reporting protocol, while the power generation portfolio is reported in outstandings

## Applying the Equator Principles (EP)

As an Equator Principles (EP) Financial Institution, we implement the EP in our internal environmental and social policies, procedures and standards. We aim not to provide project finance or project-related corporate loans to clients that are unable, or choose not, to comply with the principles. All transactions in scope of EP are reviewed at least annually, at which time covenant compliance is typically affirmed. Project names of project finance transactions that reached financial close in the reporting period are published annually in the Equator Principles website. All project names are disclosed only if ING has received the related client's consent<sup>1</sup>. The EP are embedded in ING's ESR Framework, and require involvement of the following three banking areas:

**Front Office:** departments that originate transactions and have direct contact with the client or project sponsors.

**Risk Managers:** departments that provide control over Front Office activities and generally sign off on the environmental and social impacts for 'Low Risk' or 'Medium Risk' EP deals, which generally refer to Category C projects or Category A and B in designated countries.

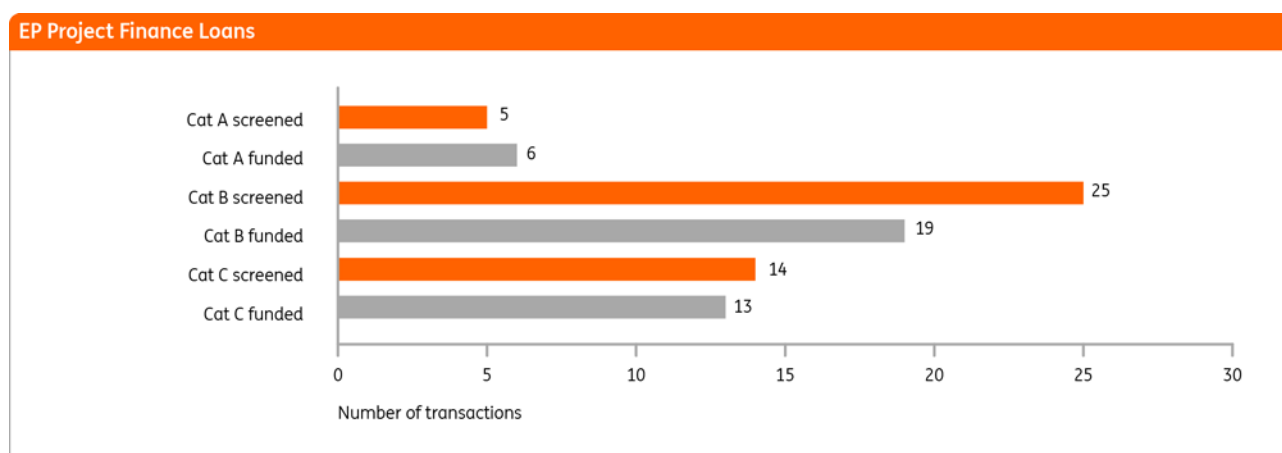
**Environmental and Social Risk:** department within risk management fully dedicated to assessing environmental and social impacts associated with 'High Risk' transactions, which in the context of EP generally refer to Category A and B projects in non-designated countries.

As our risk assessment processes are decentralised, each front-office team must be highly familiar with ING's Environmental and Social Risk framework and in particular Equator Principles III (EPIII). Hence, ING makes significant investment in internal training programmes to help front office and risk management staff in assessing the environmental and social risk under EPIII.

For example, in 2016 the ESR team, together with Structured Export Finance team from Frankfurt, visited a construction site in Russia. Sibur is Russia's largest integrated gas processing and petrochemicals company, and its subsidiary ZapSibNeftekhim is currently constructing a petrochemical complex for the production of polymers. The project is financed by a consortium of 12 international banks and follows the Equator Principles.

In order to manage the project's environmental and social risks and impacts ING was awarded the role of Environmental Agent for the banking consortium. Given the large scale of this project and the extensive workforce currently onsite great support was given to labour and working conditions, including the availability of operational grievance mechanisms for all project stakeholders. Having the role of Environmental Agent allowed ING to work in close cooperation with our client, including the opportunity to visit the project site which appeared to be of paramount importance to verify the adherence of international standards applicable to this project.

The graphs below show 2016 EP screened transactions versus funded (those that reached financial close) for Project Finance and Project Related Corporate Loans<sup>2</sup>.

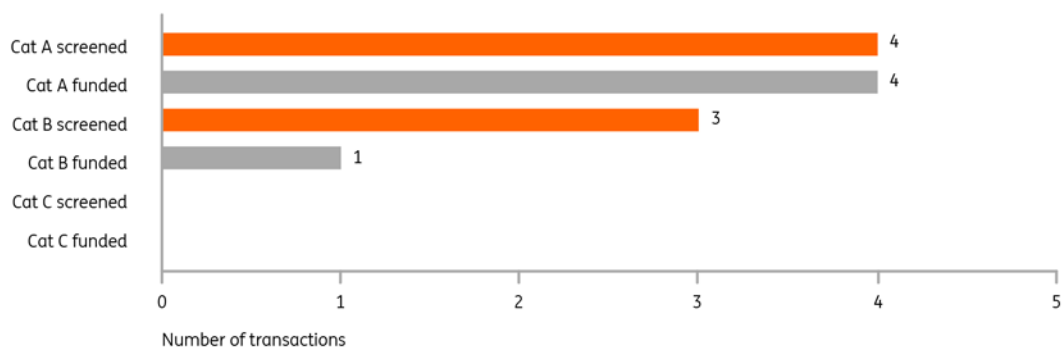


<sup>1</sup> <http://www.equator-principles.com/index.php/members/ing>

<sup>2</sup> Category A – Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented; Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and Category C – Projects with minimal or no adverse environmental and social risks and/or impacts. The difference between the number of screened and funded transactions might be due to a number of reasons including environmental and social matters. Also, some of the EP screened transactions may reach financial close in the future.

## Non-financial appendix - continued

## EP Project -Related Corporate Loans



The table below provides an overview of EP transaction in accordance with EPIII reporting requirements, which refer to funded deals or advisory roles that have been mandated to ING in 2016.

## EP Application Table 2016

Sector	Project Finance				Project Related Corporate Loans			
	EP risk category <sup>1</sup>				EP risk category			
	A	B	C	Total	A	B	C	Total
Mining	1			1	1			1
Infrastructure		3	1	4	1			1
Oil & Gas	4	7		11				
Power		8	12	20	2	1		3
Others	1	1		2				
<b>Total</b>	<b>6</b>	<b>19</b>	<b>13</b>	<b>38</b>	<b>4</b>	<b>1</b>		<b>5</b>
<b>Region</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>Total</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>Total</b>
Americas	2	9		11		1		1
Europe Middle East & Africa	1	8	12	21	3			3
Asia Pacific	3	2	1	6	1			1
<b>Total</b>	<b>6</b>	<b>19</b>	<b>13</b>	<b>38</b>	<b>4</b>	<b>1</b>		<b>5</b>
<b>Country Designation</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>Total</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>Total</b>
Designated Country	1	17	13	31		1		1
Non-Designated Country	5	2		7	4			4
<b>Total</b>	<b>6</b>	<b>19</b>	<b>13</b>	<b>38</b>	<b>4</b>	<b>1</b>		<b>5</b>
<b>External Independent Review</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>Total</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>Total</b>
Yes	6	14	10	30	4	1		5
No		5	3	8				
<b>Total</b>	<b>6</b>	<b>19</b>	<b>13</b>	<b>38</b>	<b>4</b>	<b>1</b>		<b>5</b>

1 Category A – Projects with potential significant adverse environmental and social risks and/or impacts that are diverse, irreversible or unprecedented; Category B – Projects with potential limited adverse environmental and social risks and/or impacts that are few in number, generally site-specific, largely reversible and readily addressed through mitigation measures; and Category C – Projects with minimal or no adverse environmental and social risks and/or impacts.

## Non-financial appendix - continued

## People

The tables below provide an overview of Human Resources related topics like training and development and diversity.

Budget training and development employees<sup>1</sup>

	2016		2015		2014	
	In EUR million	Per FTE	In EUR million	Per FTE	In EUR million	Per FTE
ING	70 <sup>1</sup>	1,325	68	1,279	57	1,033

1 Refer to note 26 of the ING Group Consolidated Annual Accounts 2016.

## Training

	2016 <sup>1</sup>	2015	2014
	Number of trainings completed x 1,000	Number of trainings completed x 1,000	Number of trainings completed x 1,000
in numbers of trainings completed			
Classroom	73.2	133.2	55.6
On the job training	0.6	5.4	11.6
Online	327.8	339.6	341.2
Program	23.1	33.3	10.0
Other	31.1	14.9	5.6
<b>Total</b>	<b>455.9</b>	<b>526.4</b>	<b>424.0</b>

1 The reduced amount of training in 2016 is predominantly due to the postponing of global compliance training from 2016 to early 2017.

Leavers and turnover rate<sup>1</sup> (headcount)

	2016	2015 <sup>2</sup>	2014
<b>Leavers</b>			
Voluntary	3,265	2,945	2,622
Involuntary	3,446	3,042	2,340
Not recorded	5	1	17
<b>Total</b>	<b>6,716</b>	<b>5,988</b>	<b>4,979</b>
<b>Turnover rate %</b>	<b>12</b>	<b>11</b>	<b>9</b>

1 Total leavers headcount in 2016 divided by headcount on 1 January 2016.

2 Correction on 2015 numbers. This correction is predominantly due to an update for Turkey with minor adjustments for Australia, Belgium, Germany and Poland.

## Percentage of employees covered by Collective Bargaining (headcount)

in percentage of employees	2016	2015
ING Bank	60.7	59.5

## Percentage of employees that have undergone a performance management process (headcount)

in percentage of employees	2016	2015	2014
ING Bank	99	97	92

## Total workforce gender breakdown (headcount)

	2016		2015		2014	
in percentage of employees	Female	Male	Female	Male	Female	Male
ING Bank	49.5	50.5	49.7	50.3	50.0	50.0



## Non-financial appendix - continued

## Total workforce breakdown (headcount)

	2016	2015	2014		2016	2015	2014
<b>Gender</b>				<b>Age group</b>			
Female	27,055	27,266	27,600	< 30	9,603	9,673	9,962
Male	27,655	27,566	27,585	30-50	35,339	36,148	36,246
Not recorded	27	41	7	> 50	9,096	9,042	8,923
				Not recorded	699	10	61
<b>Total</b>	<b>54,737</b>	<b>54,873</b>	<b>55,192</b>	<b>Total</b>	<b>54,737</b>	<b>54,873</b>	<b>55,192</b>
<b>FT / PT Status</b>				<b>Temp / Perm on ING contract</b>			
Full-time	48,309	48,109	48,207	Permanent	53,218	53,454	54,172
Part-time	6,390	6,750	6,981	Temporary	1,519	1,419	1,020
Not recorded	38	14	4				
<b>Total</b>	<b>54,737</b>	<b>54,873</b>	<b>55,192</b>	<b>Total</b>	<b>54,737</b>	<b>54,873</b>	<b>55,192</b>
<b>Geographical region</b>							
Asia	6,827	6,842	7,217				
Australia	1,122	1,059	1,021				
Belgium	9,551	10,005	10,279				
Netherlands	14,614	15,080	15,643				
North America	539	500	484				
Rest of Europe	21,996	21,323	20,484				
South- and Mid-America	88	64	64				
<b>Total</b>	<b>54,737</b>	<b>54,873</b>	<b>55,192</b>				

## Total number of employees by ING employment contract (permanent and temporary), by gender (headcount)

2016				
Number of employees	Female	Male	Not recorded	Total
Permanent	26,189	27,009	20	53,218
Temporary	866	646	7	1,519

## Total number of employees by ING employment contract (permanent and temporary), by region (headcount)

2016			
Number of employees	Permanent	Temporary	Total
Asia	6,791	36	6,827
Australia	1,079	43	1,122
Belgium	9,479	72	9,551
Netherlands	14,111	503	14,614
North America	539	0	539
Rest of Europe	21,131	865	21,996
South- and Mid-America	88		88

## Total number of employees by employment type (full-time and part-time), by gender (headcount)

2016				
Number of employees	Female	Male	Not recorded	Total
Full-time	21,636	26,646	27	48,309
Part-time	5,402	988		6,390
Not recorded	17	21		38

## Non-financial appendix - continued

**Sickness and absenteeism (headcount)**

in percentage of employees

	2016	2015	2014
ING Bank	3.90	3.69	3.34

**Community Investment**

The tables give an overview of charitable donations and volunteering of ING employees.

**Total donations ALL**

in EUR thousands

	2016	2015	2014
<b>ING Bank</b>			
Direct business donations	11,248	10,325	9,501
Donations business in-kind	847	615	142
Facilitated by ING	740	964	952
Donations employees	728	806	733
<b>Total</b>	<b>13,563</b>	<b>12,710</b>	<b>11,328</b>

**Total donations (incl. business, customer and employee) and volunteering hours**

	Total donations incl. business, customer and employees (in EUR thousands)			Volunteering hours (in hours)		
	2016	2015	2014	2016	2015	2014
Arts & Culture	845	686	779	365	347	313
Education <sup>1</sup>	2,150	5,235	5,538	8,087	14,614	26,289
Emergency relief	159	246	179	0	473	956
Environment	136	543	603	5,484	6,848	3,974
Financial Empowerment <sup>1,2</sup>	4,881	1,777	785	13,209	6,129	1,851
Health	1,911	1,964	1,554	1,979	990	2,537
Social welfare	1,725	1,095	1,426	18,999	11,259	11,289
Other	1,757	1,164	464	161	552	1,713
<b>Total</b>	<b>13,563</b>	<b>12,710</b>	<b>11,328</b>	<b>48,284</b>	<b>41,212</b>	<b>48,922</b>

1 In 2015 and 2014, the category 'education' included the donations and volunteering hours for UNICEF. In 2016, this is reported under the 'Financial empowerment' category

2 In 2015 and 2014, this category was termed as 'Financial Education and Entrepreneurship'

**Charitable donations to UNICEF**

in EUR thousands

	2016	2015	2014
Donation	2,988	3,059	2,784
<b>Cumulative total</b>	<b>35,499</b>	<b>32,511</b>	<b>29,452</b>

Reach through UNICEF programmes<sup>1</sup>

	2016	2015	2014
Adolescents reached <sup>2</sup>	47,810 <sup>5</sup>	47,417 <sup>6</sup>	0
<b>Cumulative Total</b>	<b>95,227</b>	<b>47,417</b>	<b>0</b>
Children reached <sup>3,4</sup>		18,040	92,970
<b>Cumulative Total</b>		<b>1,000,000</b>	<b>981,960</b>

1 We achieved our target of reaching 1 million children through UNICEF education programmes in 2005-2015. Since 2015 we are supporting a new UNICEF programme, Power for Youth, that aims to empower 335,000 adolescents by 2018. The Power for Youth programme is active in six countries: Indonesia, Kosovo, Montenegro, Nepal, The Philippines and Zambia.

2 Adolescence is the period in human growth and development that occurs from ages 10 to 19.

3 A child is a person below the age of 18.

4 The methodology we used to calculate the number of children reached through UNICEF programmes has changed. For historical comparison the number presented in this table is in line with the former calculation method and only includes the number of children reached through UNICEF education programmes supported between 2005-2015. Due to the type of activities carried out by UNICEF from 2013 to 2015, we know the number of children reached is higher than reported here.

5 The reported number consists of adolescents reached in Nepal from January 2016 - September 2016 and in the other five countries from January 2016 - August 2016.

6 The reported number consists of adolescents reached from July 2015 - December 2015.

## Environmental footprint

Our activities impact the environment we operate in - both directly, through the operations of our buildings, IT systems and business travel, but also indirectly, through our lending portfolio and through our procurement supply chains. We are committed to reducing this impact and work closely with customers and suppliers to take advantage of opportunities within the low-carbon, resource-efficient economy of the future. Our Environmental Approach ([www.ing.com/16ar11](http://www.ing.com/16ar11)) describes how we are managing our direct and indirect environmental impacts as well as how we mitigate risks and create and seize opportunities.

## Our direct footprint

Our approach also outlines our 2020 targets for improving our operational eco-efficiency, namely:

- We will reduce our CO<sub>2</sub>e emissions by 20% by 2020 (base year 2014) – *achieved in 2016*.
- We will reduce global residual waste by 20% by 2020 (base year 2014).
- We will reduce our water footprint by 20% by 2020 (base year 2014).
- We will remain carbon neutral by offsetting remaining carbon emissions.

Our objectives and targets concerning our operational environmental impact are managed through the ING Environmental Programme, which has established a robust Environmental Management System (EMS) that ensures effective processes and continual improvement of our performance. In 2016, ING achieved the ISO14001 EMS certification for head office operations in the Netherlands. Our EMS, which applies globally, has helped us to make progress against our 2020 targets. Relative to our base year, our carbon footprint was reduced by 27% in 2016 as a result of increasing our renewable electricity consumption to 91% of total electricity consumption, which is a 14% increase since 2014. In addition, we reduced global energy consumption by 10% compared to 2014. This means that we have met our 2020 target for emissions reduction and have made solid progress on our target to achieve 100% renewable electricity consumption by 2020.

We are proud of this progress but will set a new target in 2020 to drive continued action against climate change. Our residual waste increased by 6% against our base year due to archive dumps in two countries and a move to a new building in the UK. Our water footprint increased slightly by 1%. We have faced challenges with our waste and water indicators but remain vigilant in our efforts to work towards our 2020 targets.

We offset 100% of our remaining carbon emissions in 2016 through the purchase of Voluntary Carbon Units (VCUs) from various projects in India including a VCS solar energy access project providing lighting and hot water to bottom of the pyramid households, a Gold Standard solar water heating project replacing fossil fuel-powered heaters in households, schools and enterprises as well as large scale wind energy projects.

## Non-financial appendix - continued

## Breakdown of energy consumption

	2016		2015		2014	
Coverage (% of employees)	96		95		92	
	MWh x 1.000	Kilotonne	MWh x 1.000	Kilotonne	MWh x 1.000	Kilotonne
<b>In MWh and kilotonne CO<sub>2</sub>e</b>						
Electricity	23	9	38	28	67	38
Renewable electricity	236	0	240	0	227	0
Natural gas	83	19	88	20	93	21
Fuel oil	3	1	4	1	5	1
District heating	22	5	15	3	17	4
<b>Total energy</b>	<b>367</b>	<b>34</b>	<b>385</b>	<b>53</b>	<b>409</b>	<b>65</b>
<b>Total energy per FTE in MWh and in tonne</b>	<b>6.9</b>	<b>0.6</b>	<b>7.3</b>	<b>1.0</b>	<b>7.9</b>	<b>1.2</b>

## Energy consumption and carbon emissions through business travel

	2016		2015		2014	
Coverage (% of employees)	98		98		89	
	KM x 1 million	Kilotonne	KM x 1 million	Kilotonne	KM x 1 million	Kilotonne
<b>In kilometers and kilotonne CO<sub>2</sub>e</b>						
<b>Total travel</b>	<b>227</b>	<b>29</b>	<b>215</b>	<b>29</b>	<b>193</b>	<b>27</b>
<b>Total travel carbon per FTE in tonne</b>	<b>–</b>	<b>0.5</b>	<b>–</b>	<b>0.5</b>	<b>–</b>	<b>0.5</b>

Carbon emissions extrapolated <sup>1</sup>

	2016	2015	2014
<b>In kilotonne CO<sub>2</sub>e</b>			
Coverage (% of employees)	96	95	90
Total carbon <sup>2</sup>	63	82	92
Total carbon per FTE in tonne	1.2	1.5	1.6
Total extrapolated carbon	74	94	101
Total carbon Scope 1 <sup>3</sup>	20	22	23
Total carbon Scope 2 <sup>3</sup>	14 <sup>4</sup>	32 <sup>4</sup>	42 <sup>4</sup>
Total carbon Scope 3 <sup>3</sup>	29	29	27

1 In 2016 we updated our emissions factors according to the IEA 2015 factors, DEFRA 2016, and factors from suppliers providing a more accurate calculation of our GHG emissions. As a result we have updated our emissions disclosure accordingly. For more information about emissions factors and restatement policy, please see our Non-financial Reporting Protocol on ING.com

2 The total carbon amount is the sum of scope 1, 2 and 3 emissions. The total can vary slightly from sum of the figures displayed due to the fact that we only display figures rounded to the nearest kilotonne.

3 Scope 1: comprises emissions from our use of natural gas and fuel oil;

Scope 2: comprises emissions from our use of electricity, renewable electricity and district heating;

Scope 3: comprises emissions from our business travel by air and car. While scope 3, category 15 (emissions through lending and investments) is material to ING's indirect emissions footprint, due to measurement complexity and lack of quality data, ING is not able to completely measure and disclose this figure. See section 'Impact Measurement' in this appendix for information on our efforts and challenges in this area.

4 The total carbon figure for Scope 2 displayed here is calculated using the GHG Protocol Market-based calculation method outlined within the Scope 2 Guidance. This method takes into account the use of renewable electricity with an emissions factor of 0 g CO<sub>2</sub>e/MWh. This sharp decrease in 2016 is thanks to decrease in electricity consumption and an increase of renewable electricity purchased, in particular in Poland, meaning a shift from a heavy coal-mix in the grid. Using the Location-based method outlined within the Scope 2 Guidance, our scope 2 CO<sub>2</sub>e emissions for our base-year (2014) is 123 kilotonnes and for 2016 is 112 kilotonnes. This means that we have reduced our location-based scope 2 emissions by 9% since 2014. For more information on our calculation methodology and scope, please see our reporting protocol on ING.com.

## Non-financial appendix - continued

**Paper consumption**

in tonnes	2016	2015	2014
Coverage (% of employees)	98	95	92
Eco-labelled paper	1,664	1,434	1,894
Non-eco-labelled paper	64	316	423
<b>Total</b>	<b>1,729</b>	<b>1,750</b>	<b>2,317</b>

**Residual Waste<sup>1</sup>**

in tonnes	2016	2015	2014
Coverage (% of employees)	98	95	92
<b>Total residual waste</b>	<b>3,032<sup>2</sup></b>	<b>2,714</b>	<b>2,870</b>

1 Residual waste is total waste minus the waste that is recycled.

2 In 2016 we saw an increase in residual waste due to a slight uptick in coverage (we do not extrapolate waste values), the relocation of our UK office, and archive dumps in Belgium and Turkey.

**Water consumption**

in thousands of m <sup>3</sup>	2016	2015	2014
Coverage (% of employees)	92	91	87
<b>Total water consumption<sup>1</sup></b>	<b>578</b>	<b>574</b>	<b>572</b>

1 This year we restated our base-year water consumption figure based on a more complete coverage (87% compared to 53%) and based on our new reporting protocol. We now extrapolate our water consumption to adjust for missing data. See our Non-financial reporting protocol for more information.

**Our indirect footprint****Sustainable procurement**

With more than EUR 4 billion in global procured spend and 25,000 suppliers worldwide, we have a real opportunity to drive our sustainability agenda through our supply chain. By encouraging suppliers to share our standards and work towards continual improvement, we believe we can make a demonstrable impact while mitigating risks.

At ING our procurement policies and procedures require us to take into account the social and environmental aspects of the products we procure as well as the attitude of the supplier towards sustainability. We have implemented, globally, a supplier qualification (SQ) process that helps us determine the levels of social, environmental and financial risks associated with a supplier, specifically related to Human Rights including forced and child labour, fair labour standards, environmental protection, and anti-corruption.<sup>3</sup> Once suppliers pass the SQ process, they are qualified to become ING suppliers and the ING Procurement Sustainability Standards (IPSS) apply. Compliance is then monitored via our partnership with EcoVadis Sustainability Monitoring. For more information on our Sustainable Procurement Program, please see our Environmental Approach. In 2016, we made the following commitments:

- We will have global supplier coverage of the IPSS of 95% by 2020.
- We will procure 100% green electricity for all ING buildings worldwide by 2020.
- We will pilot 20 circular purchasing projects.
- We will assess 450 suppliers for sustainability performance assessments in 2016.

<sup>3</sup> As a result of the UK Modern Slavery Act 2015, ING is obliged to publish a 'slavery and human trafficking statement' for each financial year. ING aims to publish its first statement in 2017.

## Other facts and figures Environmental Programme

	Unit	2016	2015	2014
<b>Business Travel</b>				
Fully Electric Vehicles	# Vehicles	82	75	59
Hybrid Vehicles	# Vehicles	301	485	473
<b>Sustainable Procurement</b>				
Renewable Electricity	% of total electricity consumption	91	86	77
Supplier Sustainability Performance Assessments	# of Suppliers Engaged	647	596	243
Circular Purchasing Projects	# of Projects realised	18	21 <sup>1</sup>	2

1 This is the number of projects initiated in 2015 while 18 were realised in 2016.

**Impact Measurement**

ING sees climate change as one of the biggest challenges of our time and we are committed to reducing the impact of our own operations as well as helping clients to reduce theirs.

In 2016, we conducted a pilot to measure the indirect emissions impact and performance of two specific asset classes within our lending portfolio. This provided us with insight into what is needed to be able to properly measure the emissions impact of our entire portfolio. While we arrived at a reasonable measurement, we struggle with the outcome as we found that the margin of error was unacceptable for disclosure. This is a result of the lack of data availability. To further improve our methodology, we continue to work with internal and external partners, but also look forward to the establishment of international market standards that will help create benchmarking capabilities and a level playing field among peers. Therefore, we do not only provide input for more local initiatives but also actively provide input for international efforts like the Financial Stability Board Taskforce for climate-related financial disclosure to provide guidance to the financial sector on this topic.

**Sustainability governance**

Our global head of Sustainability reports directly to the Vice-Chairman of the Management Board Banking of ING Bank. Via the global sustainability department, responsibilities are cascaded through various business units to subject-matter experts who help develop ING's policies and goals in response to sustainability-driven risks and opportunities, in line with our global sustainability direction. Progress on identified priorities is communicated regularly to the Management Board Banking and to external stakeholders through ING's Quarterly Report.

## Stakeholder engagement

On a day to day basis we actively engage with our customers and other stakeholders such as investors, government officials and NGOs on relevant topics, issues and challenges, both on expert level and on (senior) management and Board level. With regard of new or revised ESR policies, we follow a structured process for consultation and proactively seek input from relevant stakeholders.

In line with our sustainability direction we contribute to multiple international initiatives and cooperate as a member in platforms such as the Equator Principles Association and the Ellen MacArthur Foundation for circular economy. We seek external direction and validation of our sustainability priorities by endorsing international standards such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the Global Reporting Initiative. A full overview of partnerships, memberships and endorsements can be found on ING's corporate website [ing.com](http://ing.com) ([www.ing.com/16ar12](http://www.ing.com/16ar12)).

Throughout the year challenges and issues are discussed with and brought to our attention by different stakeholders. In the table below, we provide a snapshot of the key issues from 2016.

Issue table		
Stakeholder	Topic of Discussion	ING's point of view
Society at large Australia	<b>Interest paid on pension account:</b> The Australian Securities & Investments Commission (ASIC) raised the question of whether customers "expected" to be paid the top retail rate on savings inside of superannuation (pension account) relative to retail rates. In a subsequent review, ING DIRECT found that some Living Super customers may have understood that the interest paid on their cash options would be eligible for ING DIRECT's highest variable savings rate, including any bonus rates. This is not the case as interest rates for Living Super are set independently.	There were no customer complaints. However ING DIRECT believes it could have been clearer in the communications and has voluntarily decided to credit customers any difference. The total amount that will be credited to customers by 30 September is approximately USD 5 mln. The total number of customers is more than 24,000. ING DIRECT wrote to all Living Super customers to explain the action and let customers know how much they will receive. More than 50,000 people choose Living Super for their retirement savings.
Society at large Germany	<b>Paying cash:</b> The future of cash is a widely and controversial discussed industry topic in the German media landscape, especially after the European Central Banks (ECB) announcement, that it will no longer produce the EUR 500 note. In Germany paying by cash is still the first choice of consumers in contrast to many other European countries, also in times of digitalization.	ING-DiBa used the discussion to take its position: German consumers shall get access to cash - anytime, quick and free of charge or at a low fee. To strengthen its position ING-DiBa has published a new position paper ( <a href="https://www.ing-diba.de/pdf/ueber-uns/menschen/positionen/ing-diba-positionen-bargeldversorgung-2016.pdf">https://www.ing-diba.de/pdf/ueber-uns/menschen/positionen/ing-diba-positionen-bargeldversorgung-2016.pdf</a> ) based on an analysis of the payment behaviour of its current account clients. The results were met with high interest by representatives of politics and media and was widely covered in the news.

## Issue table - continued

Stakeholder	Topic of Discussion	ING's point of view
<b>Society at large Netherlands</b>	<b>Financing clients in line with the renewed coal policy November 2015:</b> Throughout the year NGOs and newspapers reported on the involvement of ING in financing coal mines and coal companies like: * Cirebon Electric Power II, a coal-fired power plant in Indonesia * Punta Catalina, a coal-fired power plant in the Dominican Republic * SUEK, a Russian coal company * Uniper, a German energy-producing company	<p>In November 2015 we published our new coal policy, which stated ING decided to end our financing of new coal-fired power plants and thermal coal mines worldwide, effective immediately. ING also won't finance any new clients whose business is over 50 percent reliant on operating coal-fired power plants or thermal coal mines. As part of our responsibility to existing clients, we will honour standing commitments. As part of our responsibility to existing clients, we are honouring standing commitments, as financing a coal-fired power plants is a long process.</p> <p>We had already made commitments to some projects before we announced our new policy, including Punta Catalina (Dominican Republic) and Cirebon II (Indonesia).</p> <p>Suek was also already an ING client at the time we published our policy.</p> <p>Uniper is a new client whose business is not over 50 percent reliant on operating coal-fired power plants or thermal coal mines.</p> <p>Though we understand NGO concern regarding coal in general, it is important to stress that these transactions comply with our policy. As well as to re-confirm that our lending book to thermal coal will decrease over time (2015 &amp; 2016 data has been published in this report).</p> <p>More information has been shared on:  <a href="https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Energy.htm">https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Energy.htm</a></p>
<b>Society at large Netherlands</b>	<b>Animal Welfare:</b> On 18 August 2014 the Dutch animal-rights NGO called 'Wakker Dier' published a report on animal welfare in the US animal husbandry sector. It expressed its concerns about companies in the US not respecting animal welfare as a consequence of a lack of legislation around animal housing and care.	<p>In consultation with Wakker Dier, we commissioned an independent research institute to look into these alleged differences. The summary of that research titled 'Critical ethical issues in US animal production' was published late 2015, and early 2016 we published our animal husbandry policy based on those results and conversations with various stakeholders.</p> <p>More information has been shared on:  <a href="https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Animal-welfare.htm">https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Animal-welfare.htm</a></p>
<b>Society at large Netherlands</b>	<b>Myronivsky Hliboproduct:</b> Various stakeholders, retail clients, government officials and NGOs raised questions on our financing of Ukrainian company Myronivsky Hliboproduct (MHP). MHP operates mega stalls with chickens and was accused of not living up to EU (animal welfare) standards.	<p>ING understands that the ways our food is produced is an important topic and as such we take our responsibility seriously. For that reason we are actively involved in the debate on this topic, advise our clients on social and environmental aspects and require them to live up to our Environmental and Social Risk standards. We extensively spoke to our client and carefully assessed their activities. In addition, the IFC executed an independent audit. MHP scored good on both bio safety and animal welfare and MHP lives up to EU standards.</p> <p>"Our production facilities have been built up from the ground based on European standards and with the best technology," said MHP employee Anastasija Sobotjoeck in the newspaper FD on 27 May 2016.</p> <p>Nonetheless, in 2016 the company agreed to further increase their animal welfare standards.</p>



## Non-financial appendix - continued

## Issue table - continued

Stakeholder	Topic of Discussion	ING's point of view
<b>Fair Finance Guide (FFG) report: Living wages Netherlands</b>	<p><b>Living wages report</b></p> <p>This research focused on loans provided by banks to companies active in the electronics and clothing manufacturing sector. The aim was to research in what manner banks promote their corporate clients to pay their workers and the workers in their supply chain a decent living wage.</p> <p>In the opinion of the FFG, in theory ING scores well, but in practice ING could do more to promote payment of a living wage and freedom of association within the operations of its clients and their supply chains.</p>	<p>We provided written feedback on questions asked, agreed to extensive interviews and provided insight into our systems to substantiate the claims we made.</p> <p>More information has been shared on:  <a href="https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Human-rights.htm">https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Human-rights.htm</a></p>
<b>PAX Netherlands</b>	<p><b>PAX report: Nuclear weapons and Cluster munitions</b></p> <p>PAX issued two reports. The first on investments made in companies producing cluster munitions and the second on our involvement with nuclear-weapon producing companies. Overall, PAX was positive about ING. They commented that ING should apply its exclusion policy comprehensively to all its markets, and to all its financial products, including funds following an index.</p> <p>In both reports ING was again included in the runners-up category.</p> <p>The PAX website, press release, 16 June 2016 (Suzanne Oosterwijk, project lead Cluster munitions PAX) mentioned</p> <p>"Financial institutions should not want to be involved in any way with cluster munitions, also not via foreign subsidiaries." And, "the Netherlands has showed leadership to forbid investments in cluster munitions. If other countries too would forbid these explosive investments and if financial institutions would end their investments, that could be a great contribution to a cluster munitions free world."</p>	<p>ING does not provide any services whatsoever to companies that produce cluster munition. ING does also not finance nuclear weapons. There are companies partially involved in producing nuclear weapons while primarily engaged in non-defence activities. ING doesn't finance the nuclear weapons activities of these companies.</p> <p>Our elaborate stance towards the defence industry and nuclear weapons and cluster munition in particular can be found on our webpage Our Stance:  <a href="https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Defence.htm">https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Defence.htm</a></p>
<b>FFG report: Update Netherlands</b>	<p><b>Update report on Environmental &amp; Social Risk policies of Dutch Banks:</b></p> <p>In December the FFG published its annual update, comparing banks' policies with their own expectations. FFG concluded that ING made improvements. In the Volkskrant newspaper, 21 December 2016, Peter Ras, project leader FFG, stated: "Banks continue to become more sustainable. That deserves kudos."</p>	<p>ING shares many of the environmental and social concerns expressed by the FFG. However, we differ in our approach towards these issues and feel the methodology and research do not do our results justice. Different from the FFG, we don't seek to totally exclude sectors like coal, oil, gas and uranium mining, hampering steel production (coal), the transport industry including freight transport, shipping and aviation (oil), electricity production and heating (gas), or cancer treatment with medical isotopes (uranium). We rather seek to support higher standards applied within sectors than exclusion.</p> <p>More information has been shared on:  <a href="https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Transparency.htm">https://www.ing.com/ING-in-Society/Sustainability/Our-Stance/Transparency.htm</a></p>

## Non-financial appendix - continued

## Issue table - continued

Stakeholder	Topic of Discussion	ING's point of view
Society at large Netherlands	<b>Dakota access pipeline:</b> Being part of a syndicate of 17 banks, ING financed the pipeline project. Controversy arose due to the pipeline being located in an area considered a Heritage Site by native Americans (Standing Rock Sioux Tribe).	When ING approved financing, the permits for the pipeline were already provided. As it turned out the Sioux claimed their rights had not been taken into account. Social media amplified this controversy, leading to various protest throughout the world, including in front of ING's global HQ.
		US President Donald Trump signed executive orders on 24 January 2017 to advance the construction of the Dakota Access pipeline. This is in contrast to the US government decision in December 2016 to withdraw the necessary permits and conduct an additional detailed environmental assessment.
		We have signed a contract and it is legally impossible to withdraw from it.
		Given the developments, we decided however to divest our shares in the parent companies towards the end of 2016 (approximately USD 220 million) and to stop doing any new business with them. Credit facilities that expire won't be renewed. This effectively means that the relationship will end if there is no improvement.
		In the meanwhile we have and continue to exert our influence by engaging with our customer. The lenders to the pipeline have commissioned additional research to be conducted by an external independent human rights expert and will continue to monitor developments closely. Another way is by engaging with the Standing Rock Sioux Tribe. ING met its leaders in mid-February 2017.
Society at large Poland	<b>Pension scheme:</b> The discussion on the pension scheme is ongoing in Poland and also relates to possibilities of long-term saving for the future.	As the situation keeps on developing, we provide continuous updates including a Q&A on: <a href="#">ING and the Dakota Access pipeline</a>
		ING Bank Śląski has been encouraging Poles to save, both via its marketing campaigns and by offering suitable products. In 2016, ING Bank Śląski launched index funds – a solution geared towards clients who want to diversify their investment portfolio. This enables clients to invest in key stock exchanges in Europe, including Poland, as well as in the US. The launch of this product was supported by a press conference and multiple media interviews.