ING Groep N.V.
Remuneration Policy
Executive Board

March 2020

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group's 2020 Annual General Meeting for adoption.
## Index

1. **Introduction**
   1.1 Purpose, strategy and Orange Code 3
   1.2 Stakeholder engagement 4

2. **Revision background**
   2.1 Policy changes and derogation 6
   2.2 Summary of proposed changes 6

3. **Governance**
   3.1 Periodic review 8
   3.2 Implementation 8

4. **Remuneration components**
   4.1 Market perspective 9
   4.2 Base salary 10
   4.3 Variable remuneration 11
   4.4 Performance measurement for variable remuneration 14
   4.5 Pension 15
   4.6 Benefits 15

5. **Contractual arrangements**
   5.1 Tenure 16
   5.2 Termination 16
   5.3 Recruitment approach 17

6. **Glossary** 18

---

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
1 Introduction

ING’s new Executive Board remuneration policy is aimed at enabling ING to attract, motivate and retain leaders with the ability, experience, skills, values and behaviours in order to fulfill its role as a global bank, sustainably executing its strategy while taking into account ING’s values and stakeholder interests. This is in the long-term interest of ING. In line with the remuneration principles that apply to all ING staff, the new policy is also designed to ensure that ING offers well-balanced remuneration within ING’s risk appetite, promoting effective risk management.

As a global company, ING competes in a global market for talent. Operating in a highly regulated industry, its remuneration is subject to a variety of laws, regulations and other rules. Many of these were initiated or made more stringent after the global financial crisis, predominantly with the aim of reducing excessive risk taking. A prominent example of this is the Dutch cap on variable remuneration at 20% of fixed remuneration. Another important element in this respect is the stipulation in the Dutch Banking Code that the level of total direct remuneration is below the median of a peer group. This peer group has to consist of both financial and non-financial companies, taking into account the relevant international context.

In designing the new Executive Board remuneration policy, many factors were taken into account, such as the amount of fixed and variable remuneration, the performance measures used, ING’s risk appetite and scenario analyses (taking into account internal pay ratios and stakeholder support). In addition, ING solicited the views of various stakeholder groups including employees, customers and shareholders. All of this has resulted in a policy for remuneration of the Executive Board that consists of an annual base salary, variable remuneration, pension and benefits. These are all described in more detail in this document.

1.1 Purpose, strategy and Orange Code

ING is a global bank with a strong European base. Our more than 56,000 employees serve almost 39 million retail customers, corporate clients and financial institutions in over 40 countries. Our purpose is to empower people to stay a step ahead in life and in business. This purpose is founded on the belief that ING’s role as a financial institution is to support and promote economic, social and environmental progress, and at the same time generate healthy returns for shareholders.

ING’s strategy is built around its purpose, and the promise to customers to make banking clear and easy, available anytime and anywhere and to keep getting better. To create a differentiating customer experience, we are focusing on four strategic priorities: using our advanced data capabilities to understand our customers better and meet their changing needs; innovating faster; thinking beyond traditional banking to develop new services and business models; and earning the primary relationship. We do this by simplifying and standardising our products and processes, being operationally excellent, enhancing our company’s performance culture and expanding our lending capabilities.

1 These include the EU Capital Requirements Directive IV ((2013/36/EU), the EU Capital Requirements Regulations ((2013/575/EU), the Wet Beloningsbeleid Financiële Ondernemingen (WBFO), the Dutch Corporate Governance Code, the Dutch Banking Code, the EU Shareholder Rights Directive, the EBA Guidelines on sound remuneration practices (EBA/GL/2015/22), the Regeling Beheerst Beloningsbeleid 2017.
2 Under the WBFO, for all employees working mainly in the Netherlands the total annual variable remuneration granted may not exceed 20% of the fixed remuneration. There are some exemptions to this but ING does not apply these for the Executive Board.
3 For more information, visit the Corporate Governance section of ING.com: https://www.ing.com/about-us/corporate-governance/dutch-banking-code.htm

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
Sustainability is a key component of our strategy. As a financial institution, we play a role by financing change, sharing knowledge and using our influence. We not only manage our own direct and indirect impact, we also help our clients address the risks and opportunities that environmental challenges create.

The Orange Code describes ING’s values – honest, prudent, responsible – and the behaviours that set us apart – take it on and make it happen, help others to be successful, always a step ahead. These are the commitments ING employees make to each other and the standards by which performance is measured.

To attract and retain the right talent, ING operates a robust performance management process linked to remuneration. It steers and motivates all staff, including Executive Board members, to deliver on ING’s strategic priorities, aiming to reward success and prevent rewarding for failure. The process is designed to support the Orange Code, which is explicitly embedded in the performance management approach and assessment throughout the company.

1.2 Stakeholder engagement

ING recognises that remuneration is an area of particular interest to stakeholders including shareholders, employees and customers – especially considering ING’s position in society as the largest Netherlands-based bank. The Supervisory Board and employee representative bodies regularly discuss how the Executive Board remuneration policy aligns with wider remuneration within ING, including policies, actual pay outcomes, diversity and the alignment of incentives with ING’s culture.

A proposal by the Supervisory Board in 2018 to amend the Executive Board remuneration policy was met with strong criticism from the public, politicians and others, leading to its withdrawal. The Supervisory Board announced an extensive review of the Executive Board remuneration policy. Proposing a remuneration policy for the Executive Board for adoption by the General Meeting is also mandatory under the Dutch Act on Implementation of the Shareholder Rights Directive II (SRD II).

The review, in consultation with advisory bodies, was largely carried out in 2019 and had a strong emphasis on stakeholder engagement. The aim of the Supervisory Board in this process was to come to a policy that balances factors including the interest of ING to be able to attract, motivate and retain leaders with the ability, experience, skills, values and behaviours to meet its strategic priorities; the interest of Executive Board members to receive fair, consistent and balanced remuneration; and the interest of various internal and external stakeholders whose trust in ING is essential for its functioning. Stakeholders have different, sometimes conflicting, opinions on remuneration, and the issue is particularly contentious in Dutch society.

As described above and in line with various regulations, in the process of formulating a new policy, the Supervisory Board consulted a broad group of stakeholders. A first direction of the new policy was designed in consultation with ING staff departments, external legal counsel and remuneration advisors. Based on this work, the chairpersons of the Supervisory Board and the Remuneration Committee, supported by ING staff members, held a series of meetings and conference calls to gather information and feedback. These included meetings with the Dutch Central Works Council, representatives of Dutch trade unions, the Advisory Council of ING Netherlands, trade bodies and regulatory and governmental authorities including the Dutch Central Bank (DNB) and European Central Bank. A number of ING Group’s largest institutional shareholders, together holding approximately 24% of ING Group’s share capital, were consulted as well as proxy advisory firms and Dutch shareholder advocacy groups. A specialised market research firm conducted a qualitative study among Dutch retail customers and a focus group session was held with Wholesale Banking clients. In line with the Dutch Corporate Governance Code, the views of the current members of the Executive Board were also sought.

The insights gained from the stakeholder engagement process have significantly contributed to the quality of the proposed remuneration policy. The Supervisory Board highly appreciates the
participation of the stakeholders and the meaningful insights they provided. Most stakeholders also expressed their appreciation of the engagement process. Views on various elements of executive remuneration among the stakeholders vary widely.

Below we list the main themes that came up in the stakeholder consultation and how we responded to these.

The most contentious point is the level of total direct compensation. In the dialogues held, a number of investors inquired about ING’s ability to remain attractive in the relevant talent markets. On the other hand, Retail customers and the Dutch public were critical about the general remuneration level. We learned that a non-gradual increase of base salary is not desirable, even if total direct remuneration remains well below the median remuneration level of the peer group. The Remuneration Committee annually reviews the individual base salaries of the Executive Board members and advises the Supervisory Board on this. When an increase of base salary seems appropriate several factors (e.g. consumer price index) are taken into account to determine the increase. Please refer to paragraph 4.2 for more details.

In line with regulations, total direct compensation of the Executive Board will stay below the median of the peer group, as was the case in the previous policy. If the Supervisory Board would want to deviate from the above it will hold a new extensive round of stakeholder engagement.

The use of an external peer group to serve as a benchmark is obligatory under the Dutch Banking Code to ensure total direct compensation is below the median of the peer group. The EURO STOXX 50 benchmark that ING has used since 2010 was met with criticism from stakeholders for containing too many companies that are incomparable with ING. Therefore the Supervisory Board proposes to use a better suited, smaller peer group based on five guiding principles: geography, relevant talent market, size, governance framework and a balancing factor to keep sight of relevant peer companies that do not sufficiently match other criteria. The new benchmark consists of eight comparable Dutch companies and eight European financial services providers and is considered to be more relevant and clear. The Supervisory Board decided to exclude the UK and Switzerland due to very different pay structures in their financial sectors. Smaller banks and companies were also excluded because these are less complex compared to a large enterprise like ING. Total direct remuneration of the Executive Board is estimated to still be below the median of the new peer group. The definition of the new peer group was generally met with understanding from stakeholders but, based on feedback, the explanation of the guiding principles for the peer group composition was improved and expanded.

On the subject of variable remuneration, many stakeholders supported the continuation of this instrument within the limits of Dutch legislation, i.e. a maximum of 20% of base salary. A broad group of stakeholders, including most consulted shareholders, expressed a preference for more clarity and transparency on performance metrics, including non-financial performance metrics; on how targets are set and achievements are measured (rating scale) so they can be followed externally, also in relation to the Supervisory Board’s discretionary power; and how risk culture and enhanced compliance initiatives are reflected in the remuneration policy. The Supervisory Board addressed these preferences by adapting the disclosures in the Remuneration Report going forward. This includes explaining more fully the different remuneration elements, including metrics for awarding variable remuneration, and the accompanying risk assessment and decisions of the Supervisory Board on this. In response to other stakeholder remarks more transparency will also be given in the event of any exceptional payments to secure the recruitment of board members, for instance for compensating lost awards at a previous employer.

Overall the Supervisory Board thinks it has been able to find a balance between the various viewpoints and interests, addressing stakeholders preferences, remarks and concerns regarding the Executive Board remuneration policy.

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
2 Revision background

ING Group’s existing Executive Board remuneration policy has been in place since 2010, with legal amendments adopted in 2011 (regulation change), 2014 (pension adjustment), 2015 (reduction of maximum variable pay to 20%) and 2017 (extension of deferral of variable remuneration to five years). In line with Dutch Act implementing SRD II, the Supervisory Board will present the proposed Executive Board remuneration policy to shareholders at ING Group’s 2020 Annual General Meeting (AGM) for adoption. Once adopted by the General Meeting, the new Executive Board remuneration policy will be effective retroactively from 1 January 2020 until the 2024 AGM at the latest. The new policy will, once adopted, be disclosed in full on ING’s corporate website. Details on the new Executive Board remuneration outcomes will be disclosed each year in ING Group’s Annual Report.

2.1 Policy changes and derogation

If policy changes are proposed, a revised version of the new Executive Board remuneration policy will be submitted for adoption by the General Meeting before it becomes effective. Any new proposal will describe and explain all significant changes, as well as how it takes into account the views of stakeholders since the most recent vote on the remuneration policy. This includes shareholder discussions and votes that have taken place at AGMs since adoption of this remuneration policy.

In exceptional circumstances the Supervisory Board may decide to temporarily derogate from any provision of the new Executive Board remuneration policy, always within the statutory limits and ultimately until a new remuneration policy is adopted by the General Meeting. Exceptional circumstances only cover situations in which a derogation is necessary to serve the long-term interests and sustainability of ING as a whole, or to assure its viability. In the event of a derogation the Supervisory Board will report the derogation to the next AGM and, if applicable, will propose changes to the policy.

2.2 Summary of proposed changes

The following policy changes are proposed to the existing policy:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Proposed change</th>
<th>Ref.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of Shareholder Rights Directive II requirements in the Netherlands</td>
<td>The new remuneration policy is extended to comply with the disclosure requirements of the Dutch Act implementing SRD II. In addition other regulatory (disclosure) requirements are embedded in this policy as well.</td>
<td>full policy</td>
</tr>
<tr>
<td>Replacement of peer group</td>
<td>Changing the benchmark from the EURO STOXX 50 index to a group based on five guiding principles, reflecting ING’s current profile. The peer group will be disclosed annually in our Annual Report retroactively.</td>
<td>4.1</td>
</tr>
<tr>
<td>Base salary</td>
<td>Adopting factors to consider when setting base salary, linking potential increases to public indexation reference points</td>
<td>4.2</td>
</tr>
<tr>
<td>Performance measures</td>
<td>100% group measures for the CEO and CFO. 25% group measures and 75% functional measures for the CRO.</td>
<td>4.4</td>
</tr>
<tr>
<td>Performance assessment and variable remuneration awards</td>
<td>Performance measures aligned with ING’s variable remuneration calculations. 50% financial and 50% non-financial measures. Each performance measure is weighted totalling to 100%. Outcomes for each quantitative performance measure assessed on a linear scale ranging</td>
<td>4.4</td>
</tr>
</tbody>
</table>

* For more information, please see the following website: [https://www.eerstekamer.nl/behandeling/20191126/publicatie_wet_4/document3?f=/vl3we6awq0vi.pdf](https://www.eerstekamer.nl/behandeling/20191126/publicatie_wet_4/document3?f=/vl3we6awq0vi.pdf).

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
from threshold, target to maximum. Outcomes for qualitative performance measures assessed using a standard 1-3 rating scale. More detailed information will be disclosed retrospectively in the remuneration report.

<table>
<thead>
<tr>
<th>Leaver treatment during year</th>
<th>Pro-rata variable remuneration approach in case of termination.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment</td>
<td>The new remuneration policy is extended with a paragraph around recruitment.</td>
</tr>
</tbody>
</table>

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
3 Governance

The Supervisory Board is responsible for designing the Executive Board remuneration policy, proposing the policy to the General Meeting for adoption and implementing and evaluating the adopted policy, including determining the remuneration and other terms and conditions of appointment of the Executive Board members.

The Remuneration Committee of the Supervisory Board is responsible for preparing policy proposals for the Supervisory Board. The Supervisory Board receives input and support from the other Supervisory Board committees, such as the Risk Committee and the Audit Committee.

ING Group has a two-tier board structure consisting of the Executive Board and the Supervisory Board. The Supervisory Board acts independently of the Executive Board and therefore no conflicts of interest should arise.

The Executive Board members are requested to attend meetings of the Supervisory Board and Remuneration Committee, unless the Supervisory Board indicates otherwise. Supervisory Board and Remuneration Committee meetings regularly include parts at which only members of the Supervisory Board are present to avoid conflicts of interest. For this reason Executive Board members are not involved in decisions or present at discussions regarding their own remuneration.

3.1 Periodic review

The Supervisory Board and the Remuneration Committee are responsible for reviewing the Executive Board remuneration policy at least annually, taking into account regulatory requirements, stakeholder views, ING’s benchmark position, internal pay ratios and whether policy incentives have considered risk, capital, liquidity and the likelihood and timing of earnings.

Following the periodic review, the Supervisory Board can propose amendments to the Executive Board remuneration policy. The amended policy will be submitted to the General Meeting for adoption. In the event of significant changes a broad group of stakeholders will be consulted. In the case of no amendments, the policy will be submitted to the General Meeting for adoption every four years.

The Risk Committee will, at least, annually review the remuneration policy and may recommend actions to be taken by the Supervisory Board regarding the establishment of a sound Executive Board remuneration policy without prejudice to the tasks of the Remuneration Committee.

3.2 Implementation

The Remuneration Committee annually prepares proposals for the Supervisory Board regarding the remuneration of the individual Executive Board members, including actual fixed remuneration and performance criteria for variable remuneration, all in line with the applicable policy. When appropriate, input and support is obtained from the other Supervisory Board committees and ING staff departments. In line with the Dutch Corporate Governance Code, the views of individual Executive Board members regarding their own remuneration are taken into account. The Supervisory Board subsequently determines the actual fixed remuneration (forward looking), and variable remuneration (backward looking) to be paid to the Executive Board members.

---

1 Actual information on the composition of the Remuneration Committee and other Supervisory Board committees is available from the Corporate Governance section of ING.com: [https://www.ing.com/About-us/Corporate-governance/Supervisory-Board/Members.htm](https://www.ing.com/About-us/Corporate-governance/Supervisory-Board/Members.htm)

2 See Best Practice 3.2.2 of the Dutch Corporate Governance Code – Management Board members’ view on their own remuneration.

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
4 Remuneration components

This chapter describes the key components of Executive Board remuneration. The annual base salary is set at a level that allows ING to attract, engage and retain qualified and expert leaders needed to drive long-term value creation for ING and its stakeholders. Variable remuneration reflects performance that is consistent with ING’s strategy as measured against annual financial, non-financial and risk objectives, and is capped at 20% of base salary, in line with Dutch regulations. This cap also has an effect on other components that can be considered variable remuneration (e.g. buy-out arrangements). Executive Board members participate in the same collective ING pension scheme and receive the same proportion of savings allowance as other ING employees in the Netherlands. Other benefits are set at levels that are market competitive. The various elements are described in detail in the following pages.

4.1 Market perspective

In line with the Dutch Banking Code, ING aims for the total direct compensation of members of the Executive Board to be below the median when benchmarked against comparable positions inside and outside the financial industry, taking into account the relevant international context. The Supervisory Board reviews the level of the Executive Board remuneration as often as appropriate, but at least every four years.

Since 2010, ING has used the EURO STOXX 50 index as a peer group. This was considered to be simple and transparent, with an externally selected peer group consisting of companies broadly comparable in terms of size, complexity and international scope. However, in recent years stakeholders have expressed discomfort with the use of this peer group. It does not take into account the specifics of ING (size, governance, country) and factors such as relevant talent markets. This type of benchmark is also unusual compared to the approach taken by peers.

Based on the above and on input gathered from various stakeholders, the Supervisory Board has chosen to change the benchmark to a smaller peer group based on five guiding principles: geography, relevant talent market, size, governance framework and a balancing factor. This approach is in line with Dutch regulations.

The new benchmark is more fitting to ING, incorporating relevant companies rather than an index proxy. Rules and regulations prescribe a mix of comparable relevant Dutch and relevant European financial and non-financial institutions. Given the very different pay structures in the UK and Switzerland we have excluded those institutions from our benchmark. Smaller companies and financial institutions active only in one or two countries were also excluded as they are not comparable in terms of scope and complexity.

With regards to the relevant market for talent, ING increasingly competes with players across sectors and industries for the services of employees. Therefore not only traditional banking competitors are included in the benchmark, but also companies from other industries. This also aligns with the stipulation in the Banking Code.

Size is a significant factor in the dynamics and complexity of a company. Therefore it is important to include companies in the peer group that are broadly comparable in terms of size and complexity. For

---

7 For more information, please see the Corporate Governance section of ING.com: https://www.ing.com/about-us/corporate-governance/dutch-banking-code.htm
8 'Total direct compensation' refers to the sum of fixed base salary and variable remuneration and excludes pension arrangements and other benefits such as allowances.
9 The EURO STOXX 50 is an index of blue-chip stock based in the eurozone, compiled by Stoxx Limited. As of 2019, the annually reviewed index is composed of 50 stocks from 11 eurozone countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The index is composed of the 19 regional super-sector indices based on free-float market capitalisation. Since the adoption by ING of this index as peer group in 2010 ING Group has continuously been a member of the index.

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
this, possible peer group companies were assessed on the metrics of market capitalisation (where applicable), number of employees and revenue. Companies considered were in the range of a quarter of the size of ING up to four times the size of ING for general industry peers. For Western European financial services peers, this ranged from a third of the size of ING up to three times the size of ING.

The Supervisory Board also sees the applicable governance framework for the company as a relevant factor. ING is a stock listed company subject to the Dutch financial services regulatory framework, operating within the Dutch stakeholder environment. Therefore the peer group selection is aligned with the Dutch stakeholder environment and/or a financial services regulatory framework.

As a final factor, the Supervisory Board looks at the balance of the peer group, ensuring it keeps sight of relevant peer companies that do not sufficiently match other criteria. This resulted in the inclusion of a number of relevant Dutch peer companies.

The Supervisory Board intends to keep the peer group as stable as possible. Each year the appropriateness of the selected companies will be assessed against the guiding principles, which will not change. The peer group constituents will be reported in the Annual Report.

To summarise the above, the following peer group guiding principles apply:

<table>
<thead>
<tr>
<th>Geography</th>
<th>ING is headquartered in the Netherlands, but has an international profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Talent market</td>
<td>ING is increasingly experiencing a cross-pollination of talent across sectors/industries, not limited to traditional banking competitors</td>
</tr>
<tr>
<td>Size</td>
<td>ING acknowledges the importance of including companies that are broadly comparable in terms of size and complexity</td>
</tr>
<tr>
<td>Governance framework</td>
<td>ING is subject to the Dutch (financial services) regulatory framework and operates within a Dutch stakeholder environment</td>
</tr>
<tr>
<td>Balancing</td>
<td>ING acknowledges the importance of not losing sight of relevant peer companies that do not match on the other criteria</td>
</tr>
</tbody>
</table>

In light of the principles of the Dutch Banking Code, stipulating that total direct remuneration of the Executive Board is below the median of a relevant peer group, the company will report annually on the relevant median remuneration in the peer group for Executive Board members. Based on calculations by Willis Towers Watson on available 2018 remuneration data, the remuneration of ING Executive Board members is below the median total direct compensation of the proposed peer group.

**4.2 Base salary**

The individual base salaries are set according to the role, responsibilities and experience of each Executive Board member with reference to market practice. The below factors are given consideration in determining base salaries:

- the individual’s level of skill and performance;
- ING’s business performance, and market conditions;
- internal pay ratios\(^{10}\) and salary increases for other employees within ING;
- remuneration level at the external peer group (see 4.1);
- public indexation reference points (e.g. consumer price index); and
- stakeholder views.

The Remuneration Committee reviews the individual base salaries of the Executive Board members each year and advises the Supervisory Board on this. Potential future salary increases take into account the factors highlighted above. The Supervisory Board will pro-actively report the base salary.

---

\(^{10}\) In line with Best Practice 3.4.1.iv of the Dutch Corporate Governance Code – Remuneration report – ING discloses in the Remuneration Report within the Annual Report the internal pay ratio, comparing total direct compensation of the CEO and other Executive Board members to the average total direct compensation of all ING employees worldwide.

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
development in the Annual Report. If any significant changes to Executive Board base salaries are to be proposed, a stakeholder consultation will be carried out.

4.3 Variable remuneration
To drive and reward performance the Executive Board is eligible for annual variable remuneration, in accordance with the applicable regulatory requirements. The amount of variable remuneration is based on actual performance as measured against agreed financial, non-financial and risk objectives that are consistent with ING’s strategy and align with the long-term interests of stakeholders.

Any variable remuneration awarded to Executive Board members is fully paid in ING Group shares. In combination with long-term deferral and holding requirements, this ensures alignment with ING’s strategy, long-term value creation and sustainability goals, and with long-term stakeholder interests. For this reason ING does not operate separate short- and long-term incentive plans but rather one plan that has many characteristics of a long-term incentive plan.

The amount of variable remuneration awarded to the Executive Board members can range from 0% to 20% of annual base salary. If the applicable performance criteria are met, variable remuneration valued at 16% of base salary will be awarded. If applicable performance criteria are exceeded, the variable remuneration can be increased to maximum of 20% of base salary. If applicable performance criteria are not met, the variable remuneration will be decreased accordingly, potentially down to zero. The number of ING Group shares awarded is based on the average ING share price on the day on which the year-end results are published.

Risk requirements
To mitigate risk relating to variable remuneration, the Risk Committee carries out pre-award and post-award risk assessments of variable remuneration. These assessments may result in a downward adjustment of the variable remuneration at the discretion of the Supervisory Board. The Supervisory Board can also adjust the amount of variable remuneration to an appropriate level if payment of the variable remuneration would be unacceptable according to the standards of reasonableness and fairness.

Pre-award risk assessment
In line with regulations, the Supervisory Board annually reviews group performance against regulatory requirements. Executive Board members are only eligible for consideration for awarding variable remuneration if the company performance meets certain hurdles on the following risk conditions:

- Prudential risk - Common Equity Tier 1 (SREP)
- Performance risk - Return on Equity (IFRS)

If these two hurdles are met, additional potential downward risk adjustments are reviewed. These financial and non-financial risks are aligned with ING’s Risk Appetite Statement (RAS) framework as shared with the regulators. The current framework measures performance against:

- Common Equity Tier 1 (CET1),
- Liquidity Coverage Ratio (LCR), and
- Non-financial risk dashboard

In addition to the above, operational control measures and targets will be used to assess the performance of Executive Board members. Failure to meet expected standards may result in a downward adjustment of variable remuneration.

At the time of the implementation of this policy the statutory allowed maximum variable remuneration is 20% of annual fixed remuneration (Article 1:121 Dutch Act on Financial Supervision).

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
Deferral, vesting and holding

Of any awarded variable remuneration, 40% (fully paid in shares) is paid upfront\(^{12}\) (immediately after awarding, not deferred) and 60% is deferred (remaining and subject to ex-post risk assessment\(^{13}\)).

The deferred variable remuneration has a minimum deferral period of five years, with pro rata tiered vesting. This means that in principle one fifth of the total award vests each year, with the first portion vesting one year after the award date. Actual vesting is subject to the provisions of the plan rules, including employment and the holdback and clawback provisions (as explained below). The Supervisory Board has the discretion to defer the vesting of a portion of the awarded variable remuneration if the Executive Board member is subject to an internal or external investigation.

In line with applicable regulations\(^{14}\) Executive Board members must hold all variable remuneration paid in shares for at least five years from the award date. This means that for shares that have been awarded upfront, a holding period of five years applies. After vesting the Executive Board members are not allowed to sell their shares for at least another year. During the deferral and holding periods the share price may fluctuate. This alignment with company results shows the long-term focus of the variable remuneration approach for senior management, including Executive Board members. During the holding period, Executive Board members are only allowed to sell part of their vested shares on the date of vesting to pay the corresponding tax (sell to cover).

Outstanding deferred variable remuneration awards granted in prior years will continue to form part of the remuneration policy until vesting.

---

\(^{12}\) The term ‘upfront’ is here used in the definition as in the EBA Guidelines on Sound Remuneration Policies, meaning: “payments which are made immediately after the accrual period and which are not deferred.”

\(^{13}\) In determining whether to apply holdback and/or claw back, and the extent of such application, the factors to be considered include but are not limited to: the specifics of the event, the magnitude of any loss, economic or reputational damage, the direct or indirect involvement of the individual in the action or transaction, the length of time that has passed since the action or transaction, other factors, such as changes in law or the economy.


Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.

Post-award risk assessment (holdback and clawback)
All variable remuneration is subject to holdback (downward adjustment of unvested awards) and/or clawback (reclaim of already vested awards) at the discretion of the Supervisory Board and to the extent permitted by law. In applying possible holdback and clawback the Supervisory Board receives input and support from the relevant Supervisory Board committees, such as the Remuneration Committee, the Risk Committee and the Audit Committee.

A holdback can be applied – and must be applied in some regulatory prescribed cases – to unvested deferred variable remuneration awards in specific circumstances as mentioned in various regulations.

The Supervisory Board also has the authority to reclaim variable remuneration in whole or in part (clawback) if the payment was made on the basis of incorrect information about the achievement of the goals underlying the variable remuneration, or about the circumstances on which the variable remuneration was paid.

For more information, please see the following website:
remuneration was dependent. A clawback can be applied – and in some regulatory prescribed cases must be applied – to vested or paid variable remuneration in specific circumstances as mentioned in various regulations.

4.4 Performance measurement for variable remuneration

At the beginning of each performance year, the Supervisory Board determines the performance measures applicable for determining variable remuneration for that year. These include predetermined financial and non-financial objectives for the group, the business lines and/or individuals. The applicable performance measures are based on ING’s strategy and priorities for the financial year, aiming to drive sustainable outcomes for ING, including financial returns that correspond to shareholder returns in the short and longer term. At least 50% of possible variable remuneration is based on non-financial performance criteria. The CEO and CFO will have their applicable performance measures fully based on group performance. The CRO’s performance will for 25% be assessed on group performance and for 75% on individual functional objectives.

There are several formal events throughout the yearly performance cycle: e.g. target setting, mid-year review and year-end evaluation. Individual performance conversations focus on both the ‘what’ and ‘how’ of performance. At the beginning of the performance year each performance measure is weighted up to a total of 100%.

Group financial performance measures are set to be stretching but achievable and are aligned to enhance shareholder value. Financial performance measures typically include:

- profit-based (e.g. Profit Before Tax);
- return-based (e.g. RoE - RWA).

Group non-financial performance measures typically include:

- Customer – (e.g. Primary customer growth);
- People – (e.g. Organisational Health Index survey);
- Strategy – (e.g. accelerating Think Forward);
- Sustainability – (e.g. Terra approach).

After the performance year, the Supervisory Board reviews performance on the applicable criteria and determines the appropriate variable remuneration amount to be awarded, using input and support from the other Supervisory Board committees, such as the Risk Committee and the Audit Committee. The outcomes for each quantitative performance measure are assessed on a linear scale ranging from threshold, target to maximum. The outcomes for qualitative performance measures are assessed using a standard 1-3 rating scale.

Both actual individual performance measures and the actual outcome of the review of the performance measures are disclosed retrospectively in the remuneration report. The Supervisory Board is of the opinion that the performance measures for the variable remuneration are commercially sensitive and that it would be detrimental to ING to disclose target details at the start of the relevant performance year. We will disclose in accordance with the disclosure requirements under the Dutch Act implementing SRD II.

The Supervisory Board, in its sole discretion, may amend the performance measures to reflect significant one-off items or in exceptional circumstances if it considers it appropriate to do so. If any amendments are made, this will be disclosed in the Annual Report of the following year on which shareholders will have an advisory vote.

The Orange Code is explicitly embedded in the performance management approach and assessment. Following the overall performance assessment and risk tests, there is an Orange Code assessment of the Executive Board member. This may result in an adjustment of the variable remuneration at the discretion of the Supervisory Board.

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
4.5 Pension
Executive Board members participate in ING’s general collective defined contribution (CDC) pension plan in the same way as all employees working in the Netherlands, who do not have a supplementary pension scheme. Every year the pension fund determines the pension contribution. Similar to all participants in the Dutch CDC pension plan who earn a salary above the maximum allowed pensionable salary, the Executive Board members are compensated for the lack of pension accrual by means of a monthly individual savings allowance. This is determined annually based on the collective labour agreement (not at the discretion of the Supervisory Board).

4.6 Benefits
Executive Board members are eligible for benefits at a level that the Supervisory Board considers appropriate in the context of the executive’s role, specific individual circumstances and benefits offered to the wider workforce and in comparable roles in ING’s peer group. Benefits include the use of a company car, reimbursement of costs related to travel and accident insurance, and reimbursement of costs associated with relocation, housing and schooling should ING ask the Executive Board member to relocate. The value of the benefit may fluctuate depending on, among other things, personal situation and insurance premiums. Tax advice and financial support are provided by ING to ensure compliance with various local rules and regulations. Applicable benefits, including the according monetary value (in euros) on a person-by-person basis are disclosed in the Annual Report.

16 The individual members of the Executive Board receive other emoluments, including savings allowances for the loss of pension benefits for salary above EUR 110,111 for 2020.

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group's 2020 Annual General Meeting for adoption.
5 Contractual arrangements

5.1 Tenure
Members of the Executive Board are appointed by the General Meeting for a maximum period of four years. The appointment may be renewed subject to re-election by shareholders (and in line with ING Group's Articles of Association and applicable rules and regulations).

The contractual relationship between members of the Executive Board and ING Group is governed by commission contracts. These contracts are entered into for an indefinite period of time, with the option for ING Group to terminate the contract if there is no reappointment by the General Meeting, or if membership of the Executive Board is terminated. There is a notice period of three months for the Executive Board member and six months for ING Group. During the notice period the Executive Board member in principle continues to work and remains eligible for continuation of all agreed remuneration components.

5.2 Termination
In principle, in the event of an involuntary exit, the Executive Board member is eligible for a severance payment. If termination of the contract is based on mutual agreement, the Executive Board member is also eligible for severance payment. The arrangements are subject to legal requirements, including being limited to a maximum of one year of fixed base salary and under the condition that there should be no reward for failure17.

If an Executive Board member departs after at least nine months of service, a pro-rated variable remuneration is usually awarded for that performance year. This is based on actual performance following a performance assessment and the variable remuneration process, which is conducted in full compliance with applicable legislation and all relevant regulatory requirements. If the member departs without serving at least nine months, no award is paid. However, if the reason for departure includes death, disability, ill health, injury, redundancy, retirement, business divestiture or any other scenario that the Supervisory Board determines justifies good leaver treatment, then variable remuneration can be awarded, calculated on the basis of the time period worked during the year and the performance of both ING and the individual. Any payments will be made in accordance with the normal time horizons, including the normal deferral and holding conditions. The Supervisory Board has discretion to determine an earlier payment date, for example on death.

If an Executive Board member departs voluntarily or in circumstances involving fraud, gross negligence, wilful misconduct or any activity detrimental to ING, no severance payment or award of variable remuneration over the performance year will be made.

The treatment applied to unvested variable remuneration awards upon termination will depend on the circumstances under which the Executive Board member departs as set out in the rules of the relevant plan under which the deferred variable remuneration awards were granted. Under the ING Long Term Sustainable Performance Plan (LSPP), in force at the time of adoption of this new policy, the following treatments apply:

- Voluntary resignation, or dismissal due to fraud, gross negligence, wilful misconduct or any activity detrimental to ING: all awards lapse.
- Disability, injury or (early) retirement: awards continue to vest upon original vesting date(s).
- Death: awards deemed to have vested on the day of death (accelerated vesting); payment in cash.
- Redundancy: awards continue to vest upon original vesting date(s).

17 For more information, please see the Corporate Governance section of ING.com: https://www.ing.com/about-us/corporate-governance/dutch-banking-code.htm and see Best Practice 3.2.3 of the Dutch Corporate Governance Code – Severance payments.

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group's 2020 Annual General Meeting for adoption.
• Business divestiture in the course of normal business: awards continue to vest upon original vesting date(s).

Except in the case of gross misconduct or voluntary resignation, ING will typically make a reasonable contribution towards costs incurred by the Executive Board member in connection with the termination. This includes for legal fees, tax advice, outplacement support and repatriation costs, all as deemed reasonable by the Supervisory Board. ING may pay the Executive Board member’s tax on these particular costs.

5.3 Recruitment approach
The Supervisory Board’s approach to remuneration when recruiting new Executive Board members is to pay no more than is necessary to attract the best candidates to the role. The remuneration of new Executive Board members will be determined in line with the new Executive Board remuneration policy and with ING’s values.

In addition to this, a one-off sign on payment or a buy-out payment in line with the regulatory requirements may be granted to a new Executive Board member in the first year of service at the discretion of the Supervisory Board as an incentive to join ING. The Supervisory Board will minimise these payments and ensure they are compliant with regulatory requirements.

Grandfathering
The Supervisory Board will respect any agreements made between ING and Executive Board members if these comply with applicable rules and regulations and the terms were agreed prior to the adoption of the new Executive Board remuneration policy at the 2020 AGM, or if these agreements were agreed before the individual became a member of the Executive Board and the payment or award of remuneration was not made in respect of joining the Executive Board.

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.
6 Glossary

<table>
<thead>
<tr>
<th><strong>Annual General Meeting</strong></th>
<th>The Annual General Meeting of shareholders of ING Group.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>award</strong></td>
<td>The granting of variable remuneration for a specific accrual period, independently of the actual point in time where the awarded amount is paid.</td>
</tr>
<tr>
<td><strong>clawback</strong></td>
<td>An arrangement under which the Executive Board member has to return an amount of variable remuneration paid in the past or which has already vested to the institution under certain conditions.</td>
</tr>
<tr>
<td><strong>deferral period</strong></td>
<td>The period of time between the award and the vesting of the variable remuneration during which Executive Board member is not the legal owner of the remuneration awarded.</td>
</tr>
<tr>
<td><strong>Dutch Banking Code</strong></td>
<td>The Banking Code as adopted by the Dutch Banking Association, which entered into force on 1 January 2015.</td>
</tr>
<tr>
<td><strong>Dutch Corporate Governance Code</strong></td>
<td>The Dutch Corporate Governance Code, as adopted by the Corporate Governance Code Monitoring Committee on 8 December 2016, and which entered into force for the bookyear, starting as of 1 January 2017.</td>
</tr>
<tr>
<td><strong>Executive Board</strong></td>
<td>The Executive Board of ING Group.</td>
</tr>
<tr>
<td><strong>General Meeting</strong></td>
<td>The general meeting of ING Group.</td>
</tr>
<tr>
<td><strong>holding period</strong></td>
<td>The period in which shares have been vested and therefore became unconditional (i.e. no longer subject to holdback), but cannot be sold with the exception of the part that can be sold to pay the corresponding tax (sell to cover).</td>
</tr>
<tr>
<td><strong>ING</strong></td>
<td>ING Group and all its subsidiaries within the meaning of section 2:24a Dutch Civil Code.</td>
</tr>
<tr>
<td><strong>ING Group</strong></td>
<td>ING Groep N.V..</td>
</tr>
<tr>
<td><strong>shareholders</strong></td>
<td>The holders of shares issued by ING Group as well as the holders of securities reflecting the economic interest in such shares, provided that these are issued with the co-operation of ING Group.</td>
</tr>
<tr>
<td><strong>Supervisory Board</strong></td>
<td>The Supervisory Board of ING Group.</td>
</tr>
<tr>
<td><strong>vesting</strong></td>
<td>The effect by which the Executive Board member becomes the legal owner of the variable remuneration awarded.</td>
</tr>
</tbody>
</table>

Note: the Executive Board Remuneration Policy will be proposed to shareholders at ING Group’s 2020 Annual General Meeting for adoption.