



# ING Groep N.V. Remuneration Policy Supervisory Board

**March 2020**

# Index

<b>1</b>	<b>Introduction</b>	<b>3</b>
<b>2</b>	<b>Revision background</b>	<b>4</b>
2.1	Policy changes and derogation	4
2.2	Summary of proposed changes	4
<b>3</b>	<b>Governance</b>	<b>5</b>
3.1	Determination	5
3.2	Conflict of interest	5
3.3	Periodic review	5
3.4	Implementation	5
<b>4</b>	<b>Remuneration components</b>	<b>6</b>
4.1	Market perspective	6
4.2	Fees	6
4.3	Expenses	7
<b>5</b>	<b>Contract information</b>	<b>8</b>
5.1	Appointment and re-appointment	8
5.2	Termination provisions	8
5.3	Grandfathering	8
<b>6</b>	<b>Glossary</b>	<b>9</b>

# 1 Introduction

The Supervisory Board of ING Group is responsible for controlling performance and advising the Executive Board.

It is important that ING is able to attract Supervisory Board members with the ability, experience, skills, values and behaviours to deliver on the company's strategy and goals and support ING's purpose. The Supervisory Board strives to have a diverse composition with regards to gender, ethnicity, nationality and generation.

The Supervisory Board remuneration policy aims to:

- Be clear and easy
- Have remuneration levels in line with peers
- Enable ING to attract qualified (inter)national Supervisory Board members
- Align remuneration with responsibilities and time spent

The Supervisory Board will present the proposed Supervisory Board remuneration policy to shareholders at the 2020 Annual General Meeting (AGM) for adoption. Compared to the policy approved at the AGM on 25 April 2016, there are no significant changes except that the Supervisory Board remuneration has been benchmarked against a new reference market and that the new policy is extended to include all disclosure requirements pursuant to the Dutch Act implementing Shareholder Rights Directive II (SRD II)<sup>1</sup>. Once adopted by the General Meeting the new Supervisory Board remuneration policy will be effective retroactively from 1 January 2020 until the 2024 AGM at the latest. If policy changes are proposed, the revised Supervisory Board remuneration policy will be submitted to the General Meeting for adoption before becoming effective.

The new Supervisory Board remuneration policy will, once adopted, be disclosed in full on ING's corporate website. Furthermore, the Supervisory Board fees are disclosed in ING Group's Annual Report.

<sup>1</sup> The existing remuneration policy can be found on page 150 of the ING 2019 Annual Report.

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

## 2 Revision background

### 2.1 Policy changes and derogation

If policy changes are proposed, a revised version of the new Supervisory 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 AGM since adoption of this remuneration policy.

In exceptional circumstances the Supervisory Board may decide to temporarily derogate from any provision of the new Supervisory 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 applicable policy.

### 2.2 Summary of proposed changes

The following policy changes are proposed compared to the existing policy:

Subject	Proposed change	Reference
Implementation of Shareholder Rights Directive II requirements in the Netherlands	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.	All paragraphs
Replacement of peer group	Changing the benchmark 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.	Paragraph 4.1

## 3 Governance

### 3.1 Determination

The Supervisory Board is responsible for (i) designing the Supervisory Board remuneration policy and proposing the policy for adoption to the General Meeting; and (ii) implementing and evaluating the adopted policy. The General Meeting is responsible for determining the remuneration and other terms and conditions of appointment of the Supervisory Board members. We refer to the Supervisory Board charter available on ING's company website for more detail<sup>2</sup>.

The Remuneration Committee of the Supervisory Board is responsible for submitting a clear and understandable proposal to the Supervisory Board concerning the Supervisory Board remuneration policy. In the performance of this task the Remuneration Committee receives input and support from the other Supervisory Board committees, such as the Risk Committee and the Audit Committee.

### 3.2 Conflict of interest

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. Furthermore, the way in which Supervisory Board members are rewarded – non-performance based remuneration fully in cash – strengthens the principle that Supervisory Board members can provide independent, objective stewardship of ING.

### 3.3 Periodic review

The Remuneration Committee is responsible for annually reviewing the Supervisory Board remuneration policy and making recommendations to the Supervisory Board on amendments to the Supervisory Board remuneration policy. By doing this at least the following is taken into account:

- ING's benchmark position;
- stakeholders' views on remuneration; and
- regulatory requirements.

The Supervisory Board periodically reviews the Supervisory Board remuneration policy. Following the periodic review, the Supervisory Board can propose amendments to the Supervisory Board remuneration policy to the General Meeting for adoption. In the event 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 and may recommend any actions to be taken by the Supervisory Board regarding the establishment of a sound Supervisory Board remuneration policy without prejudice to the tasks of the Remuneration Committee.

### 3.4 Implementation

The Supervisory Board is responsible for implementing the adopted policy.

<sup>2</sup> See the Corporate Governance section of ING.com - <https://www.ing.com/About-us/Corporate-governance/Supervisory-Board/Charter-and-profile.htm>

## 4 Remuneration components

### 4.1 Market perspective

As often as appropriate, but at least every four years, the total fees of Supervisory Board members will be reviewed against comparable positions in the market. For this process the Supervisory Board uses an updated benchmark, similar to the benchmark proposed for the Executive Board<sup>3</sup>, as determined from time to time by the Supervisory Board. The benchmark is based on the following peer group guiding principles:

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

The benchmark takes into account the specifics of ING (size, governance, location of headquarters), and factors such as relevant talent markets. In the benchmark exercise ING's position is for Supervisory Board member's fees to be below the median. The peer group will be disclosed annually in our Annual Report.

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.

### 4.2 Fees

Supervisory Board members receive fees for their service on the Supervisory Board as set out in the remuneration structure table below. The remuneration structure reflects the roles and responsibilities of individual Supervisory Board members.

Differentiation of fee levels is based on:

- (1) the role the relevant Supervisory Board member fulfills
- (2) complexity and time commitment per committee
- (3) country of residence in order to compensate for travel time to attend the meetings in person

<sup>3</sup> For a detailed description of the Executive Board remuneration peer group, see the Executive Board Remuneration Policy as proposed for adoption at the 2020 AGM.

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

### Supervisory Board remuneration structure

<b>Annual remuneration</b>	Amount in euros
Chairman Supervisory Board	125,000
Vice-chairman Supervisory Board	95,000
Supervisory Board member	70,000
<b>Committee fees</b> (annual amounts)	
Chairman committee	20,000
Member committee	10,000
<b>Attendance fees</b> (per meeting)	
Attendance fee outside country of residence	2,000
Attendance fee outside continent of residence	7,500

All fees are paid out fully in cash. No variable remuneration is provided to ensure that the Supervisory Board members can maintain independence. The Supervisory Board members are not eligible for retirement benefits nor any other benefits in relation to their position on the Supervisory Board.

### 4.3 Expenses

Supervisory Board members are reimbursed for their travel and business related expenses incurred in their capacity as a Supervisory Board member.

## 5 Contract information

### 5.1 Appointment and re-appointment

Supervisory Board members are appointed by the General Meeting. They are appointed for a standard term of four years and may be reappointed once for another four-year period. Supervisory Board members may subsequently be reappointed again for a period of two years, which appointment may be extended by at most two years. A reappointment after an eight-year period is explained in the report of the Supervisory Board. In any appointment or reappointment, the Supervisory Board profile<sup>4</sup> should be observed.

### 5.2 Termination provisions

The Supervisory Board members do not have a notice period and no compensation is paid in the event of termination of appointment, other than standard fees payable for the period served up to the termination date.

### 5.3 Grandfathering

The Supervisory Board will respect any agreements made between ING Group and the Supervisory Board members, if this complies with applicable rules and regulations and the terms were agreed prior to the implementation of the new Supervisory Board remuneration policy at the 2020 AGM.

<sup>4</sup> See the Corporate Governance section of ING.com - <https://www.ing.com/About-us/Corporate-governance/Supervisory-Board/Charter-and-profile.htm>

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



## 6 Glossary

<b>Annual General Meeting</b>	The Annual General Meeting of shareholders of ING Group.
<b>Executive Board</b>	The Executive Board of ING Group.
<b>General Meeting</b>	The general meeting of ING Group.
<b>ING</b>	ING Group and all its subsidiaries within the meaning of section 2:24a Dutch Civil Code.
<b>ING Group</b>	ING Groep N.V.
<b>Shareholder Rights Directive II</b>	Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.
<b>Supervisory Board</b>	The Supervisory Board of ING Group.