

ING non-financial data reporting protocol 2015 - summary

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1. Introduction

Through our integrated annual report, we aim to tell the overall story of our organization in a manner that allows all our stakeholders to assess the ability of our organization to create and sustain value in the short, medium and long-term.

A balanced integrated report contains information on our economic performance as well as on the impact of our organization on society and the environment. A value creation model and material sustainability topics are therefore included in the integrated report. The non-financial appendix contains more details on certain sustainability related topics, and is published especially for a specific target audience of raters and sustainability analysts.

This non-financial data reporting protocol describes the non-financial or sustainability related data that is published either in the integrated report or in the enclosed appendix. It gives the definitions of different performance indicators and describes how data is gathered. In this way, we aim to ensure consistent, accurate, complete and balanced reporting over the years. In chapter 2 of this protocol, we describe the reporting guidelines we adhere to as well as data gathering processes. Chapters 3-7 contain the guidelines, definitions, and processes per topic/performance indicator.

2. Sustainability Reporting

2.1 Reporting guidelines

ING's integrated report, including the sustainability annex, is prepared in accordance with the RJ 4000 and the G4 Sustainability Reporting Guidelines and the Financial Services sector supplement. The content criteria provided by the guidelines (sustainability context, stakeholder inclusiveness, materiality and completeness) are integral to our reporting process.

GRI G4 guidelines (comprehensive) are used throughout for the report and the non-financial annex. In addition, specific criteria and guidelines are followed for certain performance indicators such as the Greenhouse Gas protocol for CO2 emissions and the Equator Principles III criteria for the screenings of deals. If specific criteria and guidelines are used, this is explained in chapter 3.

2.2 Reporting scope and period

The boundaries of the economic, environmental and social impact resulting from our business and operations were assessed and, as a result, we have attempted to provide a

balanced and reasonable presentation of our performance on those issues identified as material. Below you find an overview of the material topics that are included in the integrated report, we also included (per material topic) an indication which stakeholder groups are most significantly impacted:

Material topic	Most significant impact (which stakeholder group)
<u>Economic contribution</u>	
Economic performance	Shareholders
Pricing of products and services	Customers
Managing risks	ING, society
<u>Customer centricity</u>	
Innovative business developments	Customers
Customer privacy and data security	Customers
Enhancing customer financial capabilities	Customers
Stability of IT systems and platforms	Customers
Usability and accessibility of our products and services	Customers
Fair communication about our products and services	Customers
Responsible lending and debt prevention	Customers
<u>Fair operating practices</u>	
Regulatory developments	Customers, society
Anti-competitive behavior prevention	Society
Corruption prevention	Society
Sustainable finance and investment policies	Customers, society
<u>Stakeholder engagement</u>	
Transparency and openness	Society
Regaining trust	Society, customers
<u>Labour practices</u>	
Diversity and equal opportunities, preventing discrimination	ING employees
Remuneration of ING employees	ING employees, society

We can report our performance and progress on some material topics, as opposed to some material topics that are covered by policies and our governance framework. In our integrated report we included the relevant data for the first type of material topics, the data collection process is explicitly described in this reporting protocol. Doing so we aim to ensure that our annual report together with the non-financial appendix provides a concise, accurate and balanced account of ING's performance in the business units over which ING has management control. If the scope is different, for example for reasons of materiality, this is mentioned per performance indicator in chapter 3-7. The reporting period always refers to the period January 1 until the December 31 of the given year.

Retail clients, business clients, employees, investors, NGOs, supervisors and regulators are among our most important constituencies. These stakeholders are prioritized as they are most likely to be impacted by our business and operations as well as having the most influence on ING achieving its strategic goals. We are increasingly moving towards stakeholder collaboration: coming up with new ways of driving sustainable progress through a close collaboration with diverse stakeholder groups.

Please note that certain topics that are not deemed material for all our stakeholders groups (eg. our emissions and our donations to charities) are included in the report and in this protocol. These topics are relevant for very specific stakeholder groups such as sustainability professionals and NGO's, and in some cases sustainability rating agencies request us to disclose this information. Therefore we included these topics and their performance and progress in the non-financial appendix and this reporting protocol because of their importance for specific stakeholder groups.

2.3 Reporting content & materiality

In drawing up the content for the integrated annual report, we have taken into account the issues that can have a material impact on our business and operations, as well as the risks and opportunities, applicable regulations and trends. Sustainability is an ever-evolving domain where material issues change, requiring us to adapt our reporting to meet the expectations of our stakeholders. We therefore undertook a materiality analysis to guide our reporting with the aim of providing a balanced and complete picture of our performance over the reporting year.

Our materiality matrix, as published in the integrated report, is based on an extensive analysis of the issues that ING can have an impact on through its business and operations, or that might have an impact on its business strategy. The list of material issues that is included in the materiality survey is based on analysis of international guidelines like GRI and SASB, media en ING's strategy and risk assessment.

The materiality assessment consists of a stakeholder survey and an internal senior management survey, resulting in a graph with the most material issues published in the integrated annual report.

- Stakeholder survey (Y-axis). The survey was filled out by 1513 respondents in total:
 - 937 Retail clients
 - 124 Business clients
 - 410 employees
 - 36 NGO's and regulators
 - 6 investors

- Senior management survey (X-axis)
 - 68 senior managers

The outcome of this materiality analysis is shared in-depth in the "What matters most" chapter of the ING integrated report. The top 18 material issues have all been included into the content of the Integrated Report.

2.4 Reporting process and methods of data collection

Our reporting process ensures that we only disclose sustainability data that is balanced, comparable, accurate, reliable, and in line with G4 quality criteria in accordance with the comprehensive option.

All reported data is year-end data. Most data is gathered on a yearly basis, but certain data is gathered on a more regular basis, for example HR data. If this is the case, this is

mentioned in the relevant chapters per specific performance indicator. For certain performance indicators, measurements or calculations (for example extrapolation of CO₂ emissions) are made. If so, these are also explained per specific performance indicator.

Data is gathered on 5 topics: Environment, Community Investment, Customers, HR and Business related sustainability topics. Data on Environment and Community Investment is gathered through our online data management system (by Credit 360 <https://www.credit360.com/credit/site/en/home.acds>). Data is gathered from all business units over a 100 FTE for which ING has management control. For Environment, we gather data from all business units over 200 FTE, since only these business units have a material impact on our environmental footprint. If there are extra performance indicators gathered outside of this management system, but within these three topics, this is described in chapter 3-7.

Data on Human Resources is gathered from our global HR registration system. Data on sustainability-related business activities is collected through the systems of Group Finance and our Environmental and Social Risk Desk, as well as our Sustainable Lending Team and Groenbank. These data gathering processes are described in chapter 3-7 per performance indicator. Data on customers is gathered via amongst others the Global Customer Intelligence department and the Sustainability Department.

At the global sustainability department, a reporting protocol (an extensive version of this document) has been developed which is updated annually to further improve the quality of our non-financial data reporting.

3. Business performance indicators

Parameters included in the integrated report and annex include: sustainable transitions financed, microfinance, Equator Principles deals, and the credit risk portfolio per economic sector.

3.1 Sustainable transitions financed

Data on sustainable transitions financed comes from our central credit risk systems and is collected by specialized teams. This includes information on:

- Loans to renewable energy projects
Renewable projects are defined as asset-based financing where a majority (>50%) of the funds are used to finance a project/asset in the area of: wind, solar, hydro, biomass, geothermal, hydro, waste or landfill gas.
- Loans to sustainable real estate
Sustainable Real Estate projects include the financing of a sustainable building (certified with a BREEAM, LEED, HQE or DGND, or with an EPC label of C or higher)
- Loans to other sustainable projects
Support the transition to low-carbon and sustainable business models which significantly reduce greenhouse gas emissions, increase resource efficiency and/or reduce waste or pollution. The significance of the impact is measured relative to the sector and the usual business practices in that sector.
- Loans to sustainable clients

These are loans to clients which are assessed as best-in-class when compared in their sector on environmental performance. For clients that are assessed by an independent reputable data provider (Sustainalytics), typically listed and large cap companies, ING selects the top performers - based on environmental, social and governance scores - in each sector as part of its environmental outperformer lists:

Sustainalytics

Sustainalytics is a reputable sustainability assessment company that provides ING with a database of sustainability information on about 4,000 stock listed companies globally on a regular basis.

To determine which of these Parties qualify for the ESR Outcome “Sustainable”, ING processes the Sustainalytics data using the ESR assessment method below, based on the Sustainalytics Peer Group*. The companies meeting **both** criteria below should get a “Sustainable” ESR outcome:

- Companies in each Peer Group that score amongst the top 50% based on the Total ESG (Environment, Social and Governance) Rating score;
- Companies in each Peer Group that score amongst the top 25% based on the Environment score.

Note that the following companies are excluded, and therefore ineligible for the “Sustainable” ESR outcome:

- Sustainalytics “Aerospace” and “Defence” Peer Groups*;
- ESR Restricted companies.

The other companies should be able to proceed with the ESR assessment.

ING updates this list each year. For clients who are not assessed by Sustainalytics (mainly non listed clients), front office performs an ESR and sustainability check based on a set of standardized questions that are integrated into the Know Your Customer process.

- The portfolio of ING Groenbank.
The total assets on the balance sheet of ING Groenbank consists on the debit side of liquid assets and outstanding green loans, and on the credit side of equity capital and attracted savings: green saving deposits.

3.2 Microfinance Services

Microfinance: Financial services in the form of Microcredit loans extended to micro entrepreneurs. Our microfinance portfolios are documented in contractual agreements with Financial Institutions and OIKOcredit.

3.3 Equator Principles screened deals

As per 2014, Equator Principles reporting refers to closed deals. Equator Principles is a risk management framework, adopted by financial institutions, for determining, assessing and managing environmental and social risk in projects and is primarily intended to provide a minimum standard for due diligence to support responsible risk decision making. More information can be found here: <http://www.equator-principles.com/>

The principles apply to:

1. Project Finance Advisory Services where total Project capital costs are US\$10million or more.
2. Project Finance with total Project capital costs of US\$10 million or more.
3. Project-Related Corporate Loans where all four of the following criteria are met:
 - i. The majority of the loan is related to a single project over which the client has Effective Operational Control (either directly or indirectly).
 - ii. The total aggregate loan amount is at least US\$100 million.
 - iii. The EPFI's individual commitment (before syndication or sell down) is at least US\$50 million.
 - iv. The loan tenor is at least two years.

EP is embedded in our Environmental and Social Risk policy framework and EP reporting is part of our main stream systems. Data is extracted by our Environmental and Social Risk team.

3.4 Credit risk portfolio per economic sector

The credit risk portfolio: this consists of ING Bank's total outstandings, i.e. the Lending, Pre-Settlement, Money Market and Investment activities per December 31st of the reporting year. Outstandings represent the amount of credit risk outstanding that is present at the reporting date. The numbers and percentages published in the credit risk portfolio per economic sector (in the non-financial appendix) are in line with the risk data reported in our annual report risk management paragraph.

Economic sector: the economic sectors published in this table are based on Customer type classification level 1 (column 1: consumer lending, financial institutions, governments, other and corporates). From this categorization, the corporates are further broken down in line with NAICS sector classifications level 1 (column 2). NAICS sectors that form a very small part of ING's total credit risk portfolio are grouped in 'other'. These sectors are Non-Bank Financial Institutions, Unknown, Civic, Religious & Social Organizations, Private Individuals, Commercial Banks, Lower Public Administration, Central Governments and Central Banks. The credit risk portfolio per economic sector data is gathered in line with ING's credit risk policies, systems and data standards and extracted from an integrated central database.

3.5 Sustainable Assets under Management (SAUM)

SAUM (Sustainable Assets under Management); assets of clients registered at ING Bank which are defined as sustainable by ING. The Netherlands, Belgium and Luxembourg are in scope. ING offers the following categories of sustainable investments:

- Sustainable investment portfolios. These portfolios are labeled as sustainable investing. They consist of individual shares, individual bonds, investment funds and combinations of these, which have been categorized as sustainable by ING.
- Sustainable structured products, including guaranteed products (Lirics); these are ING guaranteed notes based on the ING Socially Responsible Investments Index or on the Sustainable European Low Risk Equity Index (SELRE).

- Sustainable investment funds on the Master list of the Investment Office NL, and on the Fund lists of ING Retail Banking Belgium and ING Private Banking Belgium and Luxembourg.

These products are categorized as sustainable after thorough assessment by the investment offices, on a diverse set of sustainable requirements. The definition and availability of a sustainable product can differ between the countries in which ING is active. This can be linked to local legal or regulatory reasons.

Due to the alignment of the categories of sustainable investments, the calculation methodology has changed for 2015. Due to this change the SAUM has increased with about 190 million.

3.6 Financial Empowerment interactions

Consists of all financial empowerment interactions (retail) customers, potential-customers and non-customers have with ING.

Interactions mainly focusing on a retail audience that offers them practical knowledge, insights and/or tools that enable them to make better informed decisions that improve their day-to-day finances. We classify these interactions in the following categories:

- **Content**
Informative content that educates and informs the user, enabling them to gather knowledge and/or insights that contributes to taking better financial decisions.
- **Tools & Scans**
Dynamic content that takes users through a set of questions and generates a 'personalized' advice that enables them to take better financial decisions.
- **Products & Services**
Specific propositions developed to enable, support or 'nudge' (potential-) clients in order to make a better financial decision.
- **Seminars & Direct Conversations**
Dynamic meetings in which a 2-way conversation leads to a (potential-) client taking better financial decisions.
- **Society at large**
Activities organized to reach society at large with a specific focus on children & youth with direct or indirect impact.

3.7 Feeling of financial empowerment

Consists of a representative survey in all our retail markets except Czech Republic measuring the feeling of "experienced empowerment" with clients.

Brand Image gives insights into how the ING brand is perceived by its clients. Experienced empowerment is one of the five variables used when measuring Brand Image, reflecting four dimensions of empowerment:

- Statement 1: Enables me to be in charge
- Statement 2: Enables me to feel in control of my finances

- Statement 3: Enables me to feel confident about my financial future
- Statement 4: Enables me to anticipate on important steps in my life

All statements are collected on a five-point scale. The feeling of financial empowered is calculated by taking the simple average of the top 2 boxes of these four statements, resulting in the % of clients that feel financially empowered by ING per market that ING operates in. The country population and ING market share allows for the calculation of the total number of clients that felt financially empowered by ING.

3.8 Channel Availability Service-window 2015

Systems availability concerns our online payment channels in the Netherlands and Belgium. For the channel availability metric a distinction is made between the Retail/SME channels and the Wholesale Banking channel. For Retail/SME the channels in scope of this metric are the internet banking channel and the mobile banking application. These channels are country specific (e.g. MijnING-Particulier for the Netherlands; HomeBank for Belgium). For Wholesale we measure the channel solution IBP (Inside Business Payments) offered to Wholesale Banking customers. Depending on the country/channel the data gathering process and the tooling used may differ. The total channel availability metric is an average of the scores of the 7 channels in scope.

For Retail/SME channel availability is measured for a specified time-window (service window) and based on the availability of the core functionality for the customer, meaning a customer is able to login, see the balance of current accounts and perform a payment transaction (credit transfers). The service-windows depends on local service levels.

For the Wholesale channel (IBP) the approach is the same where core functionality for a customer is being able to login and use all the payments functionality (all payment-formats and countries – signing; reporting; archiving & billing). With a service window of 7x24 excluded the planned pre-announced maintenance in the weekend.

In the Netherlands, the impact of unavailability of a system is analysed. Based on the level of impact the unavailability gets assigned a certain weight (percentage), which is multiplied by the total time of unavailability. The result of this sum is taken into account in the systems availability metric.

4. HR performance indicators

HR data is collected by the corporate HR department. The scope is internal employees (with an ING contract), including run-off entities (like Lease/Real Estate) but excluding minority stake holdings in India, China and Thailand. All HR data is year-end. The following HR indicators are published:

The following HR indicators are published:

4.1 Male/female ratio

Number of active internal female employees and the number of active internal male employees expressed as a percentage of the total active internal headcount.

4.2 Sickness rate

Total number of days absent due to sickness, injury or work-related diseases. Maternity and parental leave are not included in this number. Sickness rate is calculated in the following way: "workdays due to sickness" / "Total workdays in a year".

4.3 Maternal and parental leave

The number of female and/or male employees who took maternity and/ or parental leave.

4.4 Number/percentage of employees covered by a labor agreement

Employees that are represented by independent trade unions and/or employees covered by Collective Bargaining Agreement.

An independent trade union is an organization of employees that acts collectively to address common issues with respect to wages, hours, working conditions and other matters of interest to the workers.

A Collective Bargaining Agreement (CBA) is a written agreement resulting from negotiations between an employer and a union. It usually contains provisions on conditions of employment and the procedures to be used in setting disputes during the term of the contract. Issues covered in a CBA include: working hours, working conditions, salary, fringe benefits, and matters affecting the health and safety of employees.

4.5 Number of leavers and turnover rate

Number of internal employees that left ING in the last 12 months, both voluntary and layoffs.

4.6 Number of employees that are part of a performance management process

The number of employees with an ING contract that are part of a Performance Management process.

Performance management is defined as the process by which:

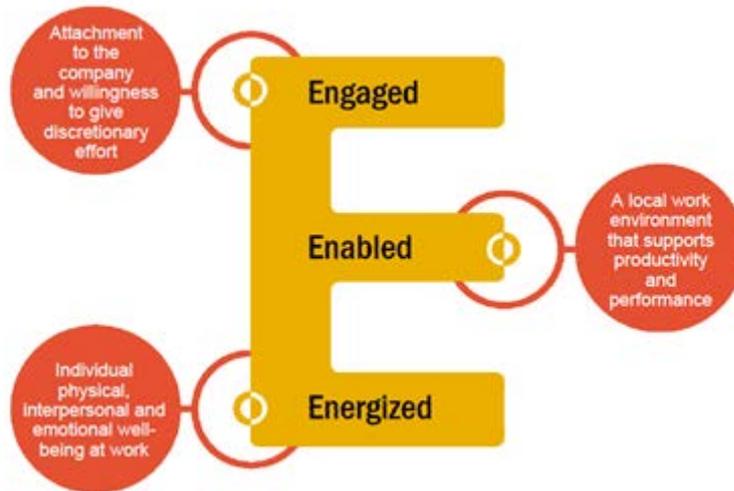
- employees agree with their managers annual performance targets which are aligned with business priorities
- managers provide clarity about the performance criteria and standards against which employees will be evaluated
- employees propose and agree with their managers a plan for their development in line with both their current role and their future career aspirations
- managers provide continuous coaching and feedback throughout the year to enable employees to be successful
- employees formally discuss and evaluate their own performance together with their managers at least once a year

4.7 Total hours of training + average number of hours of training per employee

Total training hours used per country (provided by ING Learning Center, ILC) divided by the total number of Internal employees per country (provided by HRDBB). The outcome is an average number of hours of training per employee, per country/region (such as available in the database of the ILC).

4.8 WPC engagement score

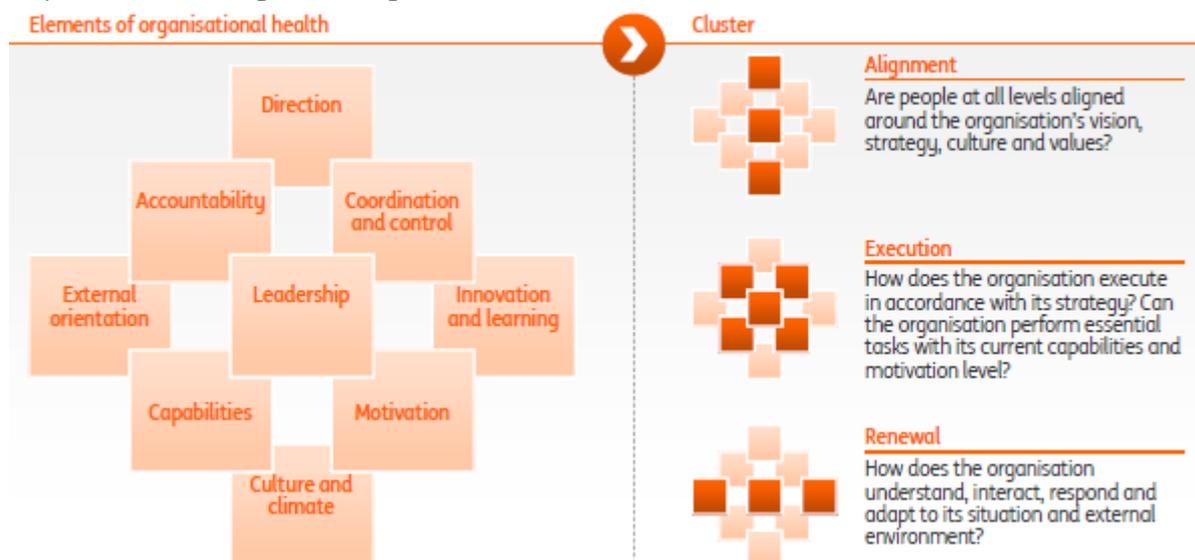
Sustainable engagement measures the extent to which employees are motivated, enabled and energized to perform at their best and help ING to succeed.



The engagement score is based on our WPC research, done by specialized third party Towers Watson. We measure our employee engagement at least bi-yearly for either our entire population or a sample that represents the entire population.

4.9 Organizational Health Index (OHI)

The OHI survey sets out to check ING's health, and pinpoint areas in which we need to improve. It is run by McKinsey and examines nine different outcomes:



4.10 Human Capital Return on Investment score (HCROI) -

The Human Capital Return on Investment provides a means of measuring our company's profitability in relation to total employee costs. It is derived by removing non-employee costs from overall operating costs and deriving the resulting operating profitability. It is calculated by, and based on figures from Finance.

By subtracting Total Operating Expenses (b) minus Total employee-related expenses (salaries + benefits) (c) from Total Revenue (a), the company's profitability prior to human capital costs are calculated. Dividing this figure by Total employee-related expenses (salaries + benefits) (c) then leads to the ratio that examines your company's level of profitability in relation to the total human capital expenses.

Total employee-related expenses (salaries + benefits) includes training and development programs, pensions, hiring, etc., as it covers all costs directly related to employees.

5. Customer performance indicators

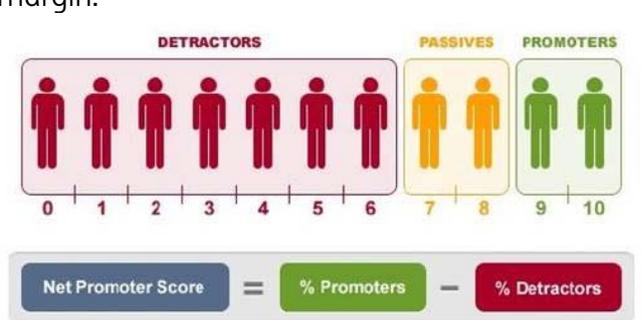
5.1 Net Promotor Score (retail) ranking

Net Promotor Score (NPS) is a way of measuring customer loyalty and satisfaction. NPS is based on a direct question: 'How likely is it that you would recommend our company/product/service to a friend or colleague?'

All countries where there is a Retail business unit are in scope. Relational NPS is in the Brand Affinity Monitor. We use the same methodology for every country and measure and report it on a systematic way. We measure NPS each month.

NPS and error margin

NPS is a metric that is likely to fluctuate because of the way it is calculated. NPS is calculated as the difference between two proportions and has a higher sampling error than single proportions. This has to do with the fact that NPS is calculated based on the proportions within three different groups, namely Advocates, Neutrals and Detractors. So there are three different categories a respondent can fall into. More variability is expected because of this reason, which causes less certainty of the sample result and a higher error margin.



For more detailed information and a calculation example please check the following link: <http://www.natureresearch.com.au/2010/09/tracking-kpis-with-confidence/>

How do we manage the error margin of NPS

Because we want to make sure that we evaluate and monitor our relational NPS correctly in each country, we want to lower this error margin. Otherwise sample fluctuations could cause misinterpretations. One of the methodologies to do this is by enlarging the base size. Because the main goal of the Global Brand Affinity Monitor is to evaluate the brand positioning in each country, the sample should reflect the general population. Some of the competitor banks on our NPS list are quite small, especially in the more fragmented markets. The amount of clients of a specific competitor bank in our sample could be quite low which causes a higher error margin for all the metrics and especially NPS. Because of the high costs, enlarging the total sample for NPS purposes only is not realistic. Rolling averages of two quarters are reported so that the sample size is bigger. The error margin could still be quite large in the countries where the market share of ING (and competitor banks) is limited. That is why we decided to boost the sample for ING clients from January 2016 onwards.

Why is the ranking not the best indicator of the result

The error margin of NPS is higher (as written above) and although we try to manage this as best possible, it remains a metric that is likely to fluctuate. The NPS rankings are therefore not the best indicators of the actual NPS in each country. Especially in markets with limited differentiation, small fluctuations could result in totally different rankings. The NPS rankings should therefore be interpreted only as an indicator of the ING performance compared to the main competition.

5.2 Customer-related data: customers and primary relationships

Total (operative) customers are customers with at least one operative product at reporting date. Primary relationships are all active payment customers with recurrent income on their payment account and that are also active in at least one extra ING product category.

To consolidate the product portfolio across units, eight different product categories are defined: Payments, Savings, Investments, Credit Cards, Mortgages, Other Loans, Life Insurance and Other Insurance. All individual products are mapped into one of these categories.

Recurrent income is defined as a customer having had an inflow of funds from an external source in at least two of the last three months. The monthly inflow of funds needs to exceed a minimum threshold, which is defined differently depending on currency. For example the threshold amount is EUR 700 for Eurozone.

1. Customer-related data is gathered centrally in the same way as financial data is: Business units collect the customer indicators according to the agreed global definitions, and use pre-defined templates to upload the information into the country-specific layer of the MisOneBank database.
2. The department in charge of supporting the MisOneBank database checks consistency of the data delivery.
3. In case of no issues, the data is uploaded into the global database (production).
4. Information on primary relationships is now ready to be used for internal and external reporting.

All countries where ING operates with a Retail business unit are in scope.

6. Community performance indicators

Parameters included in the integrated report and appendix include: charitable donations, number of employees that volunteered, donations to UNICEF, and children reached through the UNICEF partnership.

6.1 Donations & volunteering

Donations: charitable donations include one-off donations, donations to (long term) partners in community investment programs, and donations to community organizations as part of commercial initiatives. Donations from employees, from ING as a company, and from customers are separate categories.

Volunteering: volunteering activities are those activities that are done voluntarily (without any legal obligation) and are charitable. Usually this means an activity to support an organization that has a clear charitable purpose.

Both donations and volunteering hours are split up over 8 thematic categories. All definitions and categories are aligned with, and checked by, the London Benchmarking Group, an international standard for community investment. The definitions are more detailed in the questionnaire where countries are asked to input their data.

Data on community investment is gathered through an online data management system (DMS) and is initiated and overseen by the global ING sustainability department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360.

All countries that have over 100 FTE are in scope.

6.2 Donations to UNICEF

All ING Business Units that donate to UNICEF are included.

- Donations to UNICEF always have the following categorization:
 - o Donations made by ING Employees (these will be matched by ING)
 - o Donations made by ING Business Units
 - o Donations made by ING Customers

Data on donations to UNICEF is gathered outside the CR 360 data management system, by the global Sustainability Department, in close cooperation with UNICEF.

6.3 # of children reached with UNICEF

Number of children reached is the number of children that have benefited from UNICEF's programs as a result of the ING-UNICEF partnership. This is published on ing.com.

From April 2015 this number concerns: Adolescents empowered by the ING-UNICEF partnership in Indonesia, Kosovo, Montenegro, Nepal, the Philippines and Zambia.

Data is delivered and validated by UNICEF.

7. Environmental performance indicators

Environmental performance indicators in the integrated report and annex include: total CO₂e¹ emissions, paper consumption, residual waste, water consumption, and sustainable procurement, including renewable electricity procurement.

7.1 Total CO₂e Emissions

7.1.1 Definition

Our total CO₂e emissions are the sum of our emissions in scope 1, 2 and 3 in kilotons. Scope 1 emissions 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. Data collated in scope 1 and 2 only comprises the energy used in buildings ING owns or rents. Scope 3 comprises emissions from our business travel by air and car. For air travel, we gather information on short, medium and long-haul flights. When hauls are unknown, an average is used. Car travel entails business travel of lease cars. We presume that 30% of all kilometers on lease cars are for business purposes. This is the reported number unless a similar local assumption is applied.

Renewable Electricity: By renewable electricity we mean electricity generated from renewable sources such as wind, solar power, geothermal and hydropower. Municipal solid waste (MSW) is also considered to be a renewable energy resource. The use of nuclear power is not included in our renewable electricity consumption. Renewable electricity is procured either as a part of contractual agreements with electricity providers in the form of Renewable Energy Certificates (RECs) or Guarantees of Origin (GOs) or is procured separately via a third party who then retires instruments on ING's behalf and provides the certification. We strive to ensure that renewable electricity is procured from local projects when available and meets the quality criteria listed in the GHG Protocol Scope 2 Guidance.

Emissions Factors: For car travel, natural gas, district heat and transmission losses, we employ emissions factors from DEFRA 2013. For electricity generation, heating oil and air travel (long, medium, short and unknown hauls) the 2011 International Energy Agency emissions factors from Greenhouse Gas (GHG) Protocol V1.3 are used.

Scope 2 Calculation: Location- and Market- Based Methods: We report our scope 2 emissions using both the location- and market-based calculation methods outlined in the GHG Protocol Scope 2 Guidance published in January 2015. We report our market-based emissions in the key figures of the annual report as well as in the carbon emissions table of the appendix. Our scope 2 emissions using the location-based method is reported in a footnote of the carbon emissions table in the appendix. The market-based calculation takes into account the purchase of contractual renewable electricity instruments while the location-based calculation does not. Instead, using the location-based method, the regional or national grid average emissions factors (mentioned above) are applied to the total amount of kilowatt hours consumed per country.

¹ CO₂e (CO₂ equivalent) denotes the conversion of greenhouse gases (carbon dioxide - CO₂, methane – CH₄ and nitrous oxide - N₂O) into the equivalent radiant force of CO₂ based on their respective global warming potentials (GWP) at a 100 year time-horizon. For conversion factors, we utilize the DEFRA 2013 GWP factors from the Intergovernmental Panel on Climate Change (IPCC) second assessment report.

7.1.2 Boundaries

Only countries that have over 200 FTE are asked to provide data regarding CO₂e emissions and other environmental indicators. This is because smaller countries do not have a material impact on our footprint.

Our scope three boundaries presently only include business travel by air and car due to the fact that we do not yet have reliable data for public transport use and employee commuting. For air travel, we gather information on short, medium and long-haul flights. When hauls are unknown, an average is used. Car travel includes business travel of ING lease cars. As lease cars are also utilized by employees for private purposes, we presume that 30% of all kilometers driven in lease cars are for business purposes. This is the reported number unless a similar local assumption is applied.

7.1.3 Data gathering process and methods

Activity data on environmental performance indicators is gathered through an online Data Management System (DMS) and is initiated and overseen by the global ING sustainability department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360.

From this, DMS questionnaires are sent out to country offices that deliver data in the January of each year at the latest. The data is then aggregated at the global sustainability department. This department also defines the requests for specific data and collaborates closely with country offices that are delivering data to ensure an understanding of definitions and the type and sort of data is required from them.

Once the data is delivered, it is validated by the global sustainability department. In case of any ambiguity in the data and answers provided, the questionnaires are sent back to the country offices for further explanation.

After this initial check, all data provided is checked and validated a second time by an independent external agency, Royal HaskoningDHV.

Extrapolation

Because only countries that have over 200 FTE are asked to provide data, and because not all countries can provide all requested data in time, we extrapolate our CO₂e emissions to our total number of FTE in order for this number to reflect our actual emissions as accurately as possible.

Not all entities of ING Bank are included in the reporting scope when collecting sustainability data. This means that the absolute CO₂e emissions which have been reported do not include all CO₂e emissions of ING Bank worldwide. In order to give a more representative view of ING Bank's CO₂e emissions worldwide, ING Bank extrapolates its carbon footprint. The extrapolated carbon footprint is calculated by extrapolating CO₂e emissions for each of the following carbon sources based on the no FTE's:

- Non-renewable electricity
- Natural Gas
- District Heating
- Heating Oil
- Car Travel
- Air travel

For each of the above sources, the coverage in FTE's is calculated by adding up the number of FTE's that corresponds to each country that reports data for the source concerned. The absolute carbon footprint of the source concerned, which corresponds to a certain coverage in FTE, is then being extrapolated to the total number of FTE within the ING Bank worldwide, i.e. a 100% coverage in FTE.

7.1.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country offices	Clear definitions within the questionnaire, preparatory e-mails and webinar for all country office respondents, Q&A within the DMS.
Inconsistencies in data	At the global sustainability department, a reporting protocol [this document] has been developed which is updated annually to further improve the quality of our sustainability data reporting.
Errors in data	Complete data validation by the global sustainability department and independent third party: Royal Haskoning DHV.
Traceability of data and changes in data	Audit trail within our online data management system. All changes and adjustments (+ the person making them) are registered and saved.

7.2 Paper consumption

7.2.1 Definition

Paper consumption is the consumption of paper in kilograms. Paper is divided into eco-labelled and non-eco-labelled paper. Eco-labelled paper is either FSC labelled or another eco-label.

FSC labelled paper: Forest Stewardship Council (FSC) labelled office paper is paper that has an FSC label. Paper carrying the FSC label is independently certified to assure buyers that it comes from forests that are managed to meet the social, economic and ecological needs of present and future generations. FSC paper meets the highest social and environmental requirements in the forestry sector.

Other eco-labels: other eco-labels for office paper might be Nordic Swan, Blue Angel, Tree Farm, Sustainable Forestry Initiative, Environmental Choice Australia or another label.

Non eco-labelled paper: is paper without one of the eco-labels described above.

7.2.2 Boundaries

Only countries that have over 200 FTE are asked to provide data on paper and other environmental indicators. This is because smaller countries do not have a material impact

on our footprint. Paper consumption is not extrapolated. Coverage percentages are provided which indicates the percentage of total ING FTE included in the figure reported.

7.2.3 Data gathering process and methods

Data on environmental performance indicators is gathered through an online data management system (DMS) and is initiated and overseen by the global ING sustainability department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360. The process (including check by Royal HaskoningDHV) is the same as described under 'Total CO₂e emissions'.

7.2.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country offices	Clear definitions within the questionnaire, preparatory e-mails and webinar for all country office respondents, Q&A within the DMS.
Inconsistencies in data	At the global sustainability department, a reporting protocol [this document] has been developed which is updated annually to further improve the quality of our sustainability data reporting.
Errors in data	Complete data validation by global sustainability department and independent third party: Royal Haskoning DHV.
Traceability of data and changes in data	Audit trail within our online data management system. All changes and adjustments (+ the person making them) are registered and saved.

7.3 Residual Waste

7.3.1 Definition

ING gathers data (in KG) on waste produced and waste recycled through our online data management system. Waste produced & recycled consists of:

Paper: Paper waste including cardboard and thrown away brochures etc.

Cartridges: Cartridges from printers and/or photocopiers.

E-waste: Electronic waste: this include ICT-related material such as computers, cables, hardware, mainframes from datacenters and offices, and also other electronic devices such as printers, coffee machines and lighting.

Other waste: This is all other residual waste that does not fit the other categories, including domestic-type waste from cafeterias and offices.

Residual waste is the total waste generated minus the total waste recycled. This is the figure reported. The data gathering process is the same as described above for emissions. Waste is not extrapolated.

7.3.2 Boundaries

Only countries that have over 200 FTE are asked to provide data on waste and other environmental indicators. This is because smaller countries do not have a material impact on our footprint. Residual waste is not extrapolated. Coverage percentages are provided which indicate the percentage of total ING FTE included in the figure reported.

7.3.3 Data gathering process and methods

Data on environmental performance indicators is gathered through an online data management system (DMS) and is initiated and overseen by the global ING sustainability department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360. The process (including check by Royal HaskoningDHV) is the same as described under 'Total CO₂e emissions'.

7.3.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country offices	Clear definitions within the questionnaire, preparatory e-mails and webinar for all country office respondents, Q&A within the DMS.
Inconsistencies in data	At the global sustainability department, a reporting protocol [this document] has been developed, which is updated annually to further improve the quality of our sustainability data reporting.
Errors in data	Complete data validation by global sustainability department and independent third party: Royal Haskoning DHV.
Traceability of data and changes in data	Audit trail within our online data management system. All changes and adjustments (+ the person making them) are registered and saved.

7.4 Water consumption

7.4.1 Definition

Total water consumption is the total water consumed in cubic meters by our business for any use. Total water consumption includes water usage for sanitary installations, air conditioning, cooling systems, cafeteria, garages, sporting areas, indoor plants, external areas, etc.

7.4.2 Boundaries

Only countries that have over 200 FTE are asked to provide data on water and other environmental indicators. This is because smaller countries do not have a material impact on our footprint. Water consumption is not extrapolated. Coverage percentages are provided which indicates the percentage of total ING FTE included in the figure reported.

7.4.3 Data gathering process and methods

Data on environmental performance indicators is gathered through an online data management system (DMS) and is initiated and overseen by the global ING sustainability

department. The DMS is built and hosted by a specialty sustainability software company, CREDIT360. The process (including check by Royal HaskoningDHV) is the same as described under 'Total CO₂e emissions'.

7.4.4 Internal controls

Reporting risk	Control description
Inconsistent use of definitions by country offices	Clear definitions within the questionnaire, preparatory e-mails and webinar for all country office respondents, Q&A within the DMS.
Inconsistencies in data	At the global sustainability department, a reporting protocol [this document] has been developed, which is updated annually to further improve the quality of our sustainability data reporting.
Errors in data	Complete data validation by global sustainability department and independent third party: Royal Haskoning DHV.
Traceability of data and changes in data	Audit trail within our online data management system. All changes and adjustments (+ the person making them) are registered and saved.

7.5 Sustainable Procurement Policy

7.5.1 Definition

Sustainable Procurement Policy: The ING Procurement Sustainability Standards (IPSS) comprise ING's sustainable procurement policy towards third parties. This policy contains the minimum standards regarding environment, human rights, fair labor, and anti-corruption that ING requires its contracted suppliers to uphold. Supplier Qualification is the process by which suppliers are asked to sign the IPSS. Suppliers who do not enter supplier qualification are asked to agree to the IPSS via the contracts.

7.5.2 Boundaries

The scope we have defined includes suppliers contracted via procurement processes..

7.5.3 Data gathering process and methods

Each country in Global Procurement receives KPIs for IPSS coverage each year. The countries report annually on their progress using exports from our systems and using data from our Supplier Qualification team.

NL process:

When the IPSS is applied to a contract, this is recorded in our system (Hubwoo).

When a supplier agrees via our Supplier Qualification process, this is recorded in our supplier data management system. Reports can be generated at any time for monitoring by making a query in the database.

Process for other countries:

Annual reports are requested from the local countries. The Sustainability manager for procurement verifies the reports and aggregates this with other figures. The countries

provide the total number of suppliers in scope and the number that have signed the policy to the IPSS.

7.5.4 Internal controls

Reporting risk	Control description
Errors in data	We have introduced a system whereby suppliers are identified according to their DUNNS number to safeguard against incorrect or repeated numbers. The DUNNS number is required for qualification.

7.6 Baseline recalculation policy

In case of structural changes in the organization, including significant scope changes, changes in calculation methodology, improvement in the accuracy of emission factors or activity data, or the discovery of data/calculation errors, that significantly impact the base year emissions data, the base year will be recalculated to ensure consistency and relevance of reported data. A recalculation will be conducted when any of the above circumstances result in a material impact on base year emissions data.