



## **ING Financial Economic Crime Statement – November 2019**

### **I. Introduction**

At ING, we are committed to conducting business with the highest level of integrity, and strict compliance with all applicable laws, regulations and standards in each of the markets and jurisdictions in which we operate.

As a global financial institution, ING is at risk of being used to launder proceeds of crime, to finance terrorism and/or to be involved in transactions related to sanctioned persons, entities and/or countries as well as trade controlled exports and proliferation financing. ING defines these as Financial Economic Crime (FEC) risks.

### **II. The ING Know Your Customer (KYC) Policy**

The ING KYC Policy stipulates the requirements that all ING entities must adhere to, ensuring ING is to the best of its ability safeguarded against involvement in criminal activity, and to participate in international efforts to combat money laundering and the funding of terrorist and/or (other) criminal activities.

The ING KYC Policy incorporates requirements and recommendations derived from:

- The EU Directives and Regulations in the area of prevention of money laundering and terrorist financing
- The Dutch Money Laundering and Terrorist Financing Prevention Act (Wwft) and Sanctions Act 1977 (Sw)
- The 40 FATF Recommendations
- The Wolfsberg Principles
- The Basel Committee on Banking Supervision Guidelines (BCBS)
- The Bank Secrecy Act, as amended by Title III of the USA PATRIOT Act
- EU, US and UN sanctions laws and regulations
- Industry and market standards.

### **III. Scope and applicability**

The ING KYC Policy is mandatory and applies to all ING entities (i.e. all branches and majority-owned subsidiaries of ING Group N.V. (including ING Bank N.V.)), their corporate functions and their branches, including outsourcing partners to whom ING entities have sourced their KYC related responsibilities.

ING entities must implement appropriate local procedures that will enable them to comply with ING's KYC Policy as well as with local laws and regulations. Where local laws and regulations are more stringent, the local laws and regulations are applied. Likewise, the ING KYC Policy prevails when the standards therein are stricter than stipulated in local laws and regulations and if not specifically forbidden (data privacy or bank secrecy).

FEC risk control areas and key controls

The requirements in the ING KYC Policy cover risk control areas related to:

- Anti-Money Laundering (AML)
- Combat Terrorist Financing (CTF)
- Sanctions, including Ultra High Risk Countries (UHRCs)
- Export Trade Controls
- Non-Proliferation Financing.

For the purpose of fighting financial economic crime, the ING KYC Policy distinguishes the following pillars:

- Customer Due Diligence (CDD)
- Customer activity monitoring, providing an integrated risk profile of each customer
- Screening of names and transactions
- (Regulatory) reporting, including filing of suspicious activity reports
- Sanctions compliance, including ING's designation of specific countries as Ultra High Risk (UHRCs)
- Export trade and proliferation financing controls
- Record retention
- Training and awareness.

Key controls related to the above-mentioned pillars are included in ING's FEC control framework. Its effectiveness is tested and reviewed periodically.

#### **IV. Sanctions compliance and ING's designation of specific countries as Ultra High Risk (UHRCs)**

As a result of frequent evaluation of all business activities from an economic, strategic and risk perspective, ING continues to believe that doing business involving certain specified countries should be discontinued. In that respect, ING has a policy not to enter into new relationships with customers from these countries and processes remain in place to discontinue existing relationships involving these countries. At present, these countries are Cuba, Iran, North Korea, Sudan and Syria, also being subject to EU and/or US sanctions regimes. Iran, North Korea, Sudan and Syria are identified by the US as state sponsors of terrorism and are subject to US economic sanctions and export controls.

ING will continue to closely monitor the developments with respect to sanctioned countries and will revisit the current policies and procedures if and when appropriate.

#### **V. Settlement of regulatory issues (ING Bank N.V.)**

ING announced on 4 September 2018 that it had reached a settlement agreement with the Dutch authorities related to an investigation that found serious shortcomings in the execution of CDD and other requirements related to fighting financial economic crime.

The associated information can be found on ING's dedicated web page:

<https://www.ing.com/About-us/Settlement-of-regulatory-issues.htm>.