

# ING GROUP

## ING IN SOCIETY 2000



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## MISSION

ING WANTS TO BE A CLIENT-FOCUSED, LEADING, GLOBAL, INNOVATIVE AND LOW-COST PROVIDER OF FINANCIAL SERVICES THROUGH THE DISTRIBUTION CHANNELS OF THE CLIENT'S PREFERENCE IN MARKETS WHERE ING CAN CREATE SHAREHOLDER VALUE.

## PROFILE

**I**NG Group is a global financial institution of Dutch origin, active in the field of banking, insurance and asset management in 65 countries with more than 100,000 employees. In its first decade, ING achieved a 16-fold increase in market capitalisation from EUR 5 billion in 1991 to more than EUR 80 billion at the end of 2000. More than 70% of ING's shares are held outside the Netherlands today.

ING seeks to provide a wide range of financial services to private, corporate and institutional clients through a variety of distribution channels, giving them the freedom to choose the option which best suits their individual needs.

ING comprises a broad spectrum of prominent companies that increasingly opt to serve their clients under the ING brand. ING's strategy, which sets clear objectives, seeks to provide optimal service to the clients and to achieve stable growth while maintaining healthy profitability. The Group's financial strength, its broad range of products and services, the wide diversity of its profit sources and the good spread of risks form the basis for ING's continuity and growth potential.

In all its operations, ING strikes a careful balance between the interests of its shareholders, customers and employees. ING is conscious of its responsibilities towards a changing society and it expects all its employees to act in accordance with the Group's Business Principles. These principles are based on ING's core values: responsiveness to the needs of the customers, entrepreneurship, professionalism, teamwork and integrity. These values are paramount in all ING's activities.

## ING PUBLICATIONS

In addition to this report, the following publications are available:

- ING Annual Report 2000 (including abridged annual accounts) in Dutch and English.
- Complete annual accounts in Dutch and English.
- Annual Report on Form 20-F (the information in accordance with the guidelines of the SEC in the US).

The publications can be ordered by:

fax: +31 20 5415451  
e-mail: [order@ing.com](mailto:order@ing.com)  
mail: CCRI Numero 53206,  
3454 ZV De Meern,  
The Netherlands

The publications are also available on the Internet:

[www.ing.com](http://www.ing.com)



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# ABOUT THIS REPORT

## BROADER FRAMEWORK FOR REPORTING ENVIRONMENTAL AND SOCIAL ISSUES

In the past, ING produced environmental reports that primarily focused on the Netherlands. This new report contributes to building a management framework that enables ING to report on the quality of its relationships with its stakeholders on a global basis. This report therefore aims to enhance ING's previous approach to environmental and social reporting.

ING's reporting on environmental and social issues is driven by three dimensions of performance that form the structure of this report:

**VALUES** ING is a values-led organisation that is committed to transparency and accountability of performance against its core values. These values are articulated in ING's Business Principles and underpinned by internal guidance for implementation and compliance. In this report, we describe our Business Principles and how these are implemented throughout the Group.

**STAKEHOLDERS** We realise the importance of open and transparent communication with all our various stakeholders. We believe that understanding the needs and expectations of our stakeholders is crucial for continued success. As part of our commitment to stakeholder engagement, we have identified an initial group of key stakeholders: clients, shareholders, employees and society as a whole. Each of these groups is discussed in detail in this report.

**OPERATIONS AND PERFORMANCE** We want to be accountable to our stakeholders on how we manage our operations and we will inform them about the impact on society, both positive and negative, of our activities. This report focuses on environmental and stakeholder policy commitments as well as on legal and regulatory requirements. It describes ING's environmental management system, including health and safety, risk management and compliance issues. Performance data for the Netherlands are provided in the Appendix.

While ING is active on a worldwide basis, its international positioning is still in an early stage of development. Though much effort has been made to include case studies from ING business units and locations around the world, most of the performance related data in this report still pertain to ING's operations in the Netherlands. As its management, monitoring and reporting systems are enhanced on a global basis, ING will broaden and deepen the coverage of its reporting to eventually embrace all its operations.

In comparison to the 1999 ING environmental annual report, the section formerly called External Environmental Policy has partly been incorporated in ING and its Stakeholders (page 15). The section formerly called Internal Environmental Policy has been broadened and titled Operations and Performance (page 35).

## ALIGN WITH INTERNATIONAL PRACTICES

In developing the structure and contents of the ING in Society Report, we considered current practice in sustainability reporting, including the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). We will further align with the GRI and other relevant best practice standards and frameworks in coming years.

In this report we aim to communicate where we come from, where we want to go in the future and what we stand for. Ultimately, we hope to be able to produce a corporate reporting structure that encompasses sustainability and financial information in a more integrated form.

## WE WELCOME YOUR VIEWS

We want to make this report accessible to all parties interested in ING's environmental and social performance. Completing the enclosed reply card will help us to improve our reporting practices.

This ING in Society Report is also available in electronic format via the Internet ([www.ing.com](http://www.ing.com)).

## FOREWORD

# MESSAGE FROM THE CHAIRMAN

## WE PAY ATTENTION TO THE INTERESTS OF ALL OUR STAKEHOLDERS

**S**ince ING was founded ten years ago, we have transformed from a Dutch company with international business into an international financial institution with Dutch roots. Today 110,000 employees offer a broad range of financial services to over 50 million clients in 65 countries.

As a pioneer in combining insurance, banking and asset management, ING is different from most other financial services providers. Innovation is a key characteristic of our Group and we continually strive to find new, refreshing approaches and solutions to satisfy the wishes of our clients. Financial services are about trust. Therefore, one of our main goals is to be a reliable partner to our customers, business associates and shareholders. In a broader context, we strive to contribute to achieving sustainable economic growth to create prosperity for people, companies and countries.

As a financial services provider we perform a valuable economic function. Our services help to oil the wheels of society.

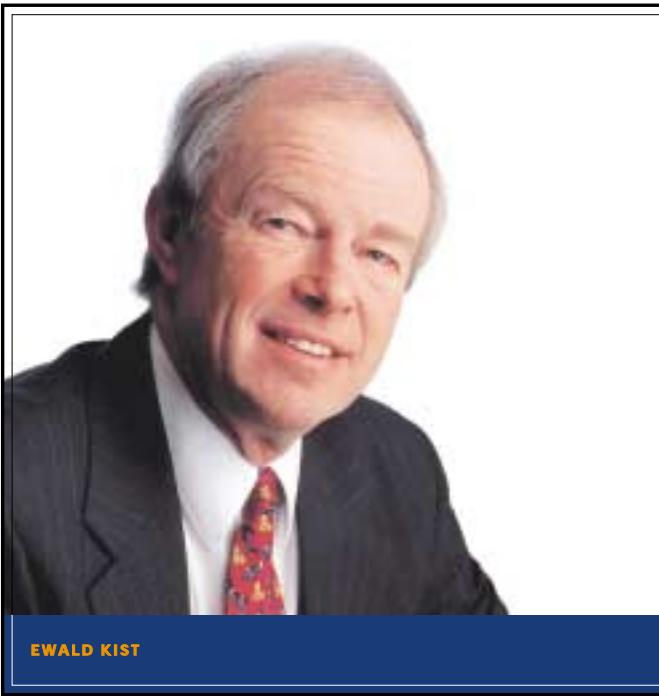
Not only has our Group changed significantly in the last ten years, but also the industry in which we operate. The liberalisation of world trade has created new global markets with new players and challenges. New technologies such as the Internet have increased the speed and intensity

of communications between continents. These global developments have had a strong impact on the way we do business. Working in this new global environment has given us the opportunity to grow into a diversified financial services company that ranks among the world's top 15 financial institutions in terms of market value.

But being part of the global economy also brings new responsibilities. Our clients, shareholders and other stakeholders not only look to ING to meet their individual needs; they also expect us to be a good corporate citizen in the many communities around the world where we do business. Sponsorship of projects in the fields of culture, nature conservation and sports is a good way to give shape to our role as a corporate citizen, just as donations to educational and charitable causes. On the occasion of our 10th anniversary,

we donated 10 times 100,000 euros to worldwide projects selected by our employees. We also encourage our staff to apply their diverse talents to society in addition to their work at ING. Personally, I derive much pleasure and satisfaction from my role as a board member of the Dutch Red Cross and the Victims Support Organisation.

Our employees give shape to the role we play in society and the composition of our staff reflects the diversity of the society in which we operate.



We have created a Diversity Council to develop initiatives to benefit optimally from the cultural diversity within our worldwide team.

As a responsible corporate citizen, ING also has to address the concerns of non-governmental organisations. NGOs are increasingly vocal about the negative impact of globalisation, such as damage to the environment, human rights abuses and unfair labour conditions. They expect companies like ING to address these issues in their policies and practices. We acknowledge these societal demands and pay attention to the interests of all our stakeholders. We aim to have an open dialogue with them. To create the 'licence to operate' that is necessary to do business in today's society, we have developed a strong set of company values and Business Principles.

Since 1995, ING has published annual reports on its environmental performance in the Netherlands. But this new report, ING in Society, marks a new stage: it is the first step in informing our stakeholders about our social and environmental activities on a more international and

integrated basis. Numerous practical examples have been added to support the information given in the various chapters of this report. We plan to continuously review and expand our reporting focus in the future. Furthermore, we will make the effort, in consultation with international organisations, to make our achievements in the field of sustainable development measurable by objective standards. Just as the construction of our new head office is gradually taking shape, we are making progress to build a solid framework for stimulating and reporting sustainable development within ING. So, your comments on this report, via the enclosed reply card, will be much appreciated.

As you will learn from this report, we have strengthened our policies on environmental issues and launched several sustainable investment products in the last few years. In 2000, ING was ranked as the number one sustainability leader in the insurance sector by the Dow Jones Sustainable Group Indices. ING as an investment option was also included in several sustainable investment funds. Early in 2001, ING

joined the World Business Council for Sustainable Development, an organisation that is a growing force in developing sustainable policies for the international business community.

In 2000, we communicated our ING Business Principles extensively throughout the Group. These principles provide our employees with a solid framework of values and rules that cover environmental and social issues. In the coming years, we will continue to embed these principles in our business policies and activities to build a strong ING content. All our existing and new employees must be fully aware of

## STAKEHOLDERS EXPECT US TO BE A GOOD CORPORATE CITIZEN IN THE MANY COMMUNITIES AROUND THE WORLD WHERE WE DO BUSINESS

the values ING stands for and act accordingly. This will become even more important as we are transforming towards a common, global ING brand. We devote substantial time and energy to loading our brand and forging our ING culture. We have to "walk our talk" and live up to our commitment to be a socially responsible financial services provider. In this respect too, ING wants to be refreshingly different!



EWALD KIST

CHAIRMAN EXECUTIVE BOARD

(1991) CREATION OF ING GROUP AND ITS CORE VALUES



(1993) START PILOT OF WORK EXPERIENCE  
PROJECT FOR YOUNG PEOPLE FROM ETHNIC  
MINORITIES



(1994) FORMULATION OF ENVIRONMENTAL POLICY 'TOWARDS A  
STIMULATING ENVIRONMENTAL POLICY' FOR ING GROUP



(1995) FIRST ENVIRONMENTAL ANNUAL REPORT

(1996) FORMULATION OF PRINCIPLES OF SOCIAL POLICY  
FOR ING GROUP



PUBLICATION OF FIRST SHAREHOLDERS' BULLETIN (1992)



## 1991-2001: 10 YEARS OF ING



Vereniging  
Natuurmonumenten

FIRST ING GROUP SOCIAL REPORT FOR THE NETHERLANDS (1994)  
ING BECOMES MAIN SPONSOR OF THE SOCIETY FOR THE (1995)  
PRESERVATION OF NATURE IN THE NETHERLANDS

ESTABLISHMENT OF LIONESS, ING'S WOMEN NETWORK (1996)



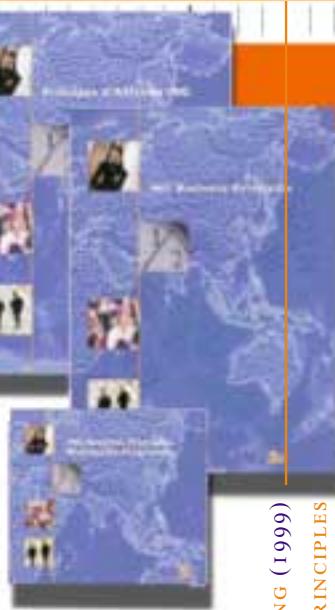
## IN SOCIETY

ESTABLISHMENT OF POSTBANK GREEN, A BANK FOR (1996)  
INVESTMENTS IN ENVIRONMENTAL FRIENDLY PROJECTS

(1996) ING IS FIRST FINANCIAL INSTITUTION TO SET UP  
EUROPEAN UNION WORKS COUNCIL



(1997) LISTING ON NEW YORK STOCK EXCHANGE



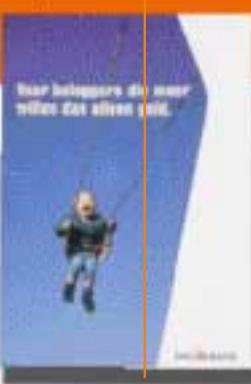
INTRODUCTION PERSONNEL STOCK OPTION PLAN (1997)  
CREATION ING PERSONNEL DONATION FUND (1998)



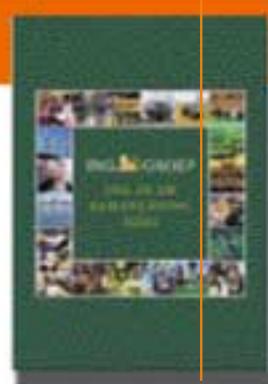
(1998) ING RECEIVES ACC AWARD FOR  
BEST DUTCH ENVIRONMENTAL ANNUAL  
REPORT

INTRODUCTION OF ING (1999)  
BUSINESS PRINCIPLES

(1999) DEVELOPMENT 'GREEN PASTURES' CONCEPT TO BRING  
WORK AND HOME CLOSER TOGETHER



LAUNCH OF SUSTAINABLE FUNDS UNDER BBL (2000)  
AND ING BRANDS



PUBLICATION FIRST ING IN SOCIETY REPORT (2000)

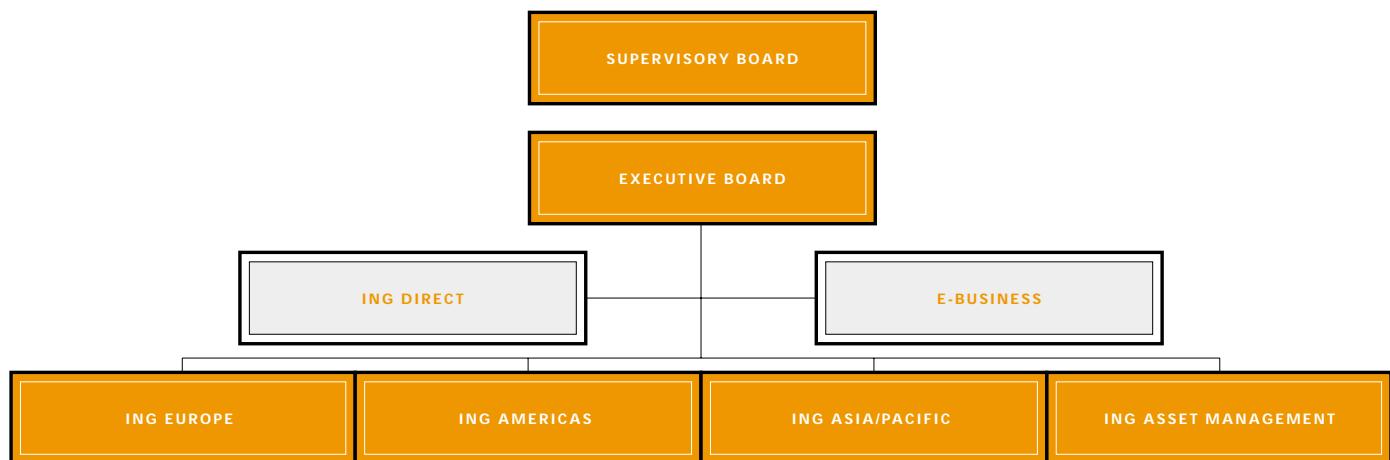
(2000) FORMATION ING DIVERSITY COUNCIL  
ING SELECTED SUSTAINABILITY LEADER OF INSURANCE SECTOR  
IN DOW JONES SUSTAINABILITY GROUP INDEX



(2001) ING JOINS WORLD BUSINESS COUNCIL  
FOR SUSTAINABLE DEVELOPMENT

## STRUCTURE, MANAGEMENT AND KEY FIGURES

### MANAGEMENT STRUCTURE



### COMPOSITION OF THE BOARDS as from 18 April 2001

#### SUPERVISORY BOARD

Cor Herkströter *Chairman*  
 Mijndert Ververs *Vice-Chairman*  
 Lutgart van den Berghe  
 Jan Berghuis  
 Luella Gross Goldberg  
 Paul van der Heijden

Aad Jacobs  
 Jan Kamminga  
 Godfried van der Lugt  
 Paul Baron de Meester  
 Johan Stekelenburg  
 Hans Tietmeyer  
 Jan Timmer

#### EXECUTIVE BOARD

Ewald Kist *Chairman*  
 Michel Tilmant *Vice-Chairman*  
 Fred Hubbell  
 Hessel Lindenbergh  
 Cees Maas *Chief Financial Officer*  
 Alexander Rinnooy Kan

### KEY FIGURES



# WORLDWIDE OPERATIONS

ING IS ACTIVE IN 65 COUNTRIES ACROSS THE GLOBE. AMONG THESE COUNTRIES, 25 HAVE BEEN IDENTIFIED AS CORE COUNTRIES.



# DEVELOPMENTS

## GLOBALISATION CHANGES ROLE OF CORPORATIONS

Radical changes in the structure of world economics and politics took place in the early nineties, epitomised by the term globalisation. National boundaries and governmental requirements no longer define acceptable corporate conduct, due to the liberalisation of markets. These rapid changes, completed with the emergence of new markets and risks, have created a world in which the role of multinational corporations has been both strengthened and challenged. While the benefits of increased trade and investment can be identified, so too can societal concerns, such as human rights, climate changes, environmental disasters and poor working conditions. Added to this, rapid technological developments, in particular the communications revolution brought about by the Internet, have resulted in a wider distribution of information and a growing demand for accountability and transparency.

## INTEGRATED VISION BASED ON SUSTAINABILITY

ING is aware of the impact its operations, products and services have on society, and has developed several policies and initiatives to give shape to its social responsibility.

In 1995, the Executive Board approved a corporate environmental policy and since then ING has reported on its corporate environmental policies and its performance in the Netherlands on an annual basis. In 1999, the Executive Board approved the ING Business Principles to offer its employees a framework for high ethical standards of conduct.

Over the years, ING has developed a more integrated vision based on the concept of sustainability. This refers to meeting the mental and material needs of the present generation without com-

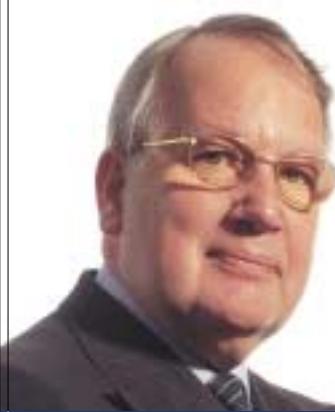
promising the ability of future generations to meet their needs. Sustainability addresses global concerns about the pace of growth of the world economy. The application of sustainability in corporate contexts – particularly what it means to everyday business decision making – is a significant challenge. ING addresses that challenge by striving for a coherent integration of environmental, social, economic and ethical performance into its corporate policies.

## HARMONISING STAKEHOLDER DEMANDS WITH CORPORATE OBJECTIVES

Harmonising and implementing sustainable policies throughout our businesses will be an important goal for the coming years. We realise that it will not be easy to achieve this goal. With 50 million clients, living and working in many different cultures, the interpretation of sustainability is still very much in debate inside and outside ING. Open communication about our policies is essential to meet the expectations of our stakeholders. Recent acquisitions, combined with a growing awareness of sustainability and increased stakeholder demands for greater transparency, have prompted us to expand our reporting practices.

As a global financial services provider, we constantly face the challenge of harmonising the wishes of stakeholders with the demands of doing business in a competitive international environment. Our main responsibilities are to give our shareholders a good return

on their investments, to offer our clients high quality products and services and to provide our employees with a challenging and ambitious working environment. In addition, ING is part of society and wants to conduct its activities in a responsible manner, based on international regulations and guidelines. At the same time, we want to conform to local legislation and long-established cultural standards. In this way, we will be able to continue what has been one of ING's key success factors for many decades: the ability to build relationships based on trust.



**COR HERKSTRÖTER, CHAIRMAN SUPERVISORY BOARD ING GROUP**

*"Continuous change of the business environment and ever increasing challenges confront management with the need to create – at all times – a balanced interaction between economic return, social acceptance and sustainability."*

## ING AND ITS VALUES

# ING BUSINESS PRINCIPLES

## BENEFIT FROM DIVERSITY

ING's rapid growth in the past decade has created a large and complex organisation. The extensive acquisition programme has resulted in a group of companies that is diverse in activities and cultures. ING sees this diversity as an asset and does not wish to limit the creativity of its employees by establishing a rigid framework of rules and regulations. Instead, we aim to realise the benefits of this diversity, while uniting employees by means of a core set of common values: the ING corporate culture, as part of the ING brand.

## CORPORATE VALUES

ING's corporate values are integrity, entrepreneurship, professionalism, responsiveness and teamwork. They represent the fundamental beliefs that determine conduct throughout ING. The values form the basis of the ING Business Principles, which in turn are underpinned by internal regulations, procedures and codes of conduct.

## ONE ING BRAND HELPS TO BUILD VALUES

While many business units have adopted the ING name, others still operate under their own name. ING is gradually transforming to one global brand. Creating a common umbrella for our diverse portfolio poses significant internal challenges, but we believe that the benefits of a more consistent image towards our stakeholders will be substantial. This branding process will also contribute to further building common ING core values and creating one ING culture. In the years ahead, the ING brand will become more visible in all our

markets worldwide. Being part of the ING brand will underscore even more the need to comply with ING's high standards of business conduct.

## ING BUSINESS PRINCIPLES

ING's values and Business Principles are a set of common beliefs and standards intended to preserve trust in ING as a company. A good corporate reputation is an essential success factor in today's business environment. Maintaining such a reputation requires exemplary and consistent behaviour by all employees. The Business Principles aim to guide employees in recognising and resolving sensitive issues and ethical dilemmas. The Business Principles go beyond requirements relating to behaviour and legal obligations as they also encourage transparency and accountability towards ING's stakeholders.

The ING Business Principles, established in 1999, address the following aspects: personal conduct, employee relations, environment, international operations, communications, community relations, economic policy and competition (see page 47).

With origins in existing ING codes, legal rules, regulations and specific policy objectives, the Business Principles provide a global set of standards for our operations, while enabling local factors to be taken into account.

## WORLDWIDE CONSULTATION

The process of establishing the Business Principles extended over a two-year period, commencing in 1997. Personal interviews with members of the Executive Board and the Supervisory Board, the Executive Committees and the Central Works Council, combined with feedback from over 200 inter-

## VALUES

**Integrity** ING is expressly committed to integrity and consistently high ethical standards of conduct in all business transactions.

**Entrepreneurship** The basis for the continued success of ING's business is good long-term profitability. An essential feature of this is a dynamic and innovative business approach by the organisation and all its employees.

**Professionalism** ING values professionalism in all parts of ING and regards it as essential in ensuring the provision of the highest levels of customer service.

**Responsiveness** As an international organisation ING acknowledges the importance of being responsive to the needs of all those with whom it does business, regardless of their location.

**Teamwork** ING depends upon value-enhancing teamwork between its business units. This teamwork to achieve common goals pervades all activities, including relations with business partners.

national managers from ING, were considered in drafting the Business Principles. In addition, a number of external stakeholders provided their comments.

This worldwide consultation revealed a strong commitment to high standards and the belief that the Business Principles would be a binding element in the Group's culture. However, the responses underlined that the quality of implementation was crucial and that ING should take action against breaches. Ensuring long-term compliance with the Business Principles is the task of our General Management Council and the global compliance organisation. This organisation, discussed in Operations and Performance on page 41, supports and advises employees on how to interpret the Business Principles. Following the consultation process, the Executive Board granted formal approval in 1999.

#### IMPLEMENTATION THROUGHOUT THE GROUP

In 2000, ING began a comprehensive e-learning and face-to-face training programme to ensure that all employees become acquainted with the Business Principles and understand their role in maintaining ethical standards. A special multimedia programme, including a CD-ROM and Internet technology, was developed to support the implementation and promotion of the Business Principles within the Group. ING expects to complete the introduction and training programme during 2001. This will include the training of employees of recent acquisitions.

The training programme is dilemma-based and challenges employees to solve real-life scenarios on a variety of issues including bribery, discrimination, communications and personal conduct. Participants are encouraged to reflect on cases that are of particular relevance to them



SIR GEOFFREY CHANDLER, CHAIRMAN AMNESTY INTERNATIONAL

UK BUSINESS GROUP 1991-2001, LONDON, UNITED KINGDOM

*"ING is to be congratulated on breaking new ground in the financial sector by setting out the principles intended to guide the conduct of its operations worldwide. These properly recognise obligations to a wide range of stakeholders in addition to shareholders, but fall short of embracing the full range of responsibilities that an international company confronts today. There is no mention of human rights, although ING will confront human rights problems in many of its activities, whether directly or indirectly, and the manner in which it tackles these will be*

*increasingly important to its reputation and public acceptability in a more critical world. Nor is there recognition of the existence of the internationally accepted framework of values enshrined in the United Nations Universal Declaration of Human Rights. This transcends local laws and cultures and calls on all individuals and institutions to give their support to it, so providing a necessary point of departure for corporate principles and practice. ING has made a welcome start but the task will not be complete until its principles explicitly encompass responsibility for human rights and thereby the whole of the influence that the company has on the societies in which it operates."*

and to discuss additional dilemmas faced in their particular location or operation. Most business units chose to adjust the training programme to their own specific business context and needs while maintaining the basic message. Business units are encouraged to incorporate the training into the introduction programmes for new employees. The training is also part of management courses of the ING Business School.

#### FEEDBACK SHOWS STAFF COMMITMENT

To measure the effectiveness of the programme, participants are asked to fill in a questionnaire before and after each training session. In 2000, nearly 17,000 entry questionnaires

and more than 14,000 exit questionnaires were submitted by employees from 26 different countries (representing about 20% of ING's workforce). The questionnaires provided the following insights:

- \* 93% of the respondents identify sound ethical standards as important in the financial services industry;
- \* most employees feel it is their personal responsibility to ensure that ethical standards are maintained and 97% feel they understand their role in maintaining high ethical standards;
- \* 54% believe ING should clearly communicate ethical standards to "protect its reputation" while another 34% say that it is simply "the right thing to do";
- \* 85% of employees deem it wise for ING to apply the same ethical standards across the entire organisation;
- \* 98% of those surveyed state it is important for a company to have a reputation for being an ethical company.

The feedback received to date has been positive; a majority feels the programme is effective and useful.

#### LOCAL CODES

In addition to ING's core values and Business Principles, there are numerous other internal codes of

#### ALLEGED DISCRIMINATION

*In late 1999, Life of Georgia, a US insurance company which has been part of ING since 1979, was sued for having allegedly charged African-Americans higher life insurance premiums than white policyholders on industrial life insurance. The company discontinued the sale of any industrial life insurance in 1981. Until the 1960s, differentiation in premiums related to race was common in the US and the issuance of the policies was pursuant to regulation prevailing at that time. After extensive review of its records, Life of Georgia concluded that prior to 1959 premium rates for industrial life insurance policies had been determined by race. After 1959, however, the premiums for industrial policies were set in accordance with socio-economic factors not related to race. ING is committed to resolving these issues in a fair and equitable manner. Any form of discrimination goes against the very core of ING's business policies and this matter clearly demonstrates the importance of introducing a global ING policy on non-discrimination and of transparency as contained in its Business Principles.*

conduct, house rules and regulations. Several Group companies have developed and adopted their own codes of conduct to respond to their specific business issues and needs. Mercantile Mutual, for example, has developed a Code of Ethics and Baring Asset Management has integrated the Business Principles into their Group Standards Manual. The Executive Centres ING Americas and ING Asia/Pacific also have a General Code of Conduct.

#### ING GROUP GENERAL CODE OF CONDUCT

The General Code of Conduct of December 1998 applies to all staff working in the Netherlands and to ING staff working abroad who

have an employment contract with a Dutch ING company. The key elements of the General Code of Conduct require ING employees to:

- \* comply with the applicable legislation and regulations;
- \* avoid business with persons or companies engaged in illegal or socially unacceptable activities;
- \* treat information with care;
- \* avoid conflicts between business and private interests.

In August 2000, an Internet Code of Conduct was added in order to safeguard the highest standards of professionalism and integrity towards customers and between employees when using e-mail and the Internet.

#### INDUSTRY CODES

As a financial services provider ING also subscribes to voluntary codes or charters set by national financial services associations. For example, ING has subscribed to voluntary codes of conduct developed

by several financial services associations in Italy. In Indonesia, ING Life Insurance and ING Aetna Life subscribe to the local insurance industry association (DAI) Code of Ethics. Similar industry codes are supported by BBL in Belgium and ING's banks in the

#### INFORMATION TECHNOLOGY CENTER

*ITC, a Dutch business unit of ING, supplies, among others, IT infrastructure services. In April 2000, ITC developed "Working with Values", based on the ING Business Principles but tailored to ITC employees. The ITC principles address issues such as communications, transparency, integrity, trust and commitment.*

Netherlands. The Belgian Bankers' Association Code of Conduct is based on a series of provisions pertaining to banking services and the following seven principles: openness and clarity of information, dialogue, discretion on confidentiality, expertise and know-how, security and reliability, as well as integrity of the banking

system. The integrity code of the Netherlands Bankers' Association is based on the Privacy Code of Conduct for Banks, the general declaration against racial discrimination, the Chinese Walls Code of Conduct, Private Investment Transactions Regulations and the Mortgage Finance Code of Conduct.



# CLIENTS

While ING recognises all stakeholder groups, including governments, NGOs, suppliers and civil society, this report focuses on four core stakeholder groups: clients, shareholders, employees and society as a whole.

## MEETING CLIENTS' EXPECTATIONS

Responding to the needs of the Group's 50 million clients worldwide with quality products and services is ING's number one priority. ING strives to meet the needs of private, corporate and institutional clients by emphasising client relationship management, professionalism and innovation.

ING provides three primary services: insurance, banking and asset management. We fully realise that customer satisfaction is highly dependent not just on the quality of products but also on the quality of delivery service, whether this is by web-based exchange (click), telephone interaction (call) or face-to-face contact (face).

## TECHNOLOGY CREATES NEW CLIENT DEMANDS

The evolution of information and communication technology has resulted in new client expectations and a need for new, innovative services. The application of the Internet and other forms of technology in the financial sector have led to important changes in the way companies and clients access services and information.

Technology has improved the speed and quality of service while at the same time allowing more direct customer control of financial management. ING strives to implement client-focused solutions worldwide by using state-of-the-art technology. In the past year, ING witnessed several suc-

cesses in this area, including ING Direct's Internet banking concept and ReliaStar's expanding public education programmes (Ihatemfinancialplanning.com).

## PROVIDING VARIETY OF CONTACT POINTS

While the increase in the use of the Internet has improved access and service for many customers, ING realises that the Internet is not available to, or preferred by, all customers. ING wants to reach all its customers in a way that is convenient for them and appropriate to their individual circumstances. ING's click-call-face strategy is to service clients through the distribution channels of their choice. Click stands for information and transactions through the Internet; call for information and transactions via voice-response systems and call-centres; face for personal contact with agents, account managers, advisors and/or product specialists.



**BERT RICHAERS, CHAIRMAN NATIONALE-NEDERLANDEN**

*"When dealing with people, I want to be able to look them straight in the eye. Not only at a personal level, but within a professional environment as well. To me, corporate values provide guidance on a day-to-day basis. What would I do when I need advice how to deal with my personal financial risks and ambitions? I would demand professionalism and integrity, as well as prudent behaviour and skills. So, in keeping these things close to myself, I should address clients' issues the same way."*

## HIGH STANDARDS FOR INTEGRITY AND CONFIDENTIALITY

In meeting client expectations and responding to new demands, ING expects the highest levels of personal conduct by all its employees, whatever their position. Our internal regulations, such as the Business Principles and codes of conduct as described earlier in this report, set the standards for professionalism and integrity towards our customers. It is acknowledged that all effective business relationships, inside as well as outside the Group, depend upon honesty, integrity and fairness. They serve to prevent potential conflicts of interest and safeguard company integrity. They also serve to protect our clients. For example, safety and privacy have become two major concerns for clients when engaging in Internet banking.

Confidentiality is also a key aspect of these internal regulations and addresses acquiring and handling client information. All employees are expected to handle information with care. In particular, the confidentiality of all data processing should be safeguarded. Proper and complete records must be made of all transactions on behalf of ING.

#### BROAD ACCESS TO FINANCIAL SERVICES

ING regards it as part of its social responsibility that as many people as possible have, and can maintain, easy access to payment services. ING's retail banks in Belgium and the Netherlands have addressed the issue of exclusion as this relates to essential financial services. As a signatory to the Belgium Bankers' Association Charter, Bank Brussels Lambert (BBL) is committed to providing minimum basic banking services for clients who do not meet traditional criteria for current accounts. The three services that must be accessible for everyone are: executing money transfers, making deposits and withdrawals, and receiving account statements. The Netherlands Bankers' Association is currently in consultation with the Dutch Ministry of Finance and the Salvation Army to adopt a similar Charter.

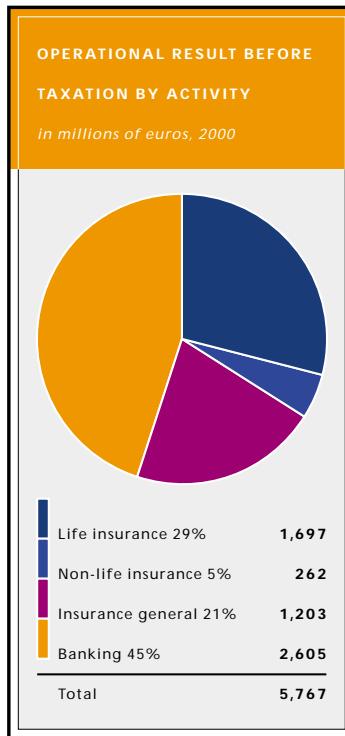
#### CLIENT SATISFACTION

Everything ING does, from employee training to product development and customer service, is focused on achieving an exceptional level of client satisfaction. Fostering two-way communication with clients is a big part of that effort.

#### BETTER UNDERSTANDING

##### THROUGH CLIENT PANELS

In order to maintain an ongoing dialogue with its clients, ING Bank in the Netherlands started a number of client panels in the past year. The client panels were designed to gain a better under-



standing of clients' views, expectations and levels of satisfaction. In 2000, client panels were conducted twice with small- and medium-sized companies; in 2001, quarterly meetings are scheduled. Panels consisting of retail customers are also held at similar intervals. The results of these dialogue sessions, which are facilitated by an independent market-research agency, are shared with the participants. The feedback includes ING's response to specific issues raised during the panel discussions as well as what actions are planned in the future to address specific issues.

#### ONGOING RESEARCH TO UNDERSTAND

##### CLIENT EXPECTATIONS

ING also conducts regular qualitative and quantitative research through telephone surveys, online research and client meetings. Every two years ING Bank conducts a major market research initiative on

customer satisfaction within every customer group. The results will be presented in external ING publications, such as the Financial Bulletin, to ensure that customers are informed of the results. The

insight and knowledge gleaned from this research are applied when developing new products and reviewing customer service. The channels through which ING serves its clients are also reviewed based on the research results. Customer satisfaction and level of use of each distribution channel will be considered in the future planning of services.

#### MANAGING COMPLAINTS

ING also fosters client satisfaction by effectively managing customer complaints. ING always aims to solve a complaint in close consultation with the client concerned. In the event that complaints are not satisfactorily resolved, redress can be obtained through arbitral bodies such as the industry dispute committees.

#### INSURING "UNINSURABLE" RISKS

*Most life insurance applications in the Netherlands are accepted on the basis of "normal" criteria. But what to do with those applicants who do not fit the criteria because of a high-risk medical condition? It would be easy for life insurers to simply reject such applicants from a commercial point of view. Yet precisely here lies the real test whether Dutch life insurers assume their social responsibility or not: to make sure that everyone in society who needs an insurance policy can get one. De Hoop (meaning "hope") Life Insurance Company lets Dutch life insurers do just that. De Hoop reinsures sub-standard risks – the kind of "undesirable" risks life insurers might otherwise reject. An example is diabetes type I, a complicated disease that often develops at an early age. By specialising in such diseases, De Hoop makes it possible for life insurers like Nationale-Nederlanden to accept such applicants in the first place, and at an acceptable premium. Nationale-Nederlanden is one of the three main shareholders in the company. As this example shows, "uninsurable" is not an absolute term. A sense of social responsibility combined with the right expertise can make many "uninsurable" risks insurable after all.*

## CUSTOMER RELATIONSHIP MANAGEMENT

One of ING's more recent initiatives to address client satisfaction is the global Customer Relationship Management (CRM) programme. CRM represents a departure from traditional methods of conducting business in financial services by trying to obtain a more detailed knowledge of the customer. The

CRM programme will allow ING to collect information about its clients – both retail and corporate – at a single source. Analysis of that information will enable ING to develop individual client profiles. This, in turn, should allow ING to offer a more personalised service, regardless of which business unit the client happens to be dealing with, whilst maintaining – of course – the clients' privacy.

## TRANSFORMING CALL CENTRES INTO CUSTOMER CONTACT CENTRES

In applying CRM to retail clients and small- and medium-sized companies, so-called Customer Contact Centres play a key role. Beginning

### CUSTOMER RELATIONSHIP MANAGEMENT IN MALAYSIA

*Aetna's use of CRM in Malaysia is a good example of how CRM can lead to higher customer satisfaction. The inefficiency of the existing telephone system resulted in customer complaints and incomplete service. Aetna responded by creating a toll free number, combined with features that track client behaviour, complaints and forecasts. Combined with a comprehensive employee training programme, the CRM system resulted in dramatic improvements in both client retention and company growth.*

in 1998, ING Bank in the Netherlands began turning its traditional call centres into Customer Contact Centres. The concept is based on a desire to provide convenience and a one-stop-shop for customers. It therefore moves beyond bank balances and account payments to include information and enhanced service on every aspect of the business. The centres also serve as a source of

market research on customer satisfaction.

Since its inception, the Customer Contact Centres have set a target of 80% of calls to be answered within 20 seconds. This target, monitored daily on wall displays, is on average met weekly. In addition, research was conducted in 2000 on the quality of service provided by the centres. In a telephone survey with over 600 customers, 80% said they were satisfied with the speed and management of calls. Recommendations focused on further training for account managers and improved communication to customers. Similar Customer Contact Centres have been developed by Postbank, BBL, RVS, ING Antai in Taiwan and by ING Direct in 7 different countries.



CINDY LEE, CLIENT ING DIRECT, ING DIRECT CAFE NEW YORK

*"I love ING Direct because it's so different and fresh. I was walking by the Cafe and I just couldn't pass it by. I walked in and the whole concept of a cybercafe that is also a bank completely intrigued me."*

*ING Direct offers such great products that really saves you money, and I couldn't resist their high rates. I opened an account with ING Direct right away. It was so simple and easy. America definitely needed something like ING Direct."*

## SUSTAINABLE PRODUCTS AND SERVICES

### SOCIALLY RESPONSIBLE INVESTMENT

Socially responsible investment (SRI) is not new. However, recent years have witnessed a significant change as businesses and investors increasingly recognise a positive correlation between SRI funds and market returns. The trend towards SRI first gained prominence in the United States and is now well-established in the UK. It is rapidly spreading throughout continental Europe and Japan. According to Green and Ethical Funds in Europe, SRI funds accounted for around 188 products in Europe with total assets of more than EUR 11 billion early 2000.

In response to the growing SRI market, ING extended its sustainable product and service portfolio in 2000. In addition to existing products, such as environmentally focused savings and lending, ING has launched several sustainability funds in Australia, Belgium and the Netherlands. Additional funds are being considered in the Netherlands, Australia, Italy, France and the US.

### GREEN SAVINGS

In the Netherlands, Postbank Groen (Postbank Green) offers retail clients the opportunity to invest their savings in projects that have received a green certificate within a government-sponsored scheme. The scheme includes projects such as sustainable housing, green label

greenhouses and wind and solar energy. An example of a sustainable energy project financed in 2000 in the Netherlands, was a hydro-electric power station at the river Meuse. The original power station was restored and supplemented with a new hydro-electric power station to supply energy to 700 households.

In the last five years, savings for investments in such green projects were tax-free. However, in 2000, proposals to introduce a new tax regime in the Netherlands created uncertainty as to how such green investments would be treated in the future. In the meantime, the importance of such green investments has been acknowledged and green investments will still be subject to tax exemption. Nevertheless, as a result of the initial uncertainty regarding the treatment of such investments, the number of new green investments was relatively low in 2000 with a total sum of EUR 74 million, compared with a former yearly average of EUR 138 million. The cumulative total investment in green projects is now EUR 630 million.

### GUIDING CLIENTS IN SUSTAINABLE INVESTMENTS

In May 2000, ING Bank in the Netherlands launched a Sustainability Service. At the core of this concept lies the assumption that ING's clients have their own ideas about sustainable investment. What investors need is information about how to implement their ideas. ING's Sustainability Service is helping to fill that need.



PAT CHICK, FINANCIAL ADVISER, SYDNEY AUSTRALIA

*"ING in Australia has shown great commitment over many years in supporting the role of the adviser in helping clients to achieve their financial goals. We live in an environment of rapid change in*

*regulation and technology, as well as ever-increasing competition. It's good to know ING appreciates the issues advisers are facing, and is prepared to assist us to improve our service and expand our businesses."*

**BARING ASSET MANAGEMENT (BAM)**

*Socially Responsible Investment, or SRI, is of growing importance to pension scheme trustees now that they are required by UK regulations to set out their SRI stance in their Statement of Investment Principles. BAM, a globally operating business unit of ING Asset Management, offers a 'socially responsible' investment product in the UK defined benefit market on a segregated account basis. This investment style excludes on a sector basis those sectors excluded from the mandate by the Trustees.*

*BAM's screens and portfolio control disciplines enable it to maintain portfolios that exclude ethical and environmentally sensitive investments. An external ethical consultant assists BAM in providing information on the social and environmental issues currently concerning companies.*

The service uses information obtained from ING's sustainability analysts and independent service providers to guide retail and institutional clients in the management of a sustainable investment portfolio. In addition, information is provided on more than 20 sustainability issues, ranging from child labour, environmental pollution to discrimination and animal testing. To ensure information is topical, Sustainability Services conducts research projects on social, ethical and environmental issues that are relevant to private and institutional financial investors. Current research projects address animal testing, human rights and the economic impacts of water scarcity. ING Bank Sustainability Services operates in the Netherlands using a network of specially trained investment advisers.

**SCREENING COMPANIES FOR SUSTAINABLE INVESTMENTS**

In 2000, ING Group launched three Sustainable Return Funds in the

**SOCIALLY RESPONSIBLE SHARES INDEX FUND IN AUSTRALIA**

*ING launched the Socially Responsible Shares Index Fund in Australia. The fund invests in shares and related financial derivatives of socially responsible companies within the top 100 companies on the Australian Stock Exchange. Investments exclude companies that are known to be active in armaments, defence industry, tobacco, and gambling. In addition, companies who have violated pollution control regulations or engage in significant activities that depend on the destruction of non-renewable resources for which viable alternatives exist are excluded.*

Benelux: the ING Bank Sustainable Return Fund, the ING Institutional Sustainable Return Fund and the BBL Sustainable Growth Fund. These funds invest globally in companies with 'best in class' social, environmental and financial performance as determined by independent research companies.

In selecting companies, both positive and negative screening methodologies are applied. Positive screens include companies with superior social or environmental performance. Negative screening applies when investors exclude companies based on predefined criteria. The ING Sustainable Return Funds, for example, exclude sectors such as weapons, nuclear energy, tobacco, gambling, pornography and fur. The funds also exclude companies engaged in businesses that contravene generally accepted values and standards such as the International Labour Organisation guidelines, forced labour, discrimination, corruption and involvement in suppressive regimes. An independent Advisory Board supervises the actions and selection criteria of these funds. The Board continuously reviews and updates the funds' criteria to ensure they reflect changing societal developments.

Investors in the ING Sustainable Return Funds vary from small private clients to large institutional investors, including the ING Pension Fund. At the end of 2000, the three funds totalled EUR 250 million assets under management. From its inception in May 2000 until end December 2000, the ING Bank Sustainable Return Fund outperformed the MSCI World Index by almost 5%.



**ANGELIEN KEMNA, GENERAL MANAGER ING INVESTMENT MANAGEMENT**

*"Sustainable investing offers a triple-win, since it combines a financial profit with an environmental and social gain. IIM wishes to support this and has therefore put considerable effort in the development of sustainable investment products."*

# SHAREHOLDERS

## MEETING SHAREHOLDERS' EXPECTATIONS

Long-term profitability and satisfactory financial returns to shareholders are key factors for the continued success of any organisation. However, achieving these goals in an environmentally and socially sustainable manner is one of the major challenges for any 21st century commercial organisation. ING believes the Group is well positioned to meet this challenge. By applying robust values and the Business Principles, ING aims to create a dedicated and responsible workforce. Combined with transparent shareholder communications and clearly defined corporate governance processes, the Group aims to ensure that shareholder expectations are met, and in many cases, exceeded.

## CORPORATE GOVERNANCE

ING recognises that the creation of long-term profitability can only occur through good corporate governance with an emphasis on trust and transparency. Institutional investors in particular are interested in the way companies address governance issues. The geographical spread of shares, the expansion of companies and the influence of the capital markets have strengthened this interest and highlighted the need for accountability and transparency.

## DUTCH MODEL SEPARATES SUPERVISION AND MANAGEMENT

The structure of ING is based on the Dutch model of corporate governance principles. These principles are based on a two-tier board system with a clear separation between supervision and management. To guarantee the independence of the Supervisory Board, it will not include more than one former member of the Executive Board for every five Supervisory Board members. In addition, for-

mer Executive Board members cannot chair the Supervisory Board. In case of an appointment to the Supervisory Board, former Executive Board members observe a waiting period of one year following their retirement. All members are appointed for a period of four years, and serve not longer than twelve years. The reappointment procedure guarantees careful consideration. The Supervisory Board has drawn up a profile, which focuses on a balanced composition. Appointments to the Supervisory Board are discussed with the Central Works Council. Two members of the Supervisory Board are appointed on the recommendation of the Central Works Council. In view of achieving greater transparency, ING's Annual Report for 2000 includes the remuneration of the members of both boards, for the Executive Board members on an individual basis.

## ADDRESSING DEMANDS FOR INCREASED TRANSPARENCY

In recent years, ING has taken various steps to address transparency requirements. In the Netherlands, the Amsterdam Stock Exchange Association and the Association of Securities Issuing Companies established the so-called Peters Committee to investigate and address corporate governance matters. In 1997, this Committee published a report with 40 recommendations for listed companies, many of which address the relationship between the Executive Board and the Supervisory Board, transparency and the various relations between the company and its shareholders. ING has adopted almost all of these recommendations and continues to pay attention to recommendations that have not yet been adopted, such as voting rights.

ING is one of the nine founders of the Dutch Foundation for Corporate Governance in the Netherlands. The Foundation, which was established in November 1999, aims at advancing and encouraging discussion concerning the topic of corporate governance in the Netherlands.



**HERMAN GEUZE, DIRECTOR INVESTOR RELATIONS ING GROUP**

*"In my Investor Relations activities, including the contacts with my colleagues in the industry, a mounting attention for sustainability issues is clearly visible over the last few years. I'm convinced that this development is irreversible and that investment decisions will be partly based on sustainability aspects."*



GUY JUBB, INVESTMENT DIRECTOR OF STANDARD LIFE INVESTMENTS  
EDINBURGH, SCOTLAND

*"Achieving long-term outperformance through investments in socially responsible groups like ING is a dream ticket for global*

*fund managers such as Standard Life Investments. That is why it is so important for ING's Board to continue to ensure that the Group's social and corporate responsibility processes are focussed to maintain and improve ING's corporate reputation."*

#### OPEN COMMUNICATION WITH SHAREHOLDERS

Open communication with shareholders is recognised as an integral component of ING's commitment to transparency. In addition to the presentation and discussion of the results at the Annual General Meeting, ING produces the Shareholders' Bulletin and Shareholders' News, magazines to inform shareholders of developments in ING.

Established in 1992, ING was one of the first financial institutions in the Netherlands to inform its shareholders through such a periodical. The Shareholders' Bulletin initially focused on retail investors in the Netherlands, but now informs shareholders, institutional investors and analysts worldwide. It not only gives ING's views on topics, but also include opinions of third parties.

Furthermore, the ING website ([ing.com](http://ing.com)) is an important communication tool towards shareholders. The site includes presentations by members of the Executive Board and provides an opportunity for shareholders to submit questions or comments. Since 2000 press conferences about the financial results can be viewed on the website.

#### INVESTOR RELATIONS

The Investor Relations Department plays an important role in shareholder communications by supplementing the reporting of interim and annual financial results. In addition to roadshows and numerous meetings with investors and analysts, the first ING Investor Relations Symposium was organised in 2000. The purpose of this annual symposium is to provide

#### INVESTOR RELATIONS PRIZE 2000

*ING was the winner of the Investor Relations Prize 2000 among the Amsterdam stock exchange companies. This prize is based on a survey, annually carried out among listed enterprises in the Netherlands by research bureau Rematch. Each target group – analysts, institutional and private investors and the financial press – ranked ING in the top 3 for its investor relations policy. The ING stock was characterised as a global fund, a growth fund and a long-term investment. The annual report and the website won high marks.*

**PROXY VOTING**

The Social and Economic Council in the Netherlands has recommended that the government supports a European initiative to enhance proxy voting. This would enable shareholders to vote despite being absent at the Annual General Meetings. ING supports this initiative, but will not implement proxy voting as long as it is not available to all its shareholders and depositary receipt holders at the very least on a European level. ING participates in a review of proxy solicitation systems. Presently proxy solicitation is only available for shareholders in the Netherlands and in the US; more than half of ING's shareholders are from other countries.

international analysts and investors with information on ING's strategy and allow them to have personal contact with members of the Executive Board.

**SUSTAINABILITY RATINGS IMPACT INVESTMENT DECISIONS**

While the link between socially responsible investing (SRI) and enhanced financial returns has yet to be fully proven, the performance of sustainability indices suggests that SRI returns are as high, and, for certain products, may even exceed traditional investment forms. The rationale for such returns appears to be logical; companies that apply strong values in the management of economic, environmental and social performance are likely to develop a loyal and committed workforce. In addition, efforts by a company to minimise costly social or environmental claims that can cause reputational damage, are likely to lead to a positive effect on the value of the company.

The potential positive correlation between sustainable performance and enhanced financial performance is attracting an increasing number of investors, including pension funds, who seek investment opportunities where this correlation is likely to exist. This, in turn, has led to the recent growth of sustainability funds and indices. Some 10% of professionally managed assets invested in the US are now invested in portfolios that use ethical and environmental criteria.

Investor interest has been encouraged through various rating agencies that assess companies in terms of their social and environmental performance.

ING is increasingly being assessed by such agencies. In 2000, ING participated in the assessments of several Dutch, Swiss, Scandinavian and British SRI rating agencies and investment companies.

The ING share is included in many sustainable funds, including most of the Dutch funds and five of the Storebrand SRI funds. In a

**GOOD REPUTATION INDEX**

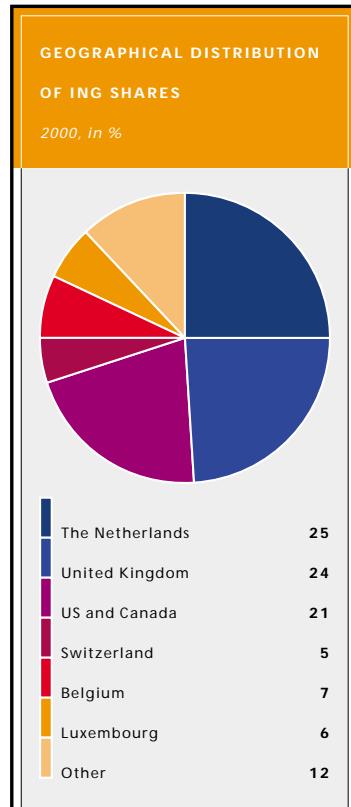
ING Australia actively co-operates with various external surveys and programmes on ethical business behaviour and social policy. In the most comprehensive and high profile survey published, the 2000 Sydney Morning Herald/Age (Melbourne) Good Reputation Index, Mercantile Mutual (renamed ING Australia in 2001) was ranked 3rd among financial services companies. The Good Reputation Index covers employee management, environmental performance, social impact and ethics as well as financial performance and market position.

study on environmental friendly investments published by the German Ministry for Environmental Affairs, ING was among the top 20 companies most often included in German "Öko" Funds.

**LEADER IN SUSTAINABILITY INDEX**

The Dow Jones Sustainability Group Index (DJSI), launched in 1999, benchmarks the performance of sustainability-oriented companies (by market capitalisation) in the Dow Jones Global Indexes. The companies from different industries are selected after a comparative evaluation in terms of specific economic, environmental and social criteria. The composition of companies in the index is re-evaluated each year.

In 2000, ING Group was named the insurance industry leader in this index. This prestigious rating was achieved through the recognition of sustainability-related opportunities and the reduction of sustainability risks at ING. These include adherence to long-term environmental targets, the implementation of a robust code of conduct and the development of a community relations policy based on mutual respect and partnership.



## ING AND ITS STAKEHOLDERS

# EMPLOYEES

## OUR PEOPLE

ING now employs more than 100,000 people in 65 countries. While one third of employees are based in the Netherlands, in 2000 there was an increase of 32% in employees outside the Netherlands compared to 1999. That increase is primarily the result of recent acquisitions, including the US-based companies Aetna Financial Services and Aetna International (11,200 employees) and ReliaStar (3,900 employees).

## PRINCIPLES OF SOCIAL POLICY TO CREATE OPTIMUM WORKING ENVIRONMENT

Employees are ING's most important asset. Their performance and capabilities determine how customers value the quality of ING's products and services. The worldwide expansion of ING has highlighted the importance of attracting and retaining high calibre staff.

In 1996, the Executive Board formulated the principles of ING's



**GLENN HILLIARD, MEMBER EXECUTIVE COMMITTEE ING AMERICAS**

*"To know even one life has breathed easier because you have lived. This is to have succeeded". That's from a Ralph Waldo Emerson poem. This premise applies to everything we do at ING, especially as we more clearly focus on a customer-centric organisation. In your work life and in your personal life, you must find something to be passionate about, something that gets you excited. Something that makes the world a better place. The value you bring with your enthusiasm will be reflected on everyone around you – customers, colleagues, employees and your family."*

social policy with a view to creating an optimum working environment for all ING staff worldwide. The principles are:

- \* to acknowledge the individual value and equality of all employees at all levels of the organisation, irrespective of race, gender, nationality, sexual orientation, religion or creed;
- \* to motivate employees and support their personal development and career advancement;
- \* to provide equal opportunities for all employees;
- \* to maintain good labour relations, terms of employment and working conditions;
- \* to balance fairly the interests of the employee and those of the organisation.

These principles emphasise the importance of equality, support and open communication at ING. They represent shared standards and values that apply to the social policy of all ING business units worldwide. They also serve as the basis for ING's human resources policy around the world.

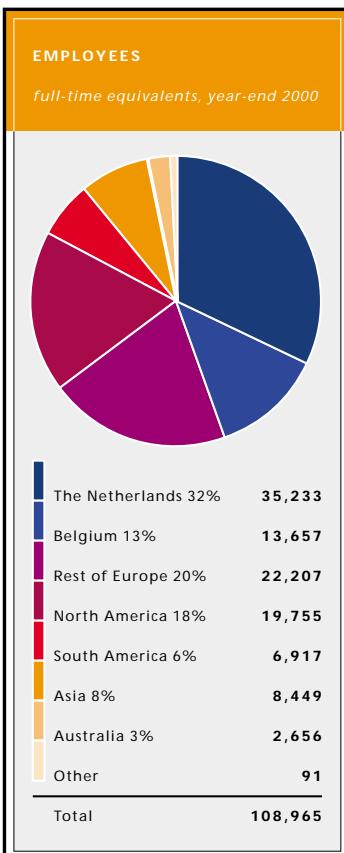
## DIVERSITY AND EQUAL OPPORTUNITIES

## VALUING DIVERSITY

ING's global expansion in the last decade has created a diverse organisation, both geographically and culturally. ING believes there is true

## BUSINESS PRINCIPLE ON EMPLOYEE RELATIONS:

*Relationships with employees in all parts of ING are based on respect for the individual. ING aims to provide all its employees with safe conditions of work and competitive terms of employment. ING is committed to equal opportunities and the avoidance of discrimination. Sexual or racial harassment is unacceptable. Personal career development will be encouraged through progressive personnel and training arrangements.*



**DOMESTIC EMERGING MARKETS**

In 1997, ING Aetna Financial Services launched the Domestic Emerging Markets (DEM) strategy, which is focused on African American, Latino and women-owned business markets in the US. As part of that strategy, the internal staff needed to better reflect the diversity of these markets. One of the key results of the DEM strategy in 2000 was a 58% increase in the diversification of its sales and service staff through the hiring of 70 ethnic and female employees.

**THE RING**

The Ring is a network for ING employees up to 35 years of age. It focuses on increasing an interest in financial services and intensifying the networking among these young ING colleagues. Activities are organised aimed at mixing business, cultural and social aspects. The network is not only active in the Netherlands but is rapidly expanding abroad into Belgium, Poland, United States and Japan. Soon, Italy, Spain, UK, France and the Ukraine will also have their own Ring organisation.

value in a commitment to diversity and that the Group's employee base should reflect its customer base. This means that there should be a good balance between, for example, men and women, singles and families, young and old, healthy and ill, full-timers and part-timers as well as different races and nationalities.

**DIVERSITY COUNCIL INCREASES CULTURAL AWARENESS**

In order to increase cultural awareness within the Group and benefit from a multi-cultural organisation, ING formed a Diversity Council in 2000. This Council, which currently consists of mainly senior female executive managers, advises the Executive Board on diversity issues. Initially the Council focused on women's issues; in the meantime, its focus has expanded to all aspects of diversity within ING. One of ING's aims is to establish a better understanding of the state of play with regard to equal opportunities and diversity by reviewing existing policies and key procedures in business units internationally. The Diversity Council will continue to play a key role in this process.

**PROVIDING EQUAL OPPORTUNITIES AND ELIMINATING DISCRIMINATION**

As an international organisation, ING acknowledges that the approach to equal opportunities and diversity can vary significantly between countries. ING believes in equal opportunities and is working to eliminate barriers. ING acts in accordance with national regulations regarding equal opportunities. In the Netherlands and the US, this includes the reporting on ethnic breakdown of our workforce to

government institutions. These figures are not registered centrally within ING but within the separate business units. ING strives to create a business environment that is free from any kind of workplace

violence, discrimination or harassment. For employees in the US, the Netherlands and other European countries, there is a formal procedure for filing complaints when an employee believes to be a victim in such cases. Human Resources and designated personnel will conduct an investigation of the complaint and take all appropriate steps to

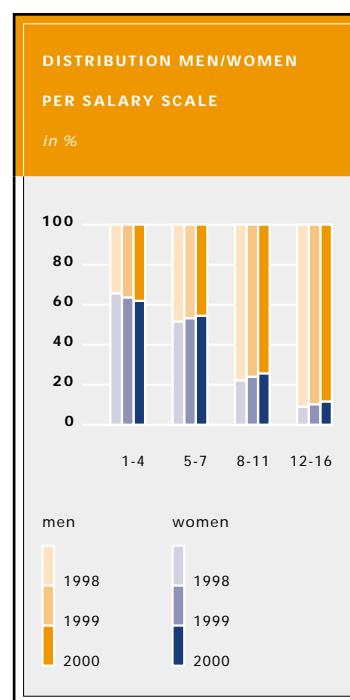
eliminate and remedy any such situation, including discipline up to and including discharge of the offender.

**MORE WOMEN IN MANAGEMENT**

Within ING's diversity policy, the development of women for senior management level was an area of emphasis in 2000 and will continue to be so. In the Netherlands the proportion of women in the highest salary scales increased to 11.7% in 2000 compared to 10.3% in 1999. ING expects this figure to increase in the future, following from its commitment to equal opportunities and general societal trends on women in the workforce.

**IMPROVING OPPORTUNITIES FOR SOCIALLY DISADVANTAGED GROUPS**

In the Netherlands, ING has been actively participating and working on its diversity policy. Since 1993, for example, ING Netherlands has incorporated the project 'Working Together' of the Ministry of Social Affairs in its human resources policy. 'Working



'Together' aims to increase the work experience of minorities through internships. Since 2000, ING Netherlands also participates in the project 'Banks and People in a disadvantaged position'. The goal of this project is to provide a permanent function within ING for socially disadvantaged groups in the labour market, such as ethnic minorities, refugees and the physically disabled.

### PERSONAL DEVELOPMENT AND CAREER ADVANCEMENT

#### BEING AN ATTRACTIVE EMPLOYER

ING is an organisation that is increasingly characterised by differentiation and internationalisation. This offers ample opportunities for personal development and for an international career. For its continuity ING needs not only to attract qualified employees but also to retain them and to offer them a working environment with sufficient opportunities for growth and development. ING pays much attention to preparing its employees to respond to the changing customer needs and the new opportunities to improve efficiency. It offers numerous facilities to promote its employees' employability. For example, in the Netherlands special Career Service Centres have been launched since 2000 to support employees in their career development.

#### MANAGEMENT DEVELOPMENT

ING has an advanced Management Development policy, which is updated annually. In January 2000, the new Corporate Human Resources & Management Development department (CHRMD) was implemented. This function also manages the ING Group international stock option plan, the international assignment policy and it advises on executive reward, especially focusing on the General Management Council known as the Top 200. In response to ING's rapid growth, there was a need to co-ordinate the human resource

policies and systems applied around the world. Management Development will support strategic human resources plans worldwide as part of the execution of the ING business strategy. It aims to recruit and retain talented employees to build management potential. By designing competitive reward strategies, it strives to link performance management with business objectives. Human resources and management development systems and practices will continue to be implemented in the Group to increase efficiency, decision-making capabilities, competitiveness and the attractiveness of ING as a long-term employer.

#### INTERNATIONAL BUSINESS SCHOOL

ING is firmly committed to the development of its people and has established the ING Business School (IBS) to provide an infrastructure for developing future managers and leaders in an ING setting,

which also enhances the ING-culture around the world. The IBS contributes coherence, quality and structure to the global management training programmes and is a vehicle for sharing ING's vision, strategy and values. Nearly 900 employees attended IBS in 2000 and participated in courses on leadership skills, change management, business ethics, innovation and sustainable performance improvement.

#### FACILITATING INTERNATIONAL ASSIGNMENT

ING supports mobility within the Group by stimulating job rotation. The international assignment policy, which was introduced in October 2000, is designed to support our company's business success by facilitating the placement of skills in the global environment. Prior to the introduction of this new policy, ING had seven different expatriate programmes. These programmes continue to apply to international assignments already commenced. ING



will build on this group function and addresses on issues such as social and cultural integration, housing, compensation, repatriation, reassignment and localisation.

## COMPENSATION AND BENEFITS

### REMUNERATION

The remuneration policy and employee benefits differ across the various ING business units and countries. Remuneration at ING must keep pace with market standards. Salary studies are commissioned

#### COMPETENCE & COMPENSATION

*In order to attract and retain talented employees, ING Belgium has procedures which constantly evolve and are overseen by the 'Competence & Compensation' unit within the Management Development Division. In 2000, an internal satisfaction survey of university graduates under 35 years of age was completed in Belgium, in collaboration with the Vlerick Leuven Gent Management School. The objective was to determine the main criteria guiding graduates in their choice of an employer and to establish to what extent ING met these criteria. The conclusions of the survey were analysed and ING Belgium launched corrective actions in those areas where ING scored lower.*

regularly by individual business units to determine market benchmarks for certain entities and target groups. Several business units believe their remuneration policy must allow for sufficient flexibility in order to acknowledge relevant competencies in diverse contexts and to be able to reward individual performance. An example of this is an assessment tool developed by BBL called MCP (mission – competence – performance). MCP links a proportion of an individual's remuneration to each of these three key aspects of performance.

### STOCK OPTION PLAN

ING has granted option rights on ING Group shares to a number of senior executives, to all ING staff in the Netherlands and to a considerable number of employees outside the Netherlands. In addition to promoting sustained growth of ING, the purpose of the option plans is to attract, retain and motivate people, and to make them part of the ING family.

### SENIOR EXECUTIVE PAY

ING has a global set of guidelines for senior executive pay. The main objective of ING's top management remuneration package is to motivate them towards excellent performance in executing ING's strategies. The package for Executive Board members consists of a base salary,

a short-term performance-related bonus and a longer-term incentive in the form of stock options. In order to maintain a competitive remuneration package, benchmarking against comparable companies is carried out regularly. In 2000, a new synergy-driven compensation philosophy was established for senior executives. Stock options for ING's top 200 managers are now linked to achieving or contributing to group synergies and building talent.

## ADDRESSING EMPLOYEE CONCERNS

### FOSTERING EMPLOYEE WELFARE

Each department in the Netherlands has a Helpline to provide individual employees with advice, support or information on matters that interfere with their work. These matters can be work-related (e.g. over-work, fraud, career development), or private issues (e.g. psychological or financial problems). The Helpline team also advises management on social policies. In the US, ING has enlisted an independent firm, ComPsych Guidance Resource Company, to provide counselling, support and information services to employees on a confidential basis.

### BALANCING WORK AND PERSONAL LIFE

Creating a balance between work and private life is not just a tool to attract talent in a tight labour market. It is also a matter of principle. ING believes that one's job should never be so demanding and time-consuming that it takes away time for family life, personal interests and hobbies. In an increasingly demanding market for personnel, ING aims to provide opportunities and benefits for its staff to create a careful balance between work and personal life. In the Netherlands, such provisions include sabbatical leave, childcare, flexible working hours and e-working.

#### MONITORING EMPLOYEE SATISFACTION

*ING Australia conducts a comprehensive bi-annual survey of all staff on employee satisfaction, covering the whole group as well as individual business units. The survey is anonymous and includes a broad range of areas such as corporate culture, job satisfaction and management style. The survey also encourages individual comments. The results of the survey are communicated to all staff. Each business unit is required to devise and implement an action plan around the results.*

### CREATING JOB SATISFACTION

The recent acquisitions and the ING branding project will undoubtedly affect employee morale. Minimising staff turnover will continue to be a challenge in the future and one that emphasises the impor-

tance of measuring employee satisfaction. In a number of business units, the annual performance appraisal process now focuses on issues of job satisfaction. In addition, a number of business units conduct periodical employee satisfaction surveys, through questionnaires or discussion groups.

#### ACTIVE EMPLOYEE PARTICIPATION

Works councils have been mandatory in large firms in some European countries for over 25 years. The works councils are the primary means of communication and participation between the employees, management and the Executive Board. In the Netherlands, there are more than 20 works councils represented in the Central Works Council (COR). The COR has the authority to advise on certain key decisions of the Executive Board. Helping to evaluate and shape company policy is one of the most important tasks of the COR. Topics for discussion include: medium-term business plans, annual and interim financial results, social policy, the Business Principles, large re-organisations, collective labour agreements and major acquisitions. The Council meets ten times a year and six meetings include a representative from the Executive Board and the Chairman of the ING Netherlands Management Committee. The Central Works Council is also involved in appointments to the Supervisory Board.

#### COLLECTIVE LABOUR AGREEMENTS

*A major achievement in 2000 was the conclusion of the ING collective labour agreement (CAO) for employees of the banking and insurance operations in the Netherlands.*

*Formerly, the banking and insurance operations each had their own CAO agreements. The new agreement will facilitate job rotation across the sectors, minimise differences between the two operations and improve the ING feeling.*

*Three collective labour agreements were recently established between management of the bank and the unions in Belgium. The agreements concern the renewal of the company agreement, which ended in 2000, the social measures linked to the reconfiguration of the commercial network and operational activities and the attribution rules for profit sharing.*

With the increasing internationalisation of companies, and a more complex structure of multinationals, a European Union Directive, approved in 1994, made European works councils mandatory for companies with 1,000 or more employees in the European Union (EU) and with 150 or more employees in at least two EU countries. ING created its own European Works Council (EWC) in May 1996 and was the first Dutch financial institution to do so. The formal



**JEAN COLAUT, MANAGING DIRECTOR BANK BRUSSELS LAMBERT**

*"A man or a woman who climbs up in the hierarchy has to prove him-or herself every day. Working for an international and multicultural group makes one's responsibilities even more challenging and that is why working for ING is so stimulating."*

rights of the EU Works Council are geared to information and consultation. Its main task is the gathering of information from the Executive Board and consultation with the Board on matters affecting the Group as a whole. The European Works Council currently consists of 27 members from 14 countries.

#### BROAD RANGE OF DISCUSSION TOPICS

In 2000, the consultation process between the Executive Board and the EWC focused on several topics, including the development of a Career Service Centre, the ING Business Principles, synergy projects and ING management structure. Other topics of discussion are social policy, education, equal opportunity employment and local staff representation. The EWC has plans to propose a European contract, offering each ING employee a basic package of benefits, regardless of their location in the EU. The EWC members are not exclusively from the EU but also from Central European countries where ING has substantial activities. These countries include Poland, Hungary, Romania and the Czech Republic. Delegates from countries outside Europe such as the US, Hong Kong and Argentina have also been invited to participate in meetings. The full council meets twice a year and a select committee meets twice a year with representation from the Executive Board.

#### OPEN COMMUNICATION

In some countries, where works councils are not mandatory, employees' concerns are not collectively represented but taken into account in

other ways. For example, ING Americas strives to deal equitably with the interests of all its employees. Its employees should feel free to discuss their concerns or suggestions with their managers. With open communication, it is not considered necessary for an outside third party to intervene on behalf of employees. By maintaining open communication, making reasonable efforts to respond employees' legitimate needs and considering their interests when making business decisions, ING Americas feels it has arranged appropriate staff representation.

#### HANDLING JOB LOSSES AND REDUNDANCIES

Of all the decisions ING's top management has to make, decisions

involving job losses are the most difficult. Aside from the financial consequences, losing one's job can cause a significant emotional burden to those affected as well as their family members. Yet sometimes job cuts are necessary in order to keep the company competitive and secure its long-term development. ING strives to be a good employer, which also means that when layoffs or redundancies are necessary, they are handled in a proper and professional way. ING's policy is to spend up to a year (in the Netherlands, up to 18 months) in helping to find alternative employment. This includes first trying to find an alternative function elsewhere in ING Group. If not possible or desired, the company will help find a new position outside the company.



HANS ZUIDEMA CHAIRMAN CENTRAL WORKS COUNCIL ING GROUP

AMSTERDAM

*"The employees are our most important asset, many processes are harmed without their well-being. Developments to optimise the capacity and employability of our staff should be stimulated, such as the 'green pastures' (transport work to the environment where people (want to) live), teleworking (working at home), strengthening the position of women within*

*ING (40% of our employees are female, 18% are in salary scale 9 or higher), child care, synergy at the workplace. To reach our targets, good coaches are essential. A good manager has a maximum sick leave rate of 2% among his employees, special professional hazards set aside. An ING employee should (be able to) be proud of his or her company. By setting our shoulders to the coming changes, by being part of this process, we will be able to achieve this together."*

# SOCIETY

## COMMUNITY RELATIONS, DONATIONS AND SPONSORING

ING has experienced tremendous growth in recent years as a result of organic growth and acquisitions. The challenge for the near future will be to maximise the synergy between the existing and the new business units. The corporate brand must reflect transparency and cohesiveness underscored by ING's corporate values. Donations and sponsorship are still mainly organised by the individual business units at a local level. In future, this will gradually be more structured and co-ordinated at a central level, without affecting the 'think global, act local' intent. ING aims to list all its foundations and donation projects on a special website on the Internet.

In most of ING's business units, special committees, charity programmes and foundations have been set up to manage sponsoring and donation programmes. Some examples are provided to illustrate the variety of community activities ING is involved in. Because ING is active in a variety of cultures and countries, the nature of these projects varies widely. Business units are encouraged to implement community relations policies and develop partnerships with local communities.

ING's community relations policy focuses on the following aspects:

- \* Voluntary work and matched-employee donations. Employees are encouraged to play an active role in community activities.
- \* Charitable donations. At corporate, regional and local level ING provides donations to organisations to stimulate social, cultural and economic development.
- \* Sponsoring. Numerous business units sponsor local organisations and activities.

## VOLUNTARY WORK

Voluntary work and employee involvement in charitable activities are strongly stimulated within ING. This approach is especially common in Anglo-Saxon cultures. In several countries, these initiatives are used to enhance community relations and to strengthen the ING team spirit. Sports events, varying from golf tournaments to bicycle races, are staged to raise money for local charities.

In the Netherlands and in the US, ING employees provide assistance to schools. Employees of Nationale-Nederlanden participate in a voluntary programme to improve the reading skills of children. In the US, ING Direct employees visit schools to educate children in how to save money. ING Aetna Financial Services created a website ([www.2020green.com](http://www.2020green.com)) geared towards educating students and teachers on financial matters.

## EMPLOYEE DONATIONS SUPPORT LOCAL PROJECTS

The ING Employee Donation Fund in the Netherlands is an example of how ING employees are stimulated to do voluntary work. Employees who are involved in voluntary work can ask for a donation

for their organisation from this ING fund. In 2000, 1,100 employees made a request. Every (former) ING employee can request a donation of NLG 1,000 for a charity in which he or she is involved. In total NLG 500,000 was granted to 500 projects in 2000.

Matching gift programmes are stimulated in many other parts of the organisation. An employee donates a certain amount and the company donates the same amount to that charity. Security Life of Denver, for example, was able to support more than 60 non-profit organisations with over USD 260,000 in 2000.

ING Barings also applies matched-giving programmes when a staff member is actively involved



**ALEXANDER RINNOOY KAN, MEMBER EXECUTIVE BOARD ING GROUP**

*"Global companies as huge and with so much impact as ING derive their licence to grow from a visible commitment to act as a responsible global corporate citizen."*



TERRY L. MAPLE, PH.D., PRESIDENT AND CEO ZOO ATLANTA

*"The new relationship between ING and Zoo Atlanta has been significant in that the corporation chose to form ties on several levels. Their philanthropic support of the lion exhibit and the Beastly Feast combined with their marketing initiative formed a substantive base and created a complete package which impacts the zoo on various levels."*

in a charity project. In New York, for example, ING Barings is partner in the organisation New York Cares, which mobilises volunteers each month to serve on projects in schools, social service agencies and environmental groups. In 2000, the Hong Kong office launched the ING Barings Sunshine Day Project. This scheme entitles each staff member to purchase one extra day of annual leave for a certain price. In 2000, 203 staff members participated and a total of HKD 132,400 was raised for the Community Chest, an umbrella organisation for charities in Hong Kong.

#### CORPORATE DONATIONS TO DIFFERENT CHARITABLE INITIATIVES

Across the world, ING is committed to many different kinds of charitable initiatives. Support policies differ from country to country, depending on the specific needs and issues. In Central Europe, for example, the emphasis lies on the support of children and orphans whereas in the US education is an important issue.

At the beginning of 2001, the ReliaStar Foundation was renamed the ING Foundation and created

for ING Americas to make a strong, long-term commitment to corporate social responsibility and centralise giving practices to leverage the ING name and brand at both national and local levels. Prior to this, ING, ReliaStar and Aetna Financial Services established separate budgets for charitable donations and implemented their community outreach efforts locally. Each entity had different policies and strategies for giving to their local community. The Foundation aims to ensure that ING Americas can be strategic in its giving practices, provides stable and consistent support to the communities it serves and builds assets to improve contribution levels. ING is committed to put its human and financial resources to work in the communities where its staff members live and work. In 2000, the combined donation programmes of ING Americas, Life of Georgia, Security Life of Denver, ReliaStar and Aetna Financial Services amounted to more than USD 7

million, funding primarily education, human services and cultural organisations.

The ING Australia Foundation was founded in 1978 to celebrate the centenary of Mercantile Mutual, which has been part of ING Group since 1982. The Foundation's assets currently

#### BUSINESS PRINCIPLE ON COMMUNITY RELATIONS

*Wherever ING operates, it recognises that good relations with its local communities are fundamental to its long-term success. The Group's community relations policy is founded upon mutual respect and active partnership, aimed at sustaining lasting and trusting relationships between the Group's operations and local communities.*

stand at over AUD 1.3 million. The Foundation manages an ongoing programme of grants to charitable causes and cultural institutions. In 2000, these totalled AUD 176,000. Of this amount approximately 50% is set aside for one chosen cause. The remaining funds were distributed to charities dealing with acute needs within the community, often focusing on welfare and on the disadvantaged, with particular emphasis on children and their families. In partnership with the Rotary, the



**GYÖRGY BORDÁS, CHAIRMAN COUNTRY MANAGEMENT COMMITTEE**

**ING HUNGARY**

*"Operating in an emerging market economy, ING faces special responsibilities ensuing from the social, cultural and human conditions in the country concerned. We are approaching the 10th anniversary of our operations in Hungary. During that period, the business units of ING Hungary have demonstrated an increasing awareness of these responsibilities being an integral part of sustainable development. We aim to make ING's long-term commitment to this country clear and unequivocal by playing an active role in assisting those most in need of help on the basis of our corporate principles and values."*

Foundation has adopted an innovative educational programme for children with cerebral palsy as its chosen charity for a three-year term. Staff are encouraged to become actively involved in fund raising and other support activities.

In 1999, the BHF Bank Foundation started with a capital of EUR 10 million and in November 2000 it had EUR 20 million available. In addition to projects for the elderly, child and youth care, this German subsidiary of ING also sponsors art and science projects, with the aim to develop and stimulate a vision of the future. Scientific contributions include the foundation 'Erinnerung, Verantwortung und Zukunft' with a sum of DEM 7.5 million.

For many years, Bank Brussels Lambert has maintained a selective

policy in the field of sponsorship and charities focusing on charities and humanitarian aid, cultural events and sporting events. In each area submissions for funding are dealt with on a case by case basis. In the area of charities and humanitarian aid, BBL supports the activities of the General Delegate of Children's rights of the Communauté Française de Belgique and the Flemish Parents Associations. Further initiatives include the battle against cancer, the national fund for scientific research and the Fund for the aid against poverty.

ING Bank Warsaw supports a number of social initiatives, mainly foundations helping poor or handicapped children and a foster parents programme. Together with other ING business units in Poland, an 'Internet at schools' project was initiated, financing computer equipment for schools with insufficient funds all over Poland.

**SPONSORING**

Sponsoring is the most visible way of contributing to the community and it provides a variety of marketing and relationship management opportunities. In its corporate sponsoring programmes, ING focuses on sports, culture and environmental activities. In the field of sports ING is, through Nationale-Nederlanden, the main sponsor of the Dutch national soccer team. In 2000 the Dutch team entered the European Championships hosted by Belgium and the Netherlands. The sponsorship of Sail 2000 in Amsterdam was another important event.

**EXECUTIVE BOARD DONATION POLICY**

*The Executive Board of ING has a donation policy that focuses on health care, social welfare and education. In 2000, NLG 850,000 was donated to 154 projects in the Netherlands. These included annual contributions of NLG 50,000 to both the Foundation Responsible Entrepreneurs, and the Foundation Society and Business. Another example is the support of the university chair at Tilburg University to stimulate the development and generation of knowledge on sustainable development and social responsibility.*

*In 2000, instead of sending Christmas cards, the Executive Board donated the available budget of NLG 50,000 to Amnesty International and the Dutch victim support organisation. To celebrate ING's tenth anniversary in 2001, the Executive Board decided to donate 10 times EUR 100,000 to different charitable organisations worldwide and EUR 10,000 to 14 other charities. A selection of 24 organisations around the world was short-listed by the Executive Board and ING employees were invited to cast their votes for the organisation they preferred.*

ING's sponsorship of the Royal Concertgebouw Orchestra in Amsterdam is aimed at maintaining the high quality and the international esteem of the orchestra, which belongs to the world's top orchestras. The youth association of the orchestra is also supported by ING.

ING is the principal sponsor of the largest organisation for the preservation of nature in the Netherlands, Natuurmonumenten. ING considers it an investment in the future to care for and support nature, the environment and the landscape. In partnership with this organisation, ING sponsors education and information programmes.

#### EDUCATIONAL SPONSORSHIP IN THE US

Through affiliate corporate contribution programmes, ING business units in the US contribute to programmes focusing on economic literacy and financial education. ING ReliaStar provides funding for the production of a personal finance education series on public television entitled 'Right on the Money.' Each weekly programme focuses on financial issues such as planning for retirement, buying a house or funding a child's college education. ING Northern Annuity sponsors the Education's Unsung Heroes Award. It allocates in total USD 240,000 annually for awards ranging from USD 2,000 to USD 5,000 for educators across the US for innovation and excellence in the classroom.

#### OPEN DIALOGUE WITH STAKEHOLDERS

Stakeholder relations must be based on mutual respect and trust. All parties involved should enter into an open dialogue with an objective and constructive attitude. The best conditions for such an open dialogue are transparency and accountability and a relationship based on common interest. ING is genuinely committed to sustainable stakeholder relations based on eligible interest. We take the issues raised by our stakeholders seriously and aspire to keep our stakeholders well-informed about developments.

#### ING ACKNOWLEDGES SPECIAL FUNCTION OF NGOS

ING acknowledges the special function of non-governmental organisations (NGOs) in modern society and is willing to enter into dialogue with those NGOs that have an interest in ING's activities. In order to contribute to the legitimate role of NGOs in general and ING stakeholders specifically, ING strives to have an open dialogue about its business within certain confidentiality limits. This report aims to be an example of transparency towards stakeholders. We realise that the distinctive experiences of NGOs can be of value to our organisation and that an open exchange of information can be of mutual benefit.

#### COMPLYING WITH LEGISLATION OF GOVERNMENTS AND REGULATORS

ING believes that an open market economy regulated by a democratic government provides the most favourable conditions for doing busi-

##### OIL PALM PLANTATIONS

*Dutch environmental pressure groups Greenpeace and Milieu-defensie (Friends of the Earth Netherlands) blamed several Dutch banks, including ING, of being involved in the destruction of rain forests in Indonesia through the financing of companies that are involved in oil palm plantation projects. These plantations are sometimes established where rain forest was illegally or legally destructed by logging or burning.*

*In August 2000, Milieudefensie sent a letter to the banks involved containing criteria for the financing of oil palm plantations. These criteria are: no illegal primary forest burning and logging, compliance with local laws and respect for the rights and expectations of the local people. In the beginning of 2001, ING responded that in those cases where it is asked by existing or prospective clients to finance oil palm plantations it will incorporate the following clauses in its lending policies:*

- ING shall not finance new (or extensions of existing) plantations if the land has been cleared by way of forest destruction or burning;*
- ING shall convince itself that new or extended plantations to be financed will be in accordance with Indonesian laws and regulations. If not, ING shall refrain from financing;*
- ING shall conduct specific checks to ensure that the rights and wishes of the local population have been and will be respected. If social conflicts have occurred we shall refrain from financing.*

*After this response, Greenpeace and Milieudefensie have added new criteria with regard to verification and monitoring of the activities of companies involved in oil palm plantations by banks. The dialogue on the role of banks in the financing of oil palm plantations will be continued in 2001.*

ness. ING complies with the legislation, laws and regulations of the different countries in line with the Business Principles, including national and international anti-trust laws and regulations. ING is also committed to comply with the tax laws and regulations in the countries in which it operates and pays taxes in these countries if and when due. By developing strict internal regulations and demanding compliance from all its employees, ING has gained considerable experience in developing, implementing and controlling legislation. It will often make this experience available to governments by offering assistance in decision-making processes regarding financial legislation.

## FIGHT AGAINST MONEY LAUNDERING

As a strong supporter of initiatives in the battle against money laundering, ING will take actions if it suspects any such practices within its sphere of influence. While guarding its own interests and those of its clients, ING works closely with the local regulators and law enforcement agencies when they request ING's assistance in their legitimate role of investigating and prosecuting suspects of crime.

## THE SUSTAINABLE BUSINESS CASE

In the last years, sustainable development has become increasingly more integrated into company policies. At the same time, company policy-makers face the question of how to translate and communicate sustainable development to their business and how to integrate such policies into their company operations, while maintaining their business goals. This problem, often called the sustainable business case, is recognised as one of the major challenges to companies these days. ING

### MEMBERSHIP WBCSD

*On 1 January 2001 ING became a member of the World Business Council for Sustainable Development (WBCSD) in Geneva. WBCSD is a global coalition of leading international companies seeking to promote sustainable business development. WBCSD was established in 1995 and now comprises approximately 150 companies from some 20 countries. The organisation works closely with the United Nations (UN), the World Trade Organisation (WTO) and the Organisation for Economic Co-operation and Development (OECD) and sets out to provide an example for other businesses by promoting 'best practices' and jointly establishing policies for sustainable development.*

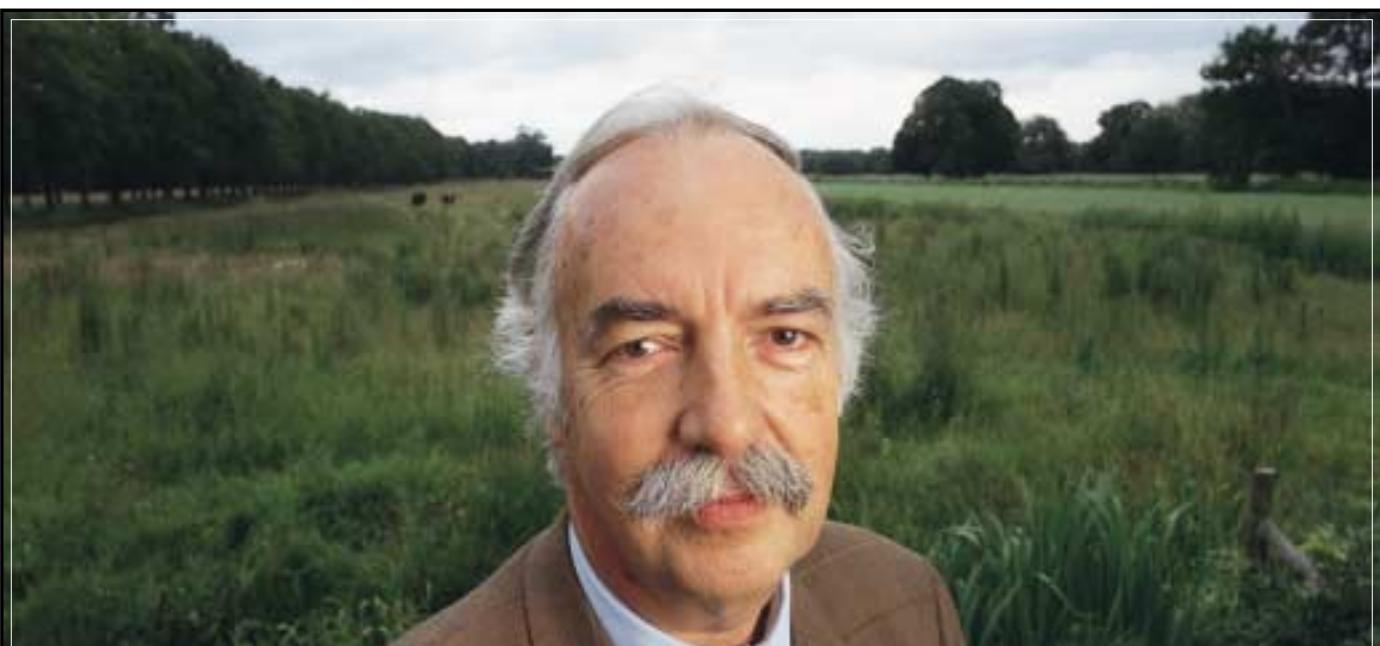
believes that an open exchange of best practices and information about developing sustainable policies will contribute to a broader acceptance of sustainability within the business community. For this reason ING joined the World Business Council for Sustainable Development (WBCSD) in January 2001.

## INTERNATIONAL PARTICIPATION

Within the International Chamber

of Commerce (ICC) there is a growing awareness of social responsibility and the role of business in society. ING represents the Dutch branch of ICC by participating in a special working group that discusses the role of business and sustainability. In January 2001, ING underwrote the ICC Business Charter for Sustainable Development.

ING is also an active member of the Round Table on Business and Human Rights in the Netherlands, a dialogue between Dutch multinational companies and Amnesty International. In 1999, the Round Table published a booklet on multinational enterprises and human



FRANS EVERE, CHIEF EXECUTIVE OF THE SOCIETY FOR THE PRESERVATION OF NATURE IN THE NETHERLANDS

*"Sustainable development as a basic principle for companies and governments: for me, that is a sign that we as society are actually making progress. Ecology is not only for conservationists just as little as economy is only for the business world. 'People, planet, profit' and 'government, market and civil society' are the ingredients for a sustainable future. Together with ING we try to shape these principles."*

**SECOND WORLD WAR COMPENSATIONS**

In May 2000, the Jewish community organisations, Dutch banks and the Amsterdam Stock Exchange agreed on a compensation for losses incurred by Jewish families during the Second World War. In total NLG 314 million has been made available of which NLG 264 million was reserved for restoring the rights of securities holders misappropriated by the occupational forces during WWII. Early November 1999, the Dutch Association of Insurers and the Central

Jewish Board reached an agreement on the repayment of life insurance policies of Jewish people killed during the Second World War. The insurers have reserved a sum of NLG 45 million. NLG 20 million is intended for individual pay-outs to the beneficiaries entitled to the policies and NLG 25 million is retained for causes to be identified by the Jewish community. ING is, through the DAI, a member of the Eagleburger Commission, an international commission for Holocaust-era insurance claims.

rights. In the last five years the meetings have become an important platform for Dutch international companies to share information on human rights issues and the way they relate to their businesses. By initiating this dialogue, Amnesty International has proven to be a valuable partner.

**INTENSIVE DISCUSSIONS ON ENVIRONMENTAL TOPICS**

ING continues its discussion with the Dutch government on a broad range of environmental topics. Intensive discussions took place

on soil pollution and on the role of banks in CO<sub>2</sub>- and NO<sub>x</sub>-emission rights trading. ING is a member of the Environmental Affairs Committee of the Netherlands Bankers' Association and of the Committee on Sustainable Development of the Dutch Association of Insurers.

**DEBT CONVERSION**

ING Barings has a specialised debt advisory group. One of its innovative financial techniques is debt conversion, which provides an opportunity of achieving debt relief and supporting under-financed initiatives in the sustainable development field. Since the early 90s, ING has arranged many debt conversion transactions, also for non-governmental organisations operating in developing countries and nature conservation organisations.

In the coming years ING will continue and broaden the dialogue with representatives of governmental and non-governmental organisations on national and international levels.



K.C. WONG, POLICYHOLDER OF ING LIFE SINCE 1994, AND MANAGING DIRECTOR OF GRAND PRESTIGE ENTERPRISES LIMITED WHICH IS ENGAGED IN TRADE WITH CHINA, HONG KONG.

"I can see the image of ING Life as 'A Good Person' truly reflected from the service offered to me by my servicing agent and the company's involvement in society. I think it's a good strategy of ING Life to promote its belief in being honest and helpful to others. At least it

appeals to me. I'm also impressed by its involvement in different charity events such as sponsoring the establishment of a day care centre for children in the suburban area and the set-up of a leadership training institute for the senior citizens to have a meaningful retired life. The Chinese nourish long-term relationships and the company's involvement in our society demonstrates its commitment, which can certainly win the goodwill of the Hong Kong people."

## OPERATIONS AND PERFORMANCE

# OPERATIONS AND PERFORMANCE

As an international financial services provider, ING operates within the context of a multiplicity of laws and regulations. Given the diverse regulatory environment, ING has opted to address operational procedures at business unit rather than at Group level. This provides the flexibility to address the local regulatory framework within each specific cultural environment.

## STIMULUS TO MEASURE INTERNAL PERFORMANCE

ING's diversity may inspire the creativity to adjust to new environmental and labour-quality measures in ING companies throughout the world. On the other hand, this diversity also means that ING cannot yet present a consistent and complete picture of its social and environmental performance. ING encourages business units to provide data on their internal performance in the future. Precisely what data are relevant and therefore should be registered is now a challenge at corporate and business unit level. As this report is the first in its kind within ING, aiming to reflect a global scope, it should be considered a stimulus to address the issues reflecting internal business operations and performance. ING stresses the importance of the fact that corporate policies, such as the ING Business Principles, must be translated into operational procedures which are supported and carried out by ING's business units. Setting targets and monitoring progress of more issues are the next steps.

Most of the data in this chapter concern the Netherlands. This is due to the fact that ING Netherlands has already several years of experience in environmen-

tal reporting and has set up a number of measurement systems, e.g. energy-monitoring systems.

## HEALTH, SAFETY AND ENVIRONMENTAL MANAGEMENT SYSTEMS

Health, Safety and Environmental Management Systems are applied by ING to provide a greater understanding of business operations and performance. By formulating objectives, developing management tools, gathering critical data and evaluating the process, it is possible to adjust performance where necessary. Consequently, corrective actions can be implemented to meet existing objectives and future targets can be set.

## INTENSIVE INTERNAL ENVIRONMENTAL MANAGEMENT

While government and public attention have historically focused on traditional polluters, ING is committed to addressing environmental

performance throughout the Group. Six years ago, ING was the first financial institution in the Netherlands to publish an environmental report. ING considers environmental performance a management issue, incorporated in many business operations. The environment is also addressed in the Business Principles that apply worldwide. These state that ING recognises that certain resources are finite and must be used responsibly and that ING's internal environmental policy is aimed at controlling any environmental impact resulting from ING operations.

ING's internal business activities mainly concern office work. Managing our internal environment requires a reduction of



SUSAN AGUIRRE, CEO ING INSURANCE INDONESIA

*"An organisation that puts profits ahead of its values will find itself marginalized in the long run. ING has strong corporate values that will sustain it even through tough times and ensure a leading industry position now and in the future."*

**CLEAN CITY AWARD**

In 2000, the London offices of ING Barings received two awards for their environmental management of buildings and surrounding yards: one from the Clean City Award Scheme and one from the Building Cleanability Award Scheme. ING Barings London appointed a staff member to implement waste management practices and to improve performance. The recycling programme focuses on toner, cartridges, personal computers, cooking oil and waste paper.

resources such as paper, energy and water and a limitation of business travel as well as good housekeeping to stimulate recycling (paper, toners and cartridges, computers). Attention is also paid to sustainable ways of purchasing office utensils and furniture.

**ICT OFFERS STRATEGIC OPPORTUNITIES**

Information and communications technology (ICT) is a key strategic issue for ING in view of the opportunities it presents to the financial services sector. The development of 'home banking' through the Internet as well as a range of other business services are setting the

**D-OFFICE**

An example of innovative office design in the Netherlands is D-Office or the 'virtual office of the future', an initiative of ING Real Estate and others. The concept involves an office area with high-quality working, meeting, telecommunication and catering facilities, a strategic location and parking space. Clients buy basic hours on a subscription basis. It is especially suitable for mobile staff. This Dutch concept is based on flexible and efficient use of space and the provision of services ranging from cyber cafés to children's nurseries. The cost-effective approach reduces not only energy but also building and office materials.

tone for the future of e-commerce. In addition to considerable consumer benefits, ICT has the potential to produce positive environmental effects such as reduced need for travelling and paper use. Video conferencing is another tool supported by ING to reduce the environmental impacts of local and international travel.

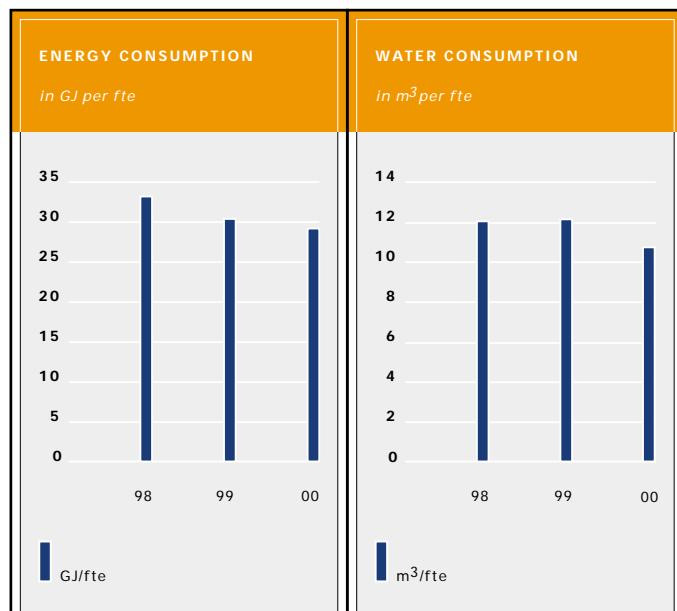
**EFFICIENT CORPORATE TRAVEL**

In September 1998, ING Netherlands developed a travel policy to limit business trips, particularly long distance flights, for both financial and environmental reasons. Figures on flights for business travel and

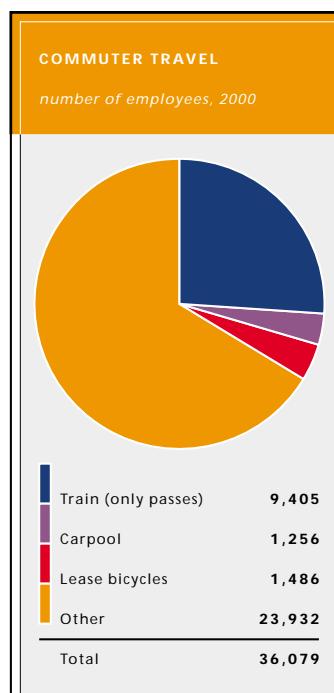
the use of alternative means of transport for commuter traffic in the Netherlands can be found in the Appendix to this report.

**REDUCING ENERGY CONSUMPTION**

The importance of the reduction of greenhouse gas emissions, specifically CO<sub>2</sub>, has been acknowledged on a global scale through initiatives such as the Kyoto Protocol. ING's intention and efforts to reduce energy consumption can be observed at various business units.



In the Netherlands, long-term agreements for energy efficiency were formed between the banking and insurance sector and the government. The joint objective is a 25% average improvement in energy efficiency in 2006 compared to 1996. To meet this reduction target, ING has taken several organisational and technical measures. To register energy consumption in the majority of ING's Dutch office buildings, a central energy monitoring system was installed. Of the 25% energy savings that ING Netherlands intends to achieve, 8% must be realised through behavioural measures. Subsequently, the Energy Awareness Campaign was developed in 1999 and implemented in several business units of ING Netherlands in 2000. Energy



consumption has begun to decrease as can be seen by the figures in the Appendix. In 2000, total energy consumption declined by 4% per employee.

#### PARTNERSHIPS TO REDUCE ENERGY CONSUMPTION

In 2000, Nationale-Nederlanden and NOVEM, the Dutch enterprise for energy and environment, initiated an energy-monitoring programme. Through monitoring the energy use of specific units or facilities, it is possible to understand fluctuations. This is an effective tool in stimulating employees to participate actively in energy-saving activities.

In Australia, Mercantile Mutual has developed a partnership with the Sustainable Energy Development Authority to reduce energy consumption in their buildings.

#### PURCHASING AND CONTRACT MANAGEMENT

As a consumer, ING assumes responsibility to promote environmentally sound choices of products, production processes and materials. The lifetime of the product and the ultimate disposal option are also taken into consideration. Since 1996, ING Netherlands has applied the 'Environmental Quality Mark', a green exclamation mark, to

#### ENVIRONMENTAL AND SOCIAL CONDITIONS IN CONTRACTS

ING has included specific environmental conditions in its own purchasing conditions and in various model contracts for the procurement of goods and services in the Netherlands. Moreover, suppliers are always expected to comply with statutory requirements on environmental and labour conditions. Recently, the Corporate Legal & Compliance department added a clause on child labour to the general terms and conditions. A supplier is to warrant that none of the goods he supplies to ING have been produced making use of child labour as defined in the ILO resolution 182. The new terms and conditions will be made available through the Intranet of the Corporate Procurement Department in 2001.

#### LOCAL HEALTH AND SAFETY MANAGEMENT

ING adheres to country-specific health and safety regulations. The diversity of ING business units and countries where ING is established has led to the preference of locally developed health and safety policies. In addition, business units often develop house-rules for specific issues, such as smoking. ING Netherlands is working on implementing a non-smoking policy in every ING building as of 2002. Smoking will only be permitted in designated 'smoking areas'. In the North-American business units the non-smoking policy is already very strict.

##### ISO 14001 CERTIFICATION OF BANK BRUSSELS LAMBERT

*The environmental management systems of BBL focus on internal environmental issues, such as waste and energy, and on taking environmental aspects into consideration in credit policy. In September 2000, the BBL Antwerp office environmental management system was certified to ISO 14001. This international quality standard is based on the plan-do-check-act cycle, which promotes compliance with legal requirements and internal objectives. As a result, communication to external stakeholders and employees has improved through awareness campaigns, the publication of the environmental policy and improvements in environmental performance.*

commonly used office supplies. In 2000, the list of articles with the Environmental Quality Mark has been updated. This list will be published on the ING Intranet in 2001 in such a way that employees are encouraged to order these environmental-friendly articles.

Management of supply chains is becoming more important in terms of environmental management and social responsibility. As part of the BBL Antwerp certification to ISO 14001, the business unit is required to assess the environmental performance of suppliers.

##### OCCUPATIONAL HEALTH AND SAFETY QUALITY MARK

*The purchasing policy of the Arbodienst ING (health and safety department) is implemented through the use of a quality mark granted to products of superior quality in terms of health and safety. It includes items as furniture and IT equipment. In time it will cover the entire workplace design.*

In the Netherlands, ING has established Arbodienst ING, a unit directly responsible for health and safety programmes. The Arbodienst model at ING comprises three aspects: prevention, alert and rehabilitation with a focus on prevention through risk identification. This model, described as an 'early warning system', creates a shared responsibility for the manager and the employee towards employee health and safety. It focuses on an increase in work satisfaction and a reduction in absenteeism. An example of an injury that can be reduced if identified at an early stage is Repetitive Strain Injury (RSI). In 2000, RSI has been addressed by the Arbodienst ING through extension activities and practical programmes aimed at prevention.

## RISK MANAGEMENT

To monitor and manage risks ING has established comprehensive risk management procedures on all levels within the Group. Several of these procedures also focus on managing ING's so-called non-financial risks, such as environmental, social and reputation risks.

## MINIMISING OPERATIONAL RISKS

Operational risk is a fairly new field of risk management in the financial sector. Operational risks relate to potential losses arising from failures or inadequacies of business processes and procedures, system failures, misconduct of both employees and outsiders as well as external threats like fires and floods. It is ING's policy to minimise operational risks by raising the risk awareness among its entire management and staff, setting clear governance, organising and embedding the operational risk management function and implementing a comprehensive and periodic operational risk identification, assessment and

management process. Business managers are responsible for establishing internal policies, procedures and controls and for continuously monitoring and controlling the operational risks. They are supported by various specialised departments such as Corporate Security, Corporate Legal & Compliance and Information Security. In the second half of 2000, the Operational Risk Management department was formed in order to stress the importance of the active management of these risks and to co-ordinate and drive the group-wide operational risk management efforts.

Operational risk is not only technology-related but also people or behaviour-related. A seemingly small error by one individual may cause huge damage to ING, financially or in terms of reputation. ING has a wide range of control mechanisms in place in order to reduce the 'internal' operational risk that can be caused by its own employees. These include internal (information) security and compliance procedures, the Code of Conduct and the Business Principles.



JOHN ELKINGTON, CHAIRMAN SUSTAINABILITY, LONDON, UNITED KINGDOM

*"Through the 1990s, the emphasis was on adapting corporate strategies to address the triple bottom line of sustainable development.*

*Increasingly, the focus is on markets, particularly financial markets. ING seems well positioned for the new era."*

## MORE ATTENTION FOR ENVIRONMENTAL AND SOCIAL RISK MANAGEMENT

The increasing interest in socially responsible behaviour of companies has also increased the interest for environmental and social risks associated with those companies' operations. ING is aware of the importance of implementing and improving internal procedures to manage and monitor these risks.

### BANKING

Environmental and social risk assessment is an integral part of the credit risk assessment on each existing and new borrower. In this respect, attention is requested in the assets underwriting process from both credit and reputation risk as well as from a lender's liability perspective.

As a lender or investor, ING is concerned that the customer's activities are run in accordance with the laws and jurisdiction of the country where they take place. Moreover, it is important that the best business practices be observed so that the customer will be able to honour its obligations to ING. This sound financing rule includes, where required, considerations about the respect for environmental aspects that could jeopardise the present and future performance of the customer's business. These aspects are a constituent part of the underwriting process of the bank.

ING strives to make sure that its name will not be associated with any activity or business that would lead to a negative sentiment in the public opinion. The ING Business Principles are applied to all activities of the banking operations, including loan underwriting, investment or equity participations. In this respect, reputation risk is an integral part of the applications reviewed by the credit committees of ING.

### LIMITING LENDING LIABILITIES

ING closely assesses any potential lender's liabilities that could result from its financial activities and to the best of its knowledge will not engage in any transaction that could lead to liabilities in the present or in the future. The ING Group Credit Risk Manual describes how account managers have to address reputation and liability risks in credit applications. ING Group Credit Risk Management is targeted to expand its risk management procedures

to the spirit and letter of the ING Business Principles in the course of 2001-2002.

## GUIDELINES FOR DEALING WITH ENVIRONMENTALLY SENSITIVE INDUSTRIES

Specialised departments within all banking units of ING Group that frequently deal with industries where the environmental and social impact can be substantial, have internal guidelines that stipulate the local regulatory compliance rules the borrower should meet. Loan documentation usually defines non-compliance by the borrower with environmental issues as loan default. ING departments that cover extremely sensitive industries in this respect (such as Metals & Mining, Power and Energy Finance) will from time to time require the involvement of multilateral development agencies and/or credit export agencies. Each of these requires compliance with World Bank standards or

local regulations, whichever are the most stringent. Considering the perceived sensitivity to environmental risk as well as other types of risk, ING may require an independent on-site inspection and/or other forms of due diligence on the financed projects.

### ASSET MANAGEMENT

The Executive Centre ING Asset Management is responsible for the allocation of financial resources of ING's insurance companies and of third parties to different classes of securities and real estate. These

activities might negatively impact the Group's reputation. ING aims to manage this risk by issuing guidelines to its employees to avoid investments in securities of companies that are included in generally unacceptable activities. These guidelines are involved in ING's Business Principles or worked out in operational policies.

Next to that, there is the risk that the reputation of companies in which ING has invested is prejudiced. That could have a negative impact on the value of ING's investments. These types of risks are hard to manage for ING, other than by forming an opinion about the business principles of that company at the time of the investment.

As described on pages 18-19, ING Investment Management (IIM) and Baring Asset Management (BAM) offer their clients special Socially Responsible Investment (SRI) products. They use in-house analysts and

specialised agencies to perform social and environmental assessments.

#### INSURANCE

The insurance activities of ING are divided in life and non-life insurance. Life accounts for 86% and non-life (P&C and health) for 14% of total premium income. ING's risk management programme focuses on specific life risks and property & casualty risks as well as the financial risks that can affect ING's businesses. ING also spends time and money monitoring new risks. Once a new risk is identified that could have an impact on ING's business, a risk analysis is completed to gauge its potential impact. In deciding how to manage that impact, ING has the choice to accept the risk, to exclude it, to share it with other risk takers, such as re-insurers, or to combine these possibilities.

#### GENETIC INFORMATION

One new risk that ING has begun to look at more closely is the impact of genetic information. The global Human Genome Project reached an important milestone last year when scientists announced that they had completely mapped the human genome. ING is following these developments closely because of the potential impact new medical findings in the field could have on our underwriting practices.

In the Netherlands, the insurance industry has established a protocol governing the use of genetic information. It stipulates that during the assessment process for life insurance, insurers may not conduct any genetic tests. ING abides by this protocol. On the other hand, the Dutch insurance industry, including ING, stresses the importance of a 'level playing field' when it comes to knowledge of a potential policyholder's health condition. ING believes that if a potential policyholder has important information relating to his health – including genetic



**SUE COLLINS, GENERAL MANAGER ING INSURANCE RISK MANAGEMENT**

*"The insurance industry not only fulfils an important role in the capital markets, but for society at large. Without the possibility for individuals to insure things like fire, illness, or theft, the livelihood of many people would be threatened. Without the ability to insure one's life, many families would have severe financial problems. Without the ability for companies to insure certain risks related to their industries, the smooth functioning of many sectors of the economy would be jeopardised.*

*As one of the largest insurers in the world, we are acutely aware of the social significance of our business. Our commitment to risk management should be a source of comfort that ING is aware of the immense role we play in Dutch and other societies around the world."*

information – the insurer should have access to the same information during the assessment period.

#### SHARE GENETIC RESEARCH

ING deems it premature to develop detailed risk analysis at this time. However, ING employs a small team of specialists at Group level whose responsibilities include continuous monitoring of the latest developments in genetic research. ING also participates in Dutch and international working groups in order to share and exchange knowledge in this field and intensify the dialogue between the insurance industry and the medical profession.

ING believes that a key task for the insurance industry in the years ahead will be to gain more trust in order to assure all relevant stakeholders in society that insurers like ING will not misuse potential genetic information.

#### EFFECTS OF CLIMATE CHANGES

One of the larger risks for the insurance industry in the long term is the effect of global warming and climate change. A change in weather patterns and sea levels can affect the property and casualty insurance industry as it underwrites risks related to such natural events. Other lines of insurance, such as life and disability, are also likely to be affected due to the secondary effects of natural catastrophes, affecting the investments of insurers. Furthermore, climate change can produce changes in human health. This, in turn, could have an impact on life and pension insurance business.

The potential effect of these risks can only be assessed on a very long-term basis. Based on the latest research, the insurance industry believes that in the short-term, the effects of climate change will remain manageable, due, in part, to the industry's growing knowledge of weather-related perils.

#### CALCULATING POTENTIAL CATASTROPHE LOSSES

ING calculates maximum probability losses that could be caused to the Group and our worldwide subsidiaries by natural disasters. These include storms, floods, hurricanes and typhoons. At the moment, storms in Europe constitute the biggest risk in ING's portfolio in the area of natural disasters. For this reason, ING employs scientists at Group level whose task is to follow the latest developments in the field, monitor the potential impact on ING's business and exchange knowledge with other scientists within the insurance industry.

#### COMPLIANCE

ING Group is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards in each of the markets in which it operates. Its employees are therefore expected to adhere to these laws, regulations and ethical standards and its management is responsible for ensuring such compliance. A compliance organisation has been created within ING to control compliance risks for the Group. An Executive Board member serves as head of Group Compliance.

#### ING ASIA/PACIFIC ON-LINE COMPLIANCE COURSE

*In the Asia/Pacific region, the implementation of a training programme on compliance principles to 7000 employees in 11 countries presented unique challenges. E-learning on the ING Intranet, through a pilot project of 100 ING managers, was explored as a possible solution. The knowledge and awareness of compliance increased substantially among this group of users. The e-learning compliance course allows management to achieve a professional working environment where ethical standards and professional behaviour are expected from staff members. The goal is to extend the pilot to the entire region.*

#### TOP MANAGEMENT MUST SET EXAMPLE

The top management is responsible for setting an example of how integrity is to be reflected in practice. Compliance Officers assist the management of a business unit in promoting and enforcing compliance with applicable laws, regulations and ethical standards in order to preserve the reputation and integrity of ING Group. Currently, there are around 500 compliance officers working within ING's business units worldwide.

The formal basis of the compliance organisation is established in the Compliance Charter. To reduce compliance risks, several Codes & Regulations are applicable to certain groups of ING employees. Due to its international operations and the wide range of its activities, ING

#### INTERNATIONAL ANTI-MONEY LAUNDERING TRAINING

*The Corporate Audit department reviews and the Corporate Security and Compliance departments are responsible for implementing anti-money laundering policies for ING Group. ING does not wish to be involved in money laundering in any way and pursues an active policy to prevent this by, for example, training programmes. In May 2001, Compliance ING Central Europe and Corporate Security organised an Anti-Money Laundering Workshop. The target was to teach participants to give effective training courses on this subject at their home base.*

Group faces a great diversity of laws, regulations and standards. The scope of the Compliance Charter, however, is limited to those laws and regulations issued by legislative and regulatory bodies that are relevant to ING's businesses as well as all applicable ethical standards, including those in the ING Business Principles and local codes of conduct.

The compliance organisation plays an important role in maintaining high business standards to ensure that employees always comply with the Business Principles.

# VERIFIERS' REPORT

## INTRODUCTION

We have been asked by the Executive Board of ING Groep N.V. to verify the ING in Society Report 2000. The ING in Society Report is the responsibility of the Executive Board of ING Groep N.V. It is our responsibility to provide an opinion on the ING in Society Report based on our verification.

## SCOPE

Our verification was directed at information at corporate level in order to provide:

- \* a moderate level of assurance on whether:
  - the ING in Society Report 2000 fairly presents the Group's environmental and social policies and principles;
  - the information (text, data and case studies) in the report is consistent with underlying documentation and the environmental management administration of ING Group;
- \* a reasonable level of assurance on:
  - the reliability of the 2000 data for energy and water use in the Netherlands reported in the Appendix.

We did not undertake local verification of the implementation of the policies and principles in the ING organisation outside the Netherlands.

## ACTIVITIES UNDERTAKEN

Our approach was derived from emerging best practice and international auditing standards, suitably adapted. Our verification comprised:

- \* a review of relevant documentation at corporate level;
- \* checking (random) samples of the text, data and case studies in the ING in Society Report for consistency with underlying documentation available at corporate level;
- \* checking the reported environmental data for 2000 for the Netherlands with the data in the environmental management administration;
- \* testing the reliability of the water and energy use data for the Netherlands;
- \* a review of the ING in Society Report 2000 to ensure consistency with our findings.

## OPINION

Based on our verification, we confirm that:

- \* ING Groep N.V. fairly presents its policies and principles on environmental and social issues in the ING in Society Report 2000;
- \* the information (text, data and case studies) we reviewed is consistent with the available underlying documentation and environmental management administration;
- \* for the 2000 environmental data for the Netherlands in the Appendix:
  - the data for energy and water use are reliable and free of material misstatement;
  - the other reported data are in accordance with the data in the environmental management administration of ING Group.

Amsterdam, 26 July 2001

**KPMG BUSINESS ADVISORY SERVICES B.V.**

**GEORGE C. MOLENKAMP** *Director*

# APPENDIX

In 2000, ING Group expanded its activities considerably. In the United States, the Group acquired ReliaStar, Aetna Financial Services and Aetna International and in Mexico, it obtained an interest in the largest insurance company in the country, Seguros Comercial America. Furthermore, ING Direct was launched in the United States and France.

## DATA GATHERING AND REPORTING

These and other changes to the corporate structure have had a significant effect on the Group's data gathering and reporting processes. In addition to the data obtained from Intranet sites, annual reports, and articles and interviews published in ING News, business units worldwide received a questionnaire regarding the Group's internal and external environmental and social policies.

A total of 44 business units, representing the majority of our core countries, contributed to this report by means of completing the questionnaire. Within the Executive Centre ING Americas, the questionnaire was centrally completed rather than distributed to the business units. As such, the data provided are not representative of all business units in North and South America. In contrast to the geographically oriented Executive Centres, ING Asset Management includes a grouping of business units with similar activities. ING Europe is the largest Executive Centre with the Netherlands and Belgium contributing nearly half of the total number of employees of the Group. Ten respondents provided quantitative environmental data on energy consumption, and three also provided data on waste. In general, most respondents described environmental policies including paper recycling, travel and energy saving measures. The scope, quantity and quality of the data provided were restricted either due to the size of the office (too small to justify an environmental management system), the rental conditions (rent fee includes supply of water, gas and electricity, e.g. Kazakhstan), or a recent move to a new office (Czech Republic).

Subsequently, the data included in the next section of this Appendix pertains to the Dutch business units only. In the Netherlands, monitoring and reporting systems have been established since 1995.

## DUTCH ENVIRONMENTAL DATA

This section includes data collected by business units in the Netherlands where the reporting of environmental data is part of standard business monitoring procedures. Data are included for 1998 to 2000. Some data are based on purchasing, while others are estimated and extrapolated, according to the information available.

The data in this Appendix are not presented in exactly the same format as in earlier environmental reports. This year only totals for energy and water consumption are included, together with an index for consumption (per full-time equivalent) to enable comparison of our performance over the years (in prior years a distinction was made between main and other locations and the data were published separately). The energy and water consumption indices for 1998 and 1999 have been adjusted to report consumption based on fte's, rather than based on the number of employees as in the 1999 Environmental Annual Report.

**ENERGY AND WATER CONSUMPTION**

The reported energy consumption is based on the purchased quantities of energy. Energy (electricity and heat) produced by the combined heat and power stations of ING is not included as the quantity of gas that is used by the stations has already been reported.

**TOTAL ENERGY CONSUMPTION**

in thousands

	1998	1999	2000
Electricity (GJ)	536	532	525
Gas (GJ)	427	402	383
District heating, including steam (GJ) (1)	95	89	97
Oil (GJ)	8	6	7
Total (2)	1,066	1,029	1,012

The data in this table have been converted from kWh, m<sup>3</sup> and tonnes to GJ using standard conversion factors (NOVEM).

(1) The quantities for district heating and steam are combined. The energy is in the form of water and/or steam that is purchased from energy production companies or third parties.

(2) Of which approximately 14% is estimated.

**ENERGY CONSUMPTION**

	1998	1999	2000
Average full-time equivalents (fte) in the Netherlands	32,179	33,975	34,803
Total energy consumption (GJ in thousands)	1,066	1,029	1,012
GJ/fte	33.1	30.3	29.1

**WATER CONSUMPTION**

in thousand m<sup>3</sup>

	1998	1999	2000
Average full-time equivalents (fte) in the Netherlands	32,179	33,975	34,803
Total water consumption in thousand m <sup>3</sup> (1)	387	412	372
m <sup>3</sup> /fte	12.0	12.1	10.7

(1) Of which in 2000 approximately 23% is estimated. Estimates for 1999 were 7%, compared to 5% for 1998.

**GROSS FLOOR AREA**

in m<sup>2</sup> x thousands

	1998	1999	2000
Gross floor area	1221.4	1200.1	1196.5

**PURCHASE**

The central purchasing department provided numbers of purchased toner cartridges. Individual toner cartridges purchased by the business units were not included in the table below.

**TONER CARTRIDGES PURCHASED**

	1998	1999	2000
Single use: Laserjet	<b>23,878</b>	<b>23,471</b>	<b>22,471</b>
Inkjet (1)	<b>3,963</b>	<b>3,296</b>	<b>7,784</b>
Recyclable: Laserjet rebuild	<b>296</b>	<b>145</b>	<b>296</b>
Inkjet rebuild	<b>236</b>	<b>29</b>	<b>107</b>
Total	<b>28,373</b>	<b>26,941</b>	<b>30,658</b>

(1) The increase in 2000 is caused by the fact that more business units have started to order inkjets through the central purchasing department of ING.

**WASTE**

ING responsibly collects and removes waste that has been created. The company separates, as much as possible, types of waste that can be reused through separate collection and removal. The largest separate waste flow is old paper and cardboard. Various types of catering waste (including glass, cans, swill and polystyrene), plastic cups and hazardous waste are also collected separately. Cartridges are collected and processed separately as well.

Waste figures for 1999 and 2000 (below) refer to the major locations and legally independent units. Unless otherwise indicated, only data for major locations are provided in 1998.

**TOTAL COMPANY WASTE**

in tonnes

	1998	1999	2000
Hazardous waste (1)	<b>40</b>	<b>47</b>	<b>56</b>
<b>Company waste</b>			
Waste paper and cardboard (2)	<b>4,834</b>	<b>5,421</b>	<b>4,501</b>
Remaining/company waste (3)	<b>1,904</b>	<b>2,408</b>	<b>2,534</b>
Catering waste (4)	<b>149</b>	<b>227</b>	<b>261</b>
Debris/scrap waste	<b>25</b>	<b>107</b>	<b>89</b>
Total company waste (5)	<b>6,912</b>	<b>8,163</b>	<b>7,385</b>
Disposable cups (million pieces) (6)	<b>29</b>	<b>21</b>	<b>27</b>

(1) Hazardous waste includes hazardous waste and chemicals (fixer, developer and ammonia). 1998 data includes independent subsidiaries.

(2) Data for waste paper include independent subsidiaries.

(3) This includes remaining waste catering and remaining waste other.

(4) Catering waste includes Glass, Swill (includes both wet and dry organic waste), Plastics (includes polystyrene) and Cans.

(5) Total company waste was erroneously represented in ING Netherlands' environmental annual report 1998. This table contains the corrected data.

(6) The change in numbers is partly the result of coffee cups that were on occasion disposed of as plastics. This table contains the corrected data.

Total company waste is exclusive of hazardous waste and exclusive of disposable cups.

**COMMUTER AND BUSINESS TRAVEL**

As per 31 December 2000, 36,079 people were employed by ING in the Netherlands. Of these, 34,390 employees were centrally registered in the ING administration database. The following travel data refer to registered employees only. ING pays for train passes. Carpooling is encouraged through financial compensation.

**TYPE OF TRANSPORTATION**

number of employees

	1998	1999	2000	
Train (only passes)	<b>7,733</b>	23.5%	<b>8,811</b>	25.9%
Carpool	<b>1,494</b>	4.5%	<b>1,356</b>	4.0%
Lease bicycles	<b>1,650</b>	5.0%	<b>1,408</b>	4.1%
Total	<b>10,877</b>	33.0%	<b>11,575</b>	34.0%
			<b>12,147</b>	35.3%

**NUMBER OF EMPLOYEES**

	1998	1999	2000	
Centrally registered	<b>32,974</b>	100%	<b>34,016</b>	100%
Total ING Netherlands	<b>34,504</b>		<b>35,527</b>	
			<b>36,079</b>	

**FLIGHTS FOR BUSINESS TRAVEL**

number of flights from the Netherlands

	2000 (1)
Europe	<b>12,586</b>
North America	<b>1,085</b>
Asia	<b>388</b>
Pacific	<b>80</b>
South America	<b>57</b>
Central America	<b>48</b>
Africa	<b>44</b>
Middle East	<b>37</b>
Total	<b>14,325</b>

(1) Values from the second half of 2000 are extrapolated from the first six months of 2000.

**FREIGHT TRAFFIC**

number of kms x 1,000

	1998	1999	2000
ING	<b>2,260</b>	<b>2,013</b>	<b>1,804</b>
Leased	<b>199</b>	<b>363</b>	<b>337</b>
Total kilometres	<b>2,459</b>	<b>2,376</b>	<b>2,141</b>

**FUEL CONSUMPTION**

in litres x 1,000

	1998	1999	2000
ING	<b>337</b>	<b>279</b>	<b>250</b>
Leased	<b>23</b>	<b>42</b>	<b>39</b>
Total fuel consumption	<b>360</b>	<b>321</b>	<b>289</b>

## ING BUSINESS PRINCIPLES

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### 1. PERSONAL CONDUCT

ING expects the highest levels of personal conduct by all its employees, whatever their position. It is acknowledged that all effective business relationships, inside as well as outside the Group, depend upon honesty, integrity and fairness.

While it is recognised that limited corporate hospitality is given and received as part of building normal business relationships, employees should avoid accepting hospitality or gifts which might appear to place them under an obligation.

Bribery of any form is unacceptable. No undeclared offers or payments will be accepted or solicited by ING employees, or made by ING employees to third parties, and employees are required to avoid any contacts that might lead to, or suggest, a conflict of interest between their personal activities and the business of the Group.

ING expects all its employees to respect the rule of law and abide by appropriate regulations. Furthermore, ING employees are expected to avoid doing business with any individual, company or institution if that business is connected with activities which are illegal or which could be regarded as unethical.

All employees are expected to handle information with care. In particular, the confidentiality of all data processing should be safeguarded. Proper and complete records must be made of all transactions on behalf of ING.

ING employees may not enter into – and should avoid the appearance of engaging in – private transactions based upon insider trading.

### 2. EMPLOYEE RELATIONS

Relationships with employees in all parts of ING are based upon respect for the individual. The Group aims to provide all its employees with safe conditions of work, and competitive terms of employment. ING is committed to equal opportunities and the avoidance of discrimination. Sexual or racial harassment is unacceptable. Personal career development will be encouraged through progressive personnel and training arrangements.

### 3. ENVIRONMENT

ING recognises that certain resources are finite and must be used responsibly. Therefore it pursues a two-pronged, internal and external, approach designed to promote environmental protection. Its external policy is aimed at anticipating developments in the environmental field related to commercial services, and the professional management of environmental risks. Internally, the policy is aimed at controlling any environmental burdens caused by ING itself.

### 4. INTERNATIONAL OPERATIONS

As an international financial services provider, ING operates within the context of foreign laws and regulations, and with corporate and private customers from a range of backgrounds and cultures. It is important, therefore, that ING respects diverse cultures, while maintaining adherence to these Business Principles.

ING is committed to respecting the rule of law. The prime consideration is that ING is a commercial organisation and its activities are therefore business-orientated. ING does not intervene in political or party political matters. Nor does it make gifts or donations to political parties. However, within the legitimate role of business ING reserves the right – after careful consideration – to speak out on matters that may affect its employees, shareholders or customers.

### 5. COMMUNICATIONS

Within the bounds of commercial confidentiality, ING places the greatest importance on open and transparent communications with its customers, employees and shareholders, as well as society at large.

### 6. COMMUNITY RELATIONS

Wherever ING operates, it recognises that good relations with its local communities are fundamental to its long-term success. The Group's community relations policy is founded upon mutual respect and active partnership, aimed at sustaining lasting and trusting relationships between the Group's operations and local communities.

Cultural, sport and environmental activities are a central part of ING's community relations policy, and individual employees are encouraged to play a positive role in community activities.

### 7. ECONOMIC POLICY

As a commercial organisation, ING believes that it must provide an adequate return for its shareholders. It supports a market economy as the most effective means of achieving the best returns for its customers, investors and employees, as well as for the countries and territories where it operates.

Criteria for credit and investment decisions are primarily economic and, while respecting the wishes of clients, also take into account a range of social and environmental considerations.

### 8. COMPETITION

ING recognises the many benefits of a competitive environment. However, the best markets flourish only within an ethical framework, and no one in ING is permitted to disparage a competitor, or to use unethical means to obtain any advantage for ING.

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Aatjan Renders, page 4, 10, 29

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