

ING GROUP

# ING IN SOCIETY 2003



# HIGHLIGHTS 2003



## CSR strategy and objectives

- Endorsement of the Equator Principles for financing large projects in developing markets
- Introduction of CSR statements for assessing environmental and social risks of credit transactions
- Introduction of worldwide CSR Key Performance Indicators (KPIs) to provide a solid and uniform baseline for data collection and external reporting
- Continued inclusion in the most prominent sustainability indices, such as the Dow Jones Sustainability Index and FTSE4Good
- Awarded 'Corporate Social Responsibility Bank of the Year 2003' by *The Banker* magazine

## Business Principles

- Top management consultation conducted on the adoption of a Human Rights Business Principle
- Adjustment of Business Principles to comply with the US Sarbanes-Oxley Act
- Introduction of Whistleblower Procedure for employees

## Sustainable products and services

- Stable growth of the existing sustainable products and services
- Launch of Sustainable Portfolio Scan for ING Bank investors
- Introduction of brokerage services for institutional SRI investors by ING Financial Markets

## Corporate Governance

- Effectuation of the new corporate governance structure as of 23 June 2003
- Extension of voting rights for Dutch depositary receipt holders at the Annual Shareholders' meeting
- Support of the Tabaksblat Code by a 'comply or explain' principle
- Introduction of webcasting of analyst meetings in Amsterdam and London

## Diversity

- Creation of a Diversity Executive Sponsor Group
- Regional diversity council set-up in Asia

## Sponsoring and donations

- Installation of a working group to develop corporate guidelines on sponsoring, donations and volunteering
- Introduction of the global ING Globerunners programme, including the Run for Something Better
- Title sponsorship of the Amsterdam Marathon and the New York City Marathon and sponsorship of local running events

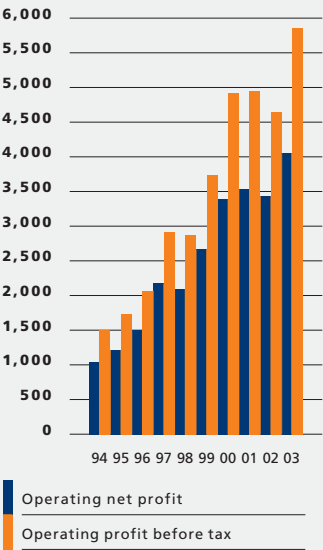
## Procurement

- Introduction of new corporate procurement terms and conditions with an 'ethical clause' which stipulates that ING requires from its suppliers an unquestionable reputation regarding environmental, health and safety and child labour aspects
- Approval of a global reciprocity policy to prevent conflicts of interest

# KEY FIGURES

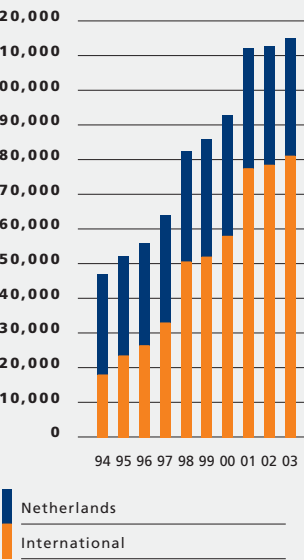
## OPERATING PROFIT

in millions of euros



## EMPLOYEES

average number



## ECONOMIC

### RESULTS (in millions of euros)

	2003	2002	2001
Total income	69,073	76,101	74,488
Group capital base	28,096	24,771	26,117
Total assets	778,771	716,370	705,119
Total sum of corporate taxes	1,460	873	1,165

### SUSTAINABLE PRODUCTS (in millions of euros)

	2003	2002	2001
Sustainable assets under management	450	354	300
Sustainable discretionary portfolio management	251	144	61
Green certificates	605	555	560
Total green loans awarded	575	497	410

## SOCIAL

### TOTAL EMPLOYEES PER REGION (FTEs\*)

	2003	2002	2001
The Netherlands	33,937	33,833	34,463
Belgium	12,646	13,457	13,685
Rest of Europe	22,996	23,987	23,402
North America	16,594	23,116	23,886
South America	11,792	6,134	6,892
Asia	13,949	12,980	8,141
Australia	2,408	2,234	2,600
Other	22	74	74
Total	114,344	115,815	113,143

### PERSONNEL EXPENSES

(total payroll and benefits, in millions of euros)

	2003	2002	2001
Insurance operations	2,735	2,764	2,732
Banking operations	4,694	4,787	5,064
Total	7,429	7,551	7,796

### REPRESENTATION OF WOMEN (♀) AND MEN (♂)

(in %)

	♀	♂	♀	♂	♀	♂
All levels <sup>1</sup>	47	53	48	52	50	50
Top 200 managers	6	94	6	94	4	96

### BREAKDOWN OF WORKFORCE BY

#### EMPLOYMENT TYPE (in %)

	2003	2002	2001
Full time (36 hours a week or more)	87	88	86
Part time (less than 36 hours a week)	13	12	14
Coverage in FTEs	103,721	81,366	76,119

\* full-time equivalents

1. Internal CSR survey for 2001, 2002 and 2003 covering 80%, 82% and 92% of FTEs, respectively.
2. Internal CSR survey for 2002 and 2003 covering 89,000 FTEs and 103,700 FTEs, respectively.
3. Internal CSR survey for 2002 and 2003 covering 78,000 FTEs and 103,000 FTEs, respectively.
4. Of which 50% is estimated.
5. The 2002 data are based on extrapolation to 99,000 FTEs.
6. Of which 18% is estimated.

	2003	2002
<b>BUDGET FOR TRAINING AND PERSONAL DEVELOPMENT</b> (in euros)		
Total <sup>2</sup>	89,200,000	66,000,000
Per FTE	860	740
<b>SOCIETAL</b>		
<b>CHARITABLE CONTRIBUTIONS</b> (in millions of euros)		
Charitable contributions by business units worldwide <sup>3</sup>	11,2	8,3
Donations and social sponsoring by Corporate Centre	3,8	2,9
Total	15,0	11,2
Percentage of net profit	0.37%	0.25%
<b>ENVIRONMENTAL</b>		
<b>ELECTRICITY USE</b> (in kWh)		
Coverage in FTEs	91,000	99,000 <sup>5</sup>
Electricity use per FTE	5,900	4,800
<b>NATURAL GAS USE</b> (in m3)		
Coverage in FTEs	80,000	99,000 <sup>5</sup>
Natural gas use per FTE	240	230
<b>HEATING OIL USE</b> (in litres)		
Coverage in FTEs	64,000	99,000 <sup>5</sup>
Heating oil use per FTE	7.9	12.4
<b>CO2 EMISSION</b> (in kg) <sup>8</sup>		
CO2 emission per FTE	3,100	2,820
<b>WATER USE</b> (in m3)		
Coverage in FTEs	96,000	99,000 <sup>5</sup>
Water use per FTE	31	21.5
<b>WASTE</b> (in kg)		
Hazardous waste <sup>12</sup>	65,800 <sup>10</sup>	37,500
Non-hazardous waste	17,800,000 <sup>11</sup>	16,400,000 <sup>5</sup>

7. Of which 54% is estimated.

8. Based on emission factors applicable to the average Dutch situation and excluding business travel.

9. Of which 74% is estimated.

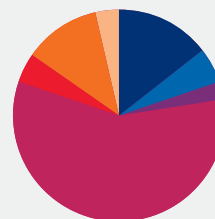
10. Of which 69% is estimated.

11. Of which 36% is estimated: CSR survey for 2003 covering 74,000 FTEs to 96,000 FTEs, depending on the type of waste.

12. Internal CSR survey for 2002 and 2003 covering 47,600 FTEs and 84,300 FTEs, respectively.

#### GEOGRAPHICAL DISTRIBUTION OF GROSS PREMIUM INCOME

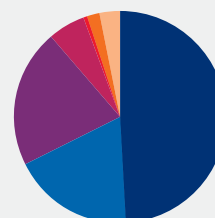
in millions of euros



The Netherlands 16%	7,429
Belgium 6%	2,568
Rest of Europe 3%	1,404
North America 53%	24,314
Latin America 5%	2,338
Asia 13%	5,950
Australia 4%	1,644
Other	-128
<b>Total</b>	<b>45,519</b>

#### GEOGRAPHICAL DISTRIBUTION OF BANK LENDING

in billions of euros



The Netherlands 49%	143.8
Belgium 18%	54.1
Rest of Europe 21%	61.6
North America 6%	16.6
Latin America 1%	1.7
Asia 2%	5.6
Australia 3%	9.2
<b>Total</b>	<b>292.6</b>

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## MESSAGE FROM THE CHAIRMAN

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*Dear stakeholder !*

**For the ninth consecutive year, we report on our activities and performance in corporate social responsibility (CSR). This year, ING in Society appears two months earlier than in previous years, around the same time as the financial annual report. In doing so, we want to demonstrate that we view CSR as an integrated part of our business. The earlier publication date also gives our shareholders the opportunity to discuss the report during the Annual General Meeting of Shareholders on 27 April 2004.**

Corporate social responsibility is important to us because it enables us to perform our role as a financial services provider properly and to achieve our business objectives. It contributes to social acceptance, which is needed to retain the trust of our customers, attract employees and raise capital. Especially in the current economic environment, in which confidence in financial markets and companies has been dented, a financial institution can distinguish itself with a solid reputation. Our reputation is our most valuable asset.

ING is a commercial enterprise that wants to make a profit – but not at any price. In considering commercial opportunities, ING takes the environmental and social risks of its business into account. Improper management of these risks can have a negative impact on the environment and society. It can also undermine our reputation. Reputation damage may have a direct impact on our capital and earnings. In short, a commitment to corporate social responsibility is not a ‘nice to do’ but a ‘must do’ activity. Living up to this commitment is a constantly evolving process. In the years to come, ING will focus on further embedding and implementing its activities with respect to CSR into the organisation.

In 2003, CSR was incorporated further into ING’s core business. An example is ING’s endorsement of the Equator Principles for financing large projects in developing markets. By subjecting our intended project financing transactions to strict environmental and social criteria, ING demonstrates that it is serious about promoting sustainable development in developing markets. For our global credit-lending activities, we introduced our own CSR statements. These statements offer guidelines for the assessment of environmental, ethical and social risks of specific transactions.

As a company with a large number of international activities, we want to live up to our responsibilities to our stakeholders wherever we are, while engaging them in a constant dialogue. Each step ING takes and every decision it makes can have far-reaching consequences for each stakeholder – both positive and negative. We weigh the interests of our stakeholders carefully. Interaction with stakeholders is important and ING will continue to engage its stakeholders and address their concerns. In this report, you can read about the steps we took during 2003 to add value for our stakeholders.

*Customer* satisfaction is key to our business success. Business units worldwide conduct surveys to gain insight in how we can improve our relationship with our 60 million customers. Addressing our clients’ concerns is also of importance in this respect.

As for our *shareholders*, we made significant progress in improving our corporate governance in order to give them a greater say in the decision-making of the company. In April 2003, the Annual General Meeting of Shareholders adopted plans to strengthen the rights of shareholders and depositary-receipt holders.

For our diverse *staff*, ING aims to be an attractive employer that offers good working conditions and ample opportunities for personal and career development.

I am particularly pleased at how CSR is spreading among our workforce. Last November, for example, I joined over 60 employees from different departments in the Netherlands for a 'Walk our Talk' afternoon. What all the participants had in common was that CSR and sustainability issues play a role in their daily work. It was good to see many of our staff come together with so much enthusiasm about CSR. The participants had their concerns about the pace at which CSR is embraced throughout the company. In the coming years, they will play an important role, together with their regional management, in engaging a larger number of colleagues. I believe that translating CSR into the core activities of ING will certainly help our staff to better grasp the concept.



**EWALD KIST**

*Chairman of the Executive Board*

ING wants to contribute to *society* through its role in financial services. Our advisory services help countries to solve their pension problem, to the benefit of future generations. We believe that developing markets have much to gain by combining the policy expertise of multilateral institutions and government ministries with the practical expertise of financial institutions like ING.

In 2003, ING took initiatives with the Dutch Ministries of Development, of Finance and of Economic Affairs to create a platform for financial-sector development in developing markets. We plan to continue that discussion in 2004.

Our sponsorship of the New York City and the Amsterdam Marathons were great highlights that help enhance ING-brand awareness and personality. Running is a global sport for people from all walks of life. This fits well with ING's objective to be accessible to all customer groups and to promote social inclusion and diversity.

We have adapted our Business Principles to reflect stakeholder concerns and developments in society. In response to the US Sarbanes-Oxley Act, we have added that we expect our employees to report irregularities, in line with the new ING Whistleblower Procedure. Early 2004, we adopted a Business Principle on human rights that refers to the United Nations Universal Declaration on Human Rights. In 2004, we will focus on implementing this new Business Principle throughout our organisation.

ING is working hard to improve its CSR reporting: clear, consistent and accurate reporting is, after all, what our stakeholders are looking for. We will continue to fine-tune our non-financial reporting in the years ahead and we welcome all feedback and suggestions. Feel free to put forward your suggestions through our ING in Society web page on [www.ing.com](http://www.ing.com), or let us know by mail.

*Ewald Kist*

**EWALD KIST**

Chairman Executive Board

## MISSION, PROFILE AND STRUCTURE

### Mission

ING's mission is to be a leading, global, client-focused, innovative and low-cost provider of financial services through the distribution channels of the client's preference in markets where ING can create value.

### Profile

ING Group is a global financial institution of Dutch origin with 115,000 employees. ING offers banking, insurance and asset management to more than 60 million clients in over 50 countries. The clients are individuals, families, small businesses, large corporations, institutions and governments. ING comprises a broad spectrum of prominent businesses that increasingly serve their clients under the ING brand.

ING's strategy is to achieve sustainable 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 continuity and growth.



### SUPERVISORY BOARD

Composition of the Boards as at 31 December 2003

### SUPERVISORY BOARD

Cor Herkströter (66) *Chairman*  
 Luella Gross Goldberg (66)  
 Paul van der Heijden (54)  
 Claus Dieter Hoffmann (61)  
 Aad Jacobs (67)  
 Wim Kok (65)  
 Godfried van der Lugt (63)  
 Paul Baron de Meester (68)  
 Jan Timmer (70)  
 Karel Vuursteen (62)

### ING's stakeholders

ING seeks a careful balance between the interests of its stakeholders. All people interested in, dependent on, connected to and affected by ING are considered stakeholders. This report is structured around ING's four main stakeholder groups.

### Customers

ING manages the finances of about 60 million clients: individuals, companies, institutions and governments. Potential customers and consumer representative groups are also considered stakeholders.

## BUSINESS PRINCIPLES

### 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 or create an appearance of conflict of interest.

ING expects all its employees to respect the rule of law and abide by applicable laws and 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 proprietary information and data processing should be safeguarded in accordance with applicable laws and regulations. Proper and complete records must be made of all transactions on behalf of ING.

ING employees may not enter into – and must avoid the appearance of engaging in – securities transactions based upon insider trading or misuse of confidential information.

### 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



**EXECUTIVE BOARD****EXECUTIVE BOARD**Ewald Kist<sup>1</sup> (59) *Chairman*Michel Tilmant<sup>2</sup> (51) *Vice-Chairman*

Fred Hubbell (52)

Cees Maas<sup>3</sup> (56) *Chief Financial Officer*

Alexander Rinnooy Kan (54)

1. Retirement as of 1 June 2004

2. Chairman as of 28 April 2004

3. Vice-chairman and CFO as of 28 April 2004

**ING EUROPE**

- Life insurance
- Non-life insurance
- Retail banking
- Pensions
- Investment management
- Wholesale banking\*
- ING Direct\*

\*) *global activities***ING AMERICAS**

- Life insurance
- Non-life insurance
- Pensions
- Investment management

**ING ASIA/PACIFIC**

- Life insurance
- Pensions
- Investment management

**Shareholders**

ING distinguishes a large number of international investors, both private and institutional. The majority of shares are held by institutional investors and pension funds. This stakeholder group also includes analysts, rating agencies and the socially responsible investments (SRI) community.

**Employees**

ING has 115,000 employees to take into account. Former ING employees, potential employees, the different regional and local works councils, labour unions and networks that represent our employees' interests are also considered stakeholders.

**Society at large**

Society consists of numerous sub-stakeholders that represent different interests. This includes (inter)national governmental bodies, Non Governmental Organisations (NGOs), non-profit organisations, and local communities. Business partners and suppliers are currently also grouped under this stakeholder segment.

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 & DISCLOSURES**

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.

ING makes every effort to ensure full, fair, accu-

rate, timely and understandable disclosure in reports and documents that it files with, or submits to its regulators and in other public communications ING makes.

**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.

Any changes or waivers of these Business Principles will, to the extent required, be promptly disclosed as required by applicable laws, rules and regulations.

## ING'S VIEW ON CORPORATE SOCIAL RESPONSIBILITY

**Corporate social responsibility is a fundamental part of ING's strategy. As a global financial-services provider, ING is deeply embedded in the international financial systems and has responsibilities towards a wide range of stakeholders. ING is committed to be a responsible and reliable partner for all its stakeholders. ING wants to contribute to the socio-economic development of the communities where it does business, within its available resources.**

ING believes there is a clear business case for corporate social responsibility (CSR) – provided that CSR is viewed as a long-term commitment. Maximising financial performance is a prerequisite for future growth, but financials are not the only driver. The intangible benefits of CSR include building corporate credibility, social acceptance and employee retention. Having an eye for the needs of its stakeholders enables a company like ING to stay in touch with outside developments. Awareness of ethical, social and environmental aspects of business transactions minimises risks at an early stage in credit-lending, insurance and investment activities.

ING understands corporate social responsibility as a commitment to pursue profit and commercial opportunities in an ethical as well as a socially and environmentally acceptable manner. This mission is based on four pillars:

1. Stakeholder dialogue
2. Business Principles
3. Embedding CSR into the core business
4. Monitoring CSR performance and activities

### Stakeholder dialogue

Dialogue with all its stakeholders is an integral part of ING's commitment to corporate social responsibility. ING believes that earning the trust of each stakeholder is essential for its long-term business success. Satisfied customers are the starting point for any licence to operate. ING believes a focus on CSR contributes to the creation of long-term shareholder value. Motivated employees deliver the results that contribute to the business success as they are more likely to be productive and customer-focused. ING wants to be a good corporate citizen. This commitment to society is reflected in its relationship with Non Governmental Organisations (NGOs), international organisations and business suppliers and by ING's sponsoring, volunteering and corporate-giving activities around the world.

ING is committed to an equitable treatment of all of its stakeholders and aims to balance their interests in making business decisions. Balancing those interests is not always easy. Some business decisions involve weighing the interests of one

#### COR HERKSTRÖTER

*Professor of International Management, University of Amsterdam, chairman Supervisory Board ING Group  
Location: University of Amsterdam*

"ING recognises the importance of an ongoing dialogue with stakeholders to ensure sustainable growth and profitability. The Group is therefore continuously engaged in improving the understanding and acceptance of its business in its own organisation as well as in society. By doing so ING is consciously building its corporate identity: the way it wants to be seen by its stakeholders."



stakeholder above those of another. Wherever feasible, ING tries to consider these differences in interests and aims to communicate its stance and actions openly.

Stakeholder engagement is a valuable source of information about how stakeholders view certain issues. It enables ING to anticipate societal developments and to adapt its processes, policies and products accordingly. An ongoing and proactive interaction with our partners will continue to enable ING to make responsible business decisions. Because of the local nature of the concerns of many of its stakeholders, ING plans to conduct more of the stakeholder dialogue at a local level in the coming years and to involve local management in that dialogue.

### Business Principles

Business Principles are the second pillar of ING's CSR approach. ING expects the highest levels of integrity from all its employees, regardless of their position in the organisation. The Business Principles serve as a company-wide framework for all behaviour and stakeholder relationships at ING. They go a step beyond the regulatory and legal baseline of doing business. They provide common guidelines, but they leave sufficient flexibility for specific local and cultural differences.

During the year 2003, ING rephrased its Business Principles to reflect the latest developments in corporate governance and to comply with the US Sarbanes-Oxley Act. For example, the Business Principles now state that a violation of the Business Principles should be reported according to ING's new Whistleblower Procedure. Any ING employee may report a violation anonymously to his or her line manager or compliance officer. The updated Business Principles are shown on pages 4–5.

### DEFINING CORPORATE SOCIAL RESPONSIBILITY

The terms 'corporate social responsibility' and 'sustainability' are often used interchangeably. ING defines corporate social responsibility as open and transparent business practices based on ethical values and respect for all stakeholders. Companies can make a contribution to sustainable development through their commitment to CSR. In this report, ING will use the term 'corporate social responsibility'.

In 2003, ING announced its intention to add a Human Rights Business Principle that is closely tied to the United Nations Universal Declaration on Human Rights. After extensive consultation with ING's top management, the Executive Board decided early 2004 to adopt the following Business Principle: "ING supports the aims of the United Nations Universal Declaration on Human Rights and endeavours to apply its principles throughout ING's operations worldwide."

Internal research in the operation of the ING Business Principles showed that reinforcement and increased awareness of the Business Principles are essential. Teaching the Business Principles is an important feature of ING's CSR commitment. New employees need to learn about the Business Principles and all employees require regular refresher training. Intensifying the training in the Business Principles, including the new principle on human rights, will be a special focus area in 2004.

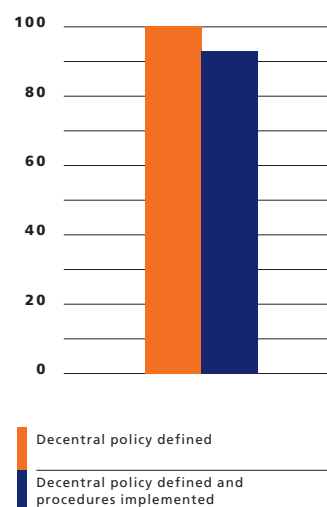
### Embedding CSR into core business

The third pillar is to embed CSR into the core business activities. ING wants to consider the ethical, social and environmental aspects in its banking, insurance and asset-management activities.

In 2003, ING endorsed the Equator Principles along with several leading international banks. The Equator Principles provide guidelines for

### ING BUSINESS PRINCIPLES IMPLEMENTATION STATUS

% FTEs of 57 business units  
representing 104,000 FTEs



### CONSUMER OPINION

A survey on the sustainability of Dutch banks by the Dutch consumer organisation (Consumentenbond) ranked ING Bank and Postbank in fifth and sixth position, respectively, a middle position.



### RESPONSIVENESS

In response to repeated requests by individual shareholders and the Association of Investors for Sustainable Development (VBDO, the Dutch Social Investment Forum), ING will publish the ING in Society report before the Annual General Meeting of Shareholders in 2004.



### EMPLOYEE INVOLVEMENT

In November 2003 ING's CEO, Ewald Kist, and former Dutch Minister of Environmental Affairs, Pieter Winsemius, chaired a seminar with over 60 employees who deal with CSR in their daily work and exchanged views and ideas to enhance acceptance of CSR within the organisation.



### STAKEHOLDER ENGAGEMENT

ING Real Estate's team for the £195 million redevelopment in Brighton (UK) incorporates a dedicated Community Liaison and Communications Co-ordinator to ensure thorough dissemination of scheme information to residents, community groups, sports and centre users, businesses and schools.

## UNITED NATIONS REPORT ON CONGO

In 2003, ING was asked to account for allegations that BBL (today ING Belgium NV) was involved in the illegal exploitation of natural resources in Congo. This allegation surfaced in a United Nations report that appeared at the end of 2002. BBL was said to be holding accounts for persons in Congo accused of fraud and coltan and other natural resources smuggling. ING immediately started an internal investigation. It revealed that BBL was never consulted about the issue by the United Nations and that BBL had acted neither illegally nor unethically. The conclusions of ING's internal investigation were turned over to the UN diplomats responsible for writing the report. The file is still pending with the UN representative in Belgium.

assessing the social and environmental aspects that often play a role in the financing of large projects in developing countries. By endorsing the Equator Principles, ING wants to demonstrate its commitment to promoting sustainable development in developing countries.

ING has articulated its own criteria to 'test' transactions for their social acceptance: the Corporate Social Responsibility statements. The CSR statements are based on general principles, as laid down in the ING Business Principles. They provide guidelines on how to deal with financial and non-financial risks ING runs in its credit-lending activities.

ING is embedding sustainability and CSR into its asset-management activities. ING is an important asset manager with a large number of 5% stakes in other companies. ING manages third-party funds and its own insurance assets. ING screens the companies in its portfolio for CSR purposes as it realises that its investments may affect society and the environment. It checks, for example, for human right violations, child labour or involvement with the production of mass-destruction weapons. Should any of the companies in which ING invests be involved in unacceptable practices, ING would take action. This could range from direct or indirect 'shareholder engagement' to divestments.

ING offers advice to the governments of various developing countries to reform the pension, insurance and banking sectors. The sustainability of many pension systems is doubtful. The collapse of a public pension system would have serious consequences for social security and social stability. ING considers pensions a commercial opportunity, but also an opportunity to contribute to resolving a major public policy issue with great impact on future generations.

## Monitoring CSR

Articulating the Business Principles and embedding CSR into the core activities are not enough. To earn the trust that is essential in financial services, ING has to prove that its organisation works as it should and that its financial and non-financial risks are under control. Monitoring activities and performance with respect to CSR is the fourth pillar of ING's commitment to CSR. By embedding CSR further into its overall risk management, control and measuring systems, ING wants to better manage its socially responsible business practices and make its CSR performance more transparent to the outside world.

### Key performance indicators

In 2003, ING introduced a set of key performance indicators (KPIs) to measure its performance on many CSR-related issues in a more systematic way throughout the company. These KPIs are based on the guidelines for sustainability reporting of the Global Reporting Initiative (GRI), including the Social Performance Indicators for the financial sector, and the ING Business Principles. The management of ING's business units worldwide is responsible for annual reporting on the CSR KPIs.

For this 2003 report, ING conducted an internal survey to obtain information from the various ING business units on the local implementation of the general group policies and CSR performance data on 2003. In 2003, this internal CSR survey covered 57 business units that represent almost 104,000 FTEs, or 91% of ING's total number of employees.

### Compliance

The Corporate Compliance department monitors risks in the areas of reputation and integrity. It is the responsibility of the compliance officers to ensure that the applicable code of conduct is being fulfilled and to make employees aware of transgressions of that code if they occur. ING operates a network of approximately 500 compliance officers throughout the organisation to monitor that ING complies with the many international conventions and treaties it should comply with.

The compliance organisation sees to it that ING observes and responds to the rules and demands of the authorities that supervise the financial-services industry. The compliance officers also check whether ING business units and staff comply with the ING Business Principles and they keep track of incidents that resulted in disciplinary measures, such as fines and/or legal proceedings.

Based on questionnaires and compliance reviews on site, the compliance officers monitor whether the compliance organisation in the various business units is adequate. The questionnaires and reviews provide information about which issues were most prominent and how they were solved.

### Operational Risk Management

Operational Risk Management (ORM) plays an increasingly important role in the effort to embed CSR into ING's overall risk management and control systems. Operational risk is the risk of direct or indirect damage resulting from mistakes made by employees, or inadequate processes and systems. It is a risk that can have far-reaching consequences. Like the compliance officers, operational risk managers are also present throughout the ING organisation. They are responsible for monitoring operational risks such as client, business or product malpractice, employment malpractice,

workplace safety, internal criminal activity and unauthorised activities. Breaches of the Business Principles are reported as part of operational risk management. The operational risk managers support management in controlling the operational risks in their business units.

ORM carries out incident reporting as well as monthly Key Risk Indicator (KRI) reporting. In this process the identified risks are measured monthly to monitor whether the risks remain within acceptable thresholds. The report provides management with an overview of the risks they run in their business units and the actions they can take to address these risks. ORM is continually working on installing new risk radars and improving the existing radars. At the end of 2003, approximately 60% of the business units contributed to the ORM reporting system. Operational Risk Management plans to cover 80% of the business units at the end of 2004.

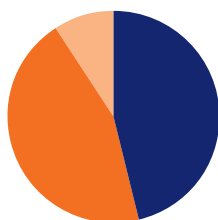
## GOALS AND INTENTIONS 2004

- Introduce a Human Rights Business Principle
- Intensify training in the Business Principles
- Structure local stakeholder dialogue with local management involvement
- Increase coverage of Operational Risk Management (ORM) reporting system to 80% of ING's operations
- Seek partnerships with international organisations in field of pensions and financial sector development
- Further intensify shareholder communication and extend proxy voting to depositary-receipt holders and shareholders in the UK and the US
- Incorporate performance in developing employees in the appraisal system of senior management
- Develop corporate guidelines on sponsoring, donations and volunteering
- Improve quality and coverage of CSR performance data



## DISTRIBUTION OF ING CUSTOMERS WORLDWIDE

in millions, year-end 2003



ING Europe	30
ING Americas	29
ING Asia/Pacific	6
Total	65

## MEETING CUSTOMER EXPECTATIONS

Customers form the starting point of ING's business. They are ING's most important stakeholder group. ING's primary responsibility is to serve this diverse customer base to the best of its abilities. Apart from making a profit on its products and services, ING wants to serve its clients in a responsible manner. The Group is committed to developing products and services that will have a positive impact on the environment and society. Sustainable products and services are a growing part of ING's product range.

### FINANCIAL PRODUCTS AND SERVICES

ING offers insurance, banking and asset management to over 60 million customers in more than 50 countries. ING's customers are individuals, small and large corporations, governments and pension funds. The multi-product and multi-channel approach is the core of ING's strategy.

Key to ING's retail business is its distribution philosophy of 'click-call-face'. This is a flexible mix of Internet, call centres, intermediaries and branches that enables ING to deliver what today's clients expect: unlimited access, maximum convenience, immediate and accurate execution, personal advice, tailor-made solutions and competitive rates. ING's wholesale product offering focuses strongly on its strengths in employee benefits/pensions, financial markets, corporate banking and asset management.

In all markets where ING is active, creating value for clients is the starting point for ING's services. There are many examples that demonstrate what client focus means to ING and how ING responded to the various needs and wishes of clients during 2003. In the Netherlands, perfecting its

click-call-face concept enabled ING to increase the quality of customer service, giving clients improved access to different distribution channels and products. In Asia, for example, ING launched the China Merchant Antai Open-ended Securities Series Funds. Clients in China welcomed the fund and invested over EUR 500 million. In the United States, ING Bank formed a commercial alliance with Bank of New York aimed at marketing, sales and delivery of global custody and related services to international clients.

### Branding to enhance customer trust

ING Group decided to develop one corporate brand in order to have a common, consistent positioning in the market. A strong ING brand provides benefits to all stakeholders. The primary focus is on customers, as the brand provides an added sense of reassurance. In 2003, there was visible progress in the re-branding process. Most businesses are operating under the ING name, or with the endorsement of the ING brand. BBL in Belgium was re-branded to ING Belgium and subsequently brand awareness of ING increased from 50% at the beginning of 2003 to 90% at year-end 2003. As a customer-focused company,

#### GLORIA THOMPSON

Financial Resources Development  
Officer for Women's Christian  
Alliance and ING Direct US customer  
Location: Wilmington, Delaware, US

"I became an ING Direct customer because of the good value proposition and the convenience of banking online and over the phone. However, it has been ING Direct's commitment to being a good neighbour, especially through the ING Direct Kids Foundation to support our local children, that has made me truly feel part of the ING Direct community."



it is essential that 'ING' stands for something valuable to the clients. The trust of customers in the ING brand can only be gained if all employees deliver the brand promise. That is why in 2003 the 'Live ING' programme was introduced. The implementation will enable all ING staff worldwide to translate the ING brand associations and corporate values to their daily operations.

### Special skills

Within all business activities, there are three main growth areas: direct banking, insurance in developing markets and global pensions. Working to perfect these special skills is another way ING aims to add value for its customers.

### Direct banking

ING Direct specialises in offering high-yield savings accounts and low-interest loans. It offers its clients best value for money and excellent service via call centres, direct mail and the Internet. ING Direct was launched in 1997 and today operates in Canada, the US, Australia, Germany, France, Spain, Italy and the UK. At the end of 2003, it had over eight million customers and almost EUR 100 billion in funds entrusted. Especially with the current economic uncertainty, people are saving more.

### Insurance in developing markets

In 2003, the life-insurance operations in developing markets continued to expand. ING's objective in developing markets is commercial, but by setting up businesses and offering work opportunities to local people and local companies, ING's business provides new growth impulses. Life insurance also stimulates contractual savings, which play an important role in developing local capital markets.

### ING DIRECT, NUMBER OF CLIENTS AND FUNDS ENTRUSTED

clients in thousands, funds entrusted in billions of euros (at year-end)				
	TOTAL CLIENTS		TOTAL FUNDS ENTRUSTED	
	2003	2002	2003	2002
Canada (05-'97)	905	684	7.0	5.1
Germany (06-'98)	3,735	1,894	38.1	20.3
Spain (05-'99)	753	610	7.9	6.0
Australia (08-'99)	719	475	6.9	4.1
France (03-'00)	339	270	7.6	6.3
USA (09-'00)	1,399	864	12.8	8.9
Italy (04-'01)	379	244	7.6	4.5
UK (05-'04)	305	-	11.5	-
Total	8,534	5,041	99.4	55.2

### Global pensions

The affordability of pension systems has moved to the top of the political agenda everywhere. Nearly all countries are struggling with pension reform. The pay-as-you-go pension systems that exist in many countries cannot survive under the changing demographic circumstances. ING already offers pension products and services in 30 countries and has selected pensions as one of its spearhead activities for the future.

The pension reforms underway around the world present an attractive commercial opportunity for ING to expand its pension business. They also provide ING with an opportunity to act responsively to the need of a number of societies. Pensions are a prime example of how care for people and society can go hand in hand with long-term sustainable business. ING gives shape to this goal by advising and assisting governments in reforming their pension systems and offering information to increase public awareness of the need for adequate pension provisions. In 2003, ING offered advice to the governments of Mexico, Ukraine, Romania, Slovakia, the Czech Republic and China. In the Netherlands, ING also presented its views



#### CUSTOMER RETENTION

The sales organisation of ING Bank in the Netherlands established a special team of corporate social responsibility ambassadors to strengthen customer relations through knowledge building on corporate social responsibility.



#### TRUE FRIENDS AGAINST SARS

ING Antai launched a TV commercial starring two of their own managers who come up with new initiatives on how ING Antai can help their customers and country in the fight against SARS: cupping hands without shaking hands.



#### SOCIETY PROFITS

The Sharing Benefit policy is a unique product with which ING Life Korea emphasises its commitment to offer Korean consumers and society a better and different life through its products and services.



#### PRODUCTS OF VALUE

With its 'honest lending (eerlijk lenen)' campaign, Postbank in the Netherlands is translating ING's core values and Business Principles into its product development.

BTC PIPELINE PROJECT

During 2003, ING was asked to explain its involvement in two multi-billion-dollar oil projects: the ACG phase I project and the BTC pipeline. The ACG Project was set up to develop three oil fields in Azerbaijan. The BTC pipeline will run from Azerbaijan to the Mediterranean Sea in Turkey. ING participates in the banking syndicate that financed both projects, together with the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development, among others. International environmental NGOs question the project's compliance with the Equator Principles and expressed their concerns about the potential risks to the environment and local communities. The banking syndicate is in dialogue with these NGOs and this case will continue to receive ING's full attention in 2004.

on the future affordability of the pension system and reform of disability insurance.

ING is the first European financial institution to join a research project of the OECD. It was set up to ensure that out of the vast amount of pension data currently available, the most important pension data are extracted, made comparable and become available to countries that need it. ING is also talking to other organisations to become engaged in research projects in order to share and enhance international expertise in the field of pensions.

CSR in business transactions

Taking ethical, social and environmental aspects into account when dealing with clients and other business partners is another way ING strives to incorporate CSR into its core business. During the year, ING took steps to incorporate CSR in its transactions for project finance and lending.

Project finance

ING joined other international banks in 2003 in endorsing the Equator Principles. These are guidelines for managing the social and environmental factors that often play a role in the financing of large projects in developing countries. The Equator Principles apply to sensitive industries like mining, oil and gas, and forestry. They

are based on the guidelines of the International Finance Corporation, part of the World Bank.

The endorsement of the Equator Principles can help improve the overall environmental and social conditions in emerging markets, where protective rules and regulations often lag behind Western standards. Financiers of development projects, such as ING, are often criticised by Non Governmental Organisations (NGOs) because of their involvement in projects believed to bring harm to nature and the local population. The Equator Principles apply to projects in which at least USD 50 million are invested. The banks that endorsed the Equator Principles are obliged to finance only those projects that meet the criteria as defined in the Principles. Together, these banks command a substantial share of the global market for syndicated project financing.

By endorsing the Equator Principles, ING wants to contribute to sustainable development in emerging markets. To ensure ING applies the Equator Principles correctly, a two-year period is reserved for implementation.

Credit lending

In mid-2003, after extensive discussions with all business units involved, ING introduced Corporate Social Responsibility (CSR) statements in its lending evaluation process. The CSR statements are internal guidelines for handling certain non-financial impacts. The CSR statements address ING's business activities in specific industry sectors that are known for their potential environmental, social and/or reputation risk. Sectors include agribusiness, animal testing and welfare, defence, gambling, genetic engineering, natural resources and pornography. The CSR statements also apply to activities that have elements of human-rights abuse and to activities that have a negative impact on the environment. The CSR statements have led to more stringent credit conditions for certain industries.

Sustainable products and services

ING offers its customers various sustainable products and services. These products and services provide an added environmental or social value compared to standard products and services. Demand for these sustainable products and services is small, but growing. They are provided by ING businesses in the Netherlands, Belgium, the US and Australia as well as by ING Life Hong Kong and ING Life Korea.

SUSTAINABLE ASSETS UNDER MANAGEMENT

in millions of euros, year-end			
	2003	2002	2001
ING Sustainable Return fund (including ING Bank Sustainable Return Fund)	346	309	254
BBL Invest Sustainable Growth	30	26	25
ING Sustainable Investments Global Share Trust	12	10	11
Postbank Sustainable Equities Fund	10	9	10
Total global equity funds managed by ING IM	398	354	300
ING (L) Selectis Sustainable Distri	30	–	–
ING Australia Sustainable Wholesale Share Trust	22	–	–
Total ING	450	354	300



## Sustainable investments

ING Investment Management (ING IM) has a dedicated Sustainable Investments team that manages different global sustainable equity funds on behalf of clients who wish to invest their money in companies that aim for profit in a sustainable and responsible way. These funds are marketed through ING's business units in Europe and Australia. ING IM's main sustainable fund is the ING Sustainable Return Fund. At year-end 2003, the assets under management (AUM) of the funds totalled EUR 398 million; 85% is managed for institutional and 15% for retail clients.

During 2003, the Sustainable Investment Team actively engaged companies in its portfolio on issues like child labour and intensified its dialogue with NGOs. More information on activities and the selection criteria of the funds can be found on the [www.ingim.com](http://www.ingim.com) under Sustainable Investments.

## Local fund management

ING Australia manages the Sustainable Investments Wholesale Share Trust that invests predominantly in a diversified portfolio of sustainable shares in Australia. The total fund size was EUR 22 million at year-end 2003.

In 2003, ING Belgium launched the Selectis Sustainable Fund, with AUM totalling EUR 30 million at the end of 2003. This fund invests in a portfolio of 30 shares included in the Dow Jones Stoxx Sustainability Index, an index consisting of "ethical companies".

In the US, the total amount of investments in third-party SRI funds (open architecture) almost doubled from USD 166 million year-end 2002 to USD 288 million at the end of 2003.

## Advisory services

ING Bank's Sustainable Investments department offers advisory and discretionary investment management to private-banking clients, religious institutions, charities and foundations. During 2003, sustainable discretionary portfolio management increased substantially: from EUR 144 million at year-end 2002 to EUR 251 million at year-end 2003.

In 2003, ING Bank launched the Sustainable Portfolio Scan. This tool provides investors with a one-page overview of the sustainability of their portfolio – for both equities and bonds. Institutional investors, in particular pension funds, are provided with tailor-made information on the social, ethical and environmental performance

## BROKERAGE FOR SRI INVESTORS

In 2003, the Equity Sales department of ING Financial Markets expanded its product range by introducing brokerage services for institutional Socially Responsible Investments (SRI) investors. In doing so, ING Financial Markets became the first Dutch equity broker for socially responsible investment. Equity Sales organised two seminars and five company visits in the sectors banking, insurance, chemicals, oil and gas, technology and telecom. Institutional SRI investors, as well as mainstream institutional investors with an interest in sustainability issues, attended these meetings.

of companies according to the Non-Financial Indicator methodology of ING Bank. The total of investments managed on the basis of ING Bank's information – informed investments – increased significantly from EUR 302 million in 2002 to EUR 1,399 million in 2003.

## Green investments

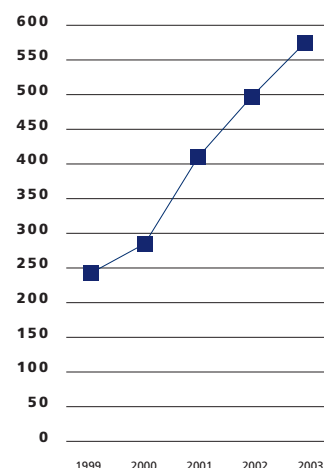
Postbank Groen is a separate bank within ING Netherlands that provides savings products to retail customers who wish to invest in environmentally-friendly projects. The lower interest they receive is compensated by a tax break. In 2003, customers of Postbank and ING Bank invested EUR 192 million, while EUR 132 million were withdrawn, bringing Postbank Green's total portfolio to EUR 605 million. In 2003, EUR 99 million were invested in 71 new projects, mainly sustainable energy, city heating and sustainable residential construction projects. In 2003, Postbank Green's total investments contributed to a reduction of CO<sub>2</sub> emissions of 277 kilotons, compared to 203 kilotons in 2002.

## Sharing Benefit ING Life Korea

In 2002, ING Life Korea launched a 'sharing benefit' product. This is an endowment product that allows customers to assign one aid organisation of his or her choice to be the beneficiary. The total number of policyholders increased from 769 in November 2002 to 3,217 at year-end 2003. A policyholder holding several policies is counted as one. The total contract amount increased to EUR 107 million benefiting 959 charities.

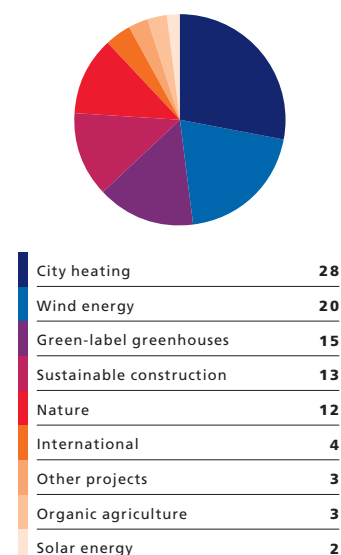
## CUMULATIVE AMOUNTS OF GREEN LOANS AWARDED

in millions of euros, year-end



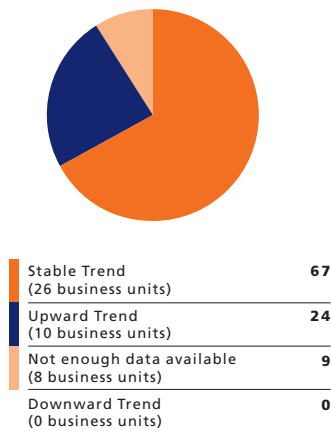
## GREEN PROJECTS ACCORDING TO TYPE

in %, year-end 2003

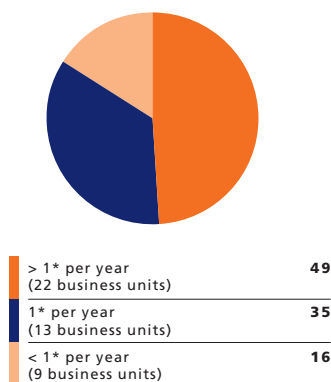


**TREND IN CUSTOMER SATISFACTION**

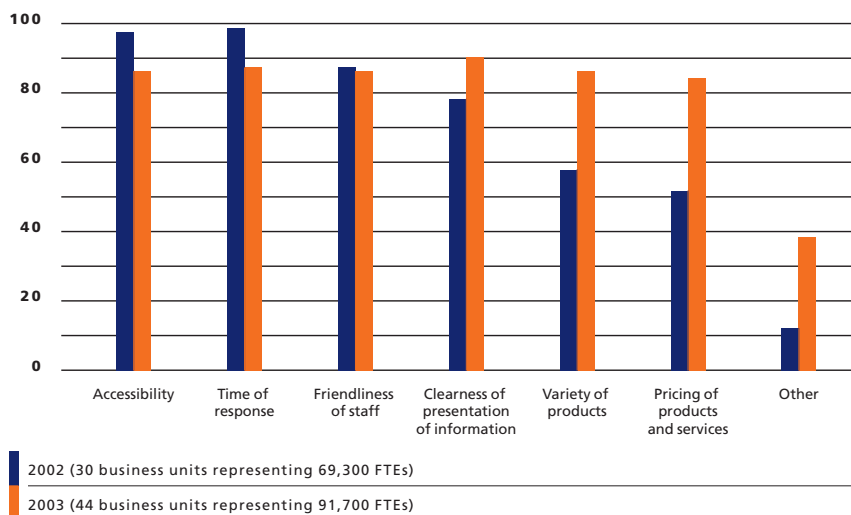
% FTEs of 44 business units (91,700 FTEs)

**FREQUENCY OF MEASURING CUSTOMER SATISFACTION**

% FTEs of 44 business units (91,700 FTEs)

**SUBJECTS MEASURED IN CLIENT SATISFACTION**

% FTEs of business units measuring customer satisfaction

**MONITORING CUSTOMER SATISFACTION**

Clients are ING's top priority. ING wants to be their first choice and meet their expectations. To keep customers satisfied, ING must provide top-quality products and services at a competitive price, as well as top service after a sale is made. Taking customer feedback seriously is imperative. According to the internal CSR survey, 85% of the business units have adopted policies and procedures for customer satisfaction, an increase against the 60% that reported this in 2002.

Monitoring whether ING's financial products and services fulfil the objectives they were meant to fulfil and whether customers are satisfied with the service they are receiving is vital for business success. The internal CSR survey showed that 44 business units measure customer satisfaction, compared to 30 business units in 2002.

In 2003, ten business units reported an upward trend in client satisfaction, 26 have a stable trend and the remaining eight business units had insufficient data available to draw such conclusions. Of the 37 business units that set targets to improve client satisfaction, 34 indicated that they met their targets and three business units did not meet their targets in 2003.

Although the frequency of customer-satisfaction measurements varies among the different business units, almost half of the business units measure more than once a year.

**CUSTOMER CONCERNS****Complaints handling**

ING takes customer complaints seriously and aims to solve complaints to the customer's full satisfaction. Complaint management increases customer satisfaction, lowers the cost of mistakes, serves as the basis to improve its products and stimulates retention. ING does not have a global policy for complaint management, but all of the surveyed business units with external customers have defined their own policies. Of this group, 97% have a customer complaint registration system, almost the same as in 2002 (96%). They reported a total of 131,000 complaints in 2003. The number and nature of complaints have to be seen in relation to the size of the business unit and the number of customers and transactions performed.

Of the registered complaints in 2003, most were about service and products. Far fewer complaints were received on pricing, accessibility and product information. Complaints on claims handling, misrepresentation, integrity of marketing, privacy and discrimination were reported to a limited extent.

**Performance Nationale-Nederlanden**

In 2003, a study was carried out on behalf of the Dutch intermediary organisations to gauge the performance of Dutch insurers. The study assessed issues such as reliability, level of knowledge of the office staff, throughput time and telephone accessibility. Nationale-Nederlanden, part of ING Group and the largest insurer in the Netherlands, scored inadequately in all categories. ING took several measures to improve the performance at Nationale-Nederlanden. ING has made significant investments and has hired an additional 600 temporary employees. Improvements were made in non-life and individual life, but Nationale-Nederlanden has not yet reached its goal. Backlogs have already been eliminated in some areas, throughput times have been reduced and telephone availability has improved. The aspects that scored below average in the survey will receive extra attention. All backlogs are expected to be eliminated by the end of 2004.

**Customer privacy**

Customers want to be sure that their personal data are respected and will not be used for any other purposes than for the provision of financial products and services to them. ING's policy is to process customer and personal information in such a way that the privacy of its customer is protected as much as possible. In most countries, dealing with customer privacy is based on local laws and regulations, and ING's policy is to

observe all applicable laws and regulations. The manner of handling customer data also depends on banking secrecy laws. As such, ING does not yet have a global privacy policy. In some cases, ING has articulated additional internal rules as a complement to local laws.

### Belgium

In 2003, a Brussels court ruled that ING Belgium had broken Belgian privacy laws by using data on customer activities to check whether the independent agents of ING Belgium had been advising their customers to purchase investment products from competitors. ING is seeking clarification in the verdict by means of an appeals procedure. ING Belgium fired the agent who was involved.

### Netherlands

In 2002, ING informed millions of customers in the Netherlands that they were to be included in a central customer base for statistical and marketing purposes. According to the College Bescherming Persoonsgegevens (the Board for Control of Personal Data), ING was not sufficiently specific in its information. In 2003, customers of ING Bank received an extra information leaflet and RVS sent its customers a new mailing. ING Group will send information on the central customer database in the Netherlands to its customers at ING Bank, Postbank and RVS.

### Chinese Walls

ING has a system of Chinese Walls in place to prevent uncontrolled flows of sensitive information between banking and investment departments. Chinese Walls consist of physical and procedural measures around defined Chinese Walls areas. They are an instrument to manage conflicts that may arise between involved parties. During 2003, ING started to update its policy on Chinese Walls. The policy will be finalised in 2004.

### Product responsibility

Product responsibility is mainly a local responsibility. Product approval procedures are part of ING's product responsibility and these procedures are embedded in ING's overall risk management approach. Marketing practices by insurance agents selling ING's products can also be considered part of a financial institution's product responsibility. At ING, local management is responsible for training its agents and monitoring feedback from the customers about the agents.

### LEGAL DISPUTE OVER INSURANCE CLAIM IN MEXICO

During 2003, ING Commercial América in Mexico was engaged in an ongoing legal dispute with fertiliser producer company Fertinal over an insurance claim. The dispute, which began in 2001, concerns significantly divergent opinions between ING Comercial América and Fertinal as to the amount to be covered under Fertinal's insurance policy. The case is still before the Mexican courts.

### Ethical principles for the US insurance industry

All of ING's insurance companies in the US that sell individual life insurances became certified by the Insurance Marketing Standards Association (IMSA). As part of their membership, they have adopted the IMSA principles of Ethical Market Conduct and an accompanying Code of Life Insurance Ethical Market Conduct. The principles set out general standards of ethical behaviour for the insurance industry while the code specifies the means for achieving the principles. Each life-insurance company subscribing to these principles commits itself to:

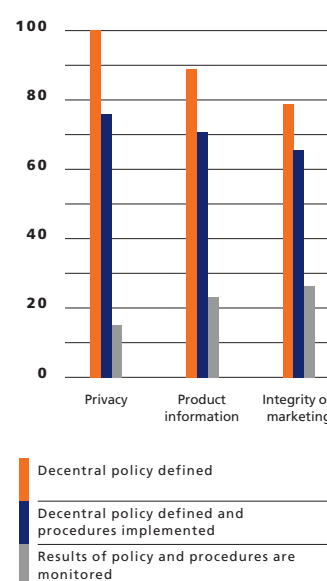
- Conduct business according to high standards of honesty and fairness;
- Provide competent and customer-focused sales and service;
- Engage in active and fair competition;
- Provide advertising and sales materials that are clear as to purpose and honest and fair as to content;
- Provide for fair and timely handling of customer complaints and disputes;
- Maintain a system of supervision and review that is reasonably designed to achieve compliance with these Principles of Ethical Market Conduct.

In May and June of 2004, the ING companies will go through the triennial independent assessment for the renewal of their membership in the IMSA.

### Code of Conduct Dutch Insurers

Corporate Social Responsibility has gained importance within the insurance sector. Therefore, the Dutch Association of Insurers (het Verbond van Verzekeraars) adopted a Code of Conduct. It underlines that the insurers endeavour to incorporate the principles of trust, professionalism, solidarity, social responsibility and transparency in their business operations and decisions. The code also includes a complaint procedure for consumers. As one of the largest insurance companies in the Netherlands, ING signed the Code.

**IMPLEMENTATION STATUS**  
**CUSTOMER RELATED**  
**POLICIES AND PROCEDURES**  
% FTEs of 54 business units  
(95,700 FTEs)



**BANK OFFICES & AUTOMATED TELLER MACHINES (ATMS)**

	END 2003	END 2002	END 2001
<b>ING NETHERLANDS</b>			
ING Bank offices	260	274	291
Postbank full-service offices	985	1113	1332
Postbank Money Service	314	5	-
Regio Bank	415	433	450
ATMs (Postbank Giromaat and ING Bank ATMs)	1809	1782	1797
<b>ING BELGIUM</b>			
Bank offices	829	829	883
Self'Banks	1886	1851	1781
<b>ING BANK SLASKI (POLAND)</b>			
Bank offices	331	337	345
ATMs	557	547	495

**Accessibility of retail services**

Especially in retail financial services, small companies and individual clients make greater use of the telephone and the Internet. In the Netherlands, Postbank and ING Bank have continued to trim their branch network for cost and efficiency reasons.

Postbank has concluded that 800 full-service offices should be sufficient to cater its customer base. In addition to its network of full-service offices and Automated Teller Machines (ATMs), Postbank decided in November 2002 to provide an additional cashier service. This 'Postbank Geldservice' (Money Service) is designed for communities with fewer than 5,000 inhabitants and at least 500 Postbank customers. The aim is to offer cashier services to people who prefer withdrawing cash over the counter, especially the elderly and handicapped. In November 2003, Postbank opened its 250th Money Service point and expects to open another 150, bringing the total number of counters to 400 by the year 2005.

The ING Bank branch network will remain at its current size of around 260 branches in the com-

ing years. Research among ING Bank customers indicated the importance of cashier services. This led to the new policy that, at the end of 2004, in addition to all the full-service cash points in the regional branches, simple cashier services will be made available in all of the local branches.

Regio Bank is actively addressing the issue of accessibility of the cashier function, especially in rural areas in the Netherlands. Regio Bank is run by insurance intermediaries according to a franchise concept. End 2003, Regio Bank had 415 offices with cashier function.

In Belgium, no branches were closed. An additional 35 Self'Banks were opened during 2003, bringing the total to 1886 at 31 December 2003. Self'Banks are automated branches where ING Belgium clients can take out money and execute most of their daily transactions, consultations and simulations themselves. The Self'Banks are open between 5 am and 11:30 pm, 7 days a week.

**Preventing social exclusion**

ING wishes to remain a low-threshold service provider for individuals, without differentiation or exclusion. Of ING's retail financial services providers, ING US Financial Services, ING's banking businesses in the Netherlands and ING's banking and insurance operations in Belgium have signed government or industry charters to prevent social exclusion. These business units serve approximately half of ING's total customer base.

Several retail business units provide special services, for example for people in remote areas and the elderly. Most of ING's larger financial services providers in the Netherlands, the US and Belgium as well as ING Direct in Spain, the US and the UK provide special services for their handicapped customers. For example, Postbank in the Netherlands, with 6.5 million private accountholders, offers a reader-friendly website for the visually handicapped.

## ADDING SHAREHOLDER VALUE

Shareholders provide the capital with which ING finances its growth. In return, they expect an attractive return and a say in decision-making in the company. The Group's operating net profit for 2003 rose 18.1%, demonstrating that ING was able to create value for shareholders in a challenging economic environment. ING has come through the tough years thanks to its diverse mix of clients, business lines and countries. Important changes were made in ING's corporate-governance structure to give shareholders and holders of depositary receipts more influence. ING is committed to delivering the good performance these capital providers expect, while acting in a socially responsible way.

### SHAREHOLDER VALUE

#### Economic developments

On balance, the global economy performed well in 2003. Although the volatility persisted on the stock markets in the first six months, the US economy picked up in the second half of the year, showing remarkably strong growth figures in 2003. The European economy showed a less robust performance, behind the Japanese economy which enjoyed a cyclical upswing, mainly driven by strong export growth.

The year was also marked by the decline in the US dollar. The euro accounted for the greatest part of the US dollar correction while Asian countries tried to keep their currencies more or less stable against the US dollar via interventions. The euro gained more than 20% against the US dollar. Through hedging transactions the negative impact on operating net profit could be limited to EUR 49 million.

#### Long-term shareholder value

ING believes a commitment to corporate social responsibility and good corporate governance contributes to long-term shareholder value. Furthermore, companies with sound risk management perform better in the long term than companies without. A strong ethical framework based on teaching and enforcing ING's Business Principles is an important part of ING's commitment to shareholder value. Reputation is the most valuable intangible asset a company has. Breaches of the Business Principles and lapses of judgment can cause serious financial and reputation damage and have a direct impact on the Group's capital position and earnings.

#### Annual results

ING achieved good results in 2003. Group operating net profit rose 18.1% to EUR 4,053 million. This was driven by the banking operations, which reported a rise in operating net profit of 72.6%. Operating net profit from the insurance operations decreased from EUR 2,538 million in 2002 to EUR 2,508 million in 2003 (-1.2%). The Group's net profit over 2003 fell 10.2% to EUR 4,043 million, mainly due to the absence of net realised capital gains on shares as a result of a policy change, while in 2002 capital gains of EUR 820 million were included in the net profit. ING benefited from the rebounding equity markets and improved economic conditions. The further recovery of the most important stock-market indices in the fourth quarter resulted in a positive balance of more than EUR 0.9 billion in the revaluation reserve for shares as of 31 December 2003.

As part of its effort to strengthen its capital base, ING introduced an optional stock/cash dividend in 2003.

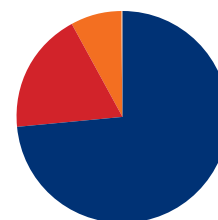
Following the interim dividend of EUR 0.48, proposed final dividend for 2003 is EUR 0.49 per ordinary share. The resulting dividend of EUR 0.97 equals the 2002 dividend.

#### RATING AGENCIES

The economic climate in 2003 led to frequent contacts between ING and the credit-rating agencies. In April 2003, ING Groep N.V. and ING Verzekeringen N.V. were downgraded one notch by Moody's Investors Service to Aa3, whilst the rating for ING Bank N.V. remained unchanged (Aa2). The ratings applied by Standard & Poor's remained unchanged in 2003 (ING Groep N.V. and ING Verzekeringen N.V. A+ and ING Bank N.V. AA-). All above-mentioned ratings have a stable outlook. A full overview of the ratings is given on page 67 of the ING Group Annual Report 2003.

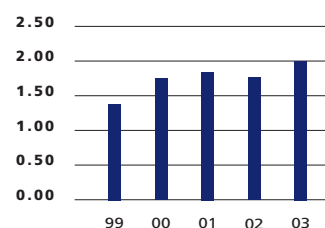
#### OPERATING PROFIT BEFORE TAX BY EXECUTIVE CENTRE

in millions of euros



ING Europe 73%	4,305
ING Americas 19%	1,086
ING Asia/Pacific 8%	453
Other	13
<b>Total</b>	<b>5,857</b>

#### OPERATING NET PROFIT PER SHARE (in euros)





## TYPES AND FREQUENCY OF SHAREHOLDER ENGAGEMENT

TYPE OF ENGAGEMENT	TARGET GROUP	FREQUENCY 2003
Annual General Meeting	Private & institutional shareholders	1
Investor Relations symposia	Analysts	2
International conferences	Investors, analysts	10
Roadshows	External brokers	15
General one-on-one meetings	Investors, analysts	125
Analyst meetings in Amsterdam	Dutch analysts	4
International analyst meetings	Analysts outside Netherlands	10
One-on-one meetings on results	Investors, analysts	25
Meeting with raters	US raters	3
Meeting with raters	Dutch raters	3

## ENGAGING SHAREHOLDERS

## Investor relations

ING's Investor Relations department provides investors and analysts with information they need to make their investment decisions. ING strives to provide as much information as it can to enhance the understanding of ING's financial position and strategy. In addition, ING proactively informs investors and analysts on complex topics that may affect ING's results.

During the year, the investor relations team carried on a steady dialogue with analysts, rating agencies and private and institutional investors. Private investors receive key information at the Annual General Meeting of Shareholders and through the Shareholders' bulletin and the Shareholders' news, which appear regularly throughout the year. The section Investor Relations at [www.ing.com](http://www.ing.com) also provides much information.

The dialogue with institutional investors, analysts and rating agencies is carried out via the Chief Financial Officer, the head of Investor Relations and the investor relations officers at corporate head office. In addition to daily telephone contact, the investor relations team also

organises regular events throughout the year. These include one-on-one meetings, investor relations symposia, roadshows, analyst meetings and conference calls. In 2003, these events took place in Europe, the United States and Asia.

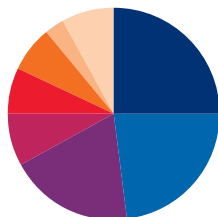
## Key issues in 2003

Whereas in 2002 investors and analysts focused primarily on ING's capital position, other issues dominated the dialogue with investors during 2003. These included the outlook for growth and profit, ING's pricing policy, pricing discipline, corporate strategy, corporate governance and the impact of the low-interest-rate environment on ING's business. Investors were positive on ING Direct, the improvement of loan losses on the banking side and continued cost control throughout the Group. Investors demanded more clarity on the results of ING's US operations. In response, ING published an additional statistical supplement on its US activities in order to increase transparency of the results.

## SRI investors

In 2003, ING's Investor Relations and Public Affairs departments participated jointly in a one-day Social Responsible Investment (SRI) roadshow organised by WestLB Panmure. During this event, SRI specialists from leading French asset managers were introduced to ING's Corporate Social Responsibility strategy and performance. In October 2003, ING hosted a similar meeting with Dutch Sustainable Fund managers. Discussion topics were sustainability indicators and remuneration, stakeholder policy and the absence of an ING Business Principle on human rights. ING organised a joint investor seminar on sustainability with Royal Dutch/Shell Group for SRI investors in the Netherlands.

## GEOGRAPHICAL DISTRIBUTION OF ING SHARES (in %)



United Kingdom	25
US and Canada	23
The Netherlands	19
Belgium	8
Luxembourg	7
Switzerland	7
Germany	3
Other	8

## PETER DE KONING

Until January 2004, chairman of the Corporate Governance Research Foundation for Pension Funds (SCGOP), and member of the Tabaksblat Committee  
Location: Odijk, the Netherlands

"Since the publication of the Tabaksblat Code, it has been established what good corporate governance is supposed to be. The Code aims specifically at corporations. If they do not comply, the Code will not be viable. ING adapted its governance even prior to publication of the Code. If other listed companies in the Netherlands follow that example, it could mean an important step in the recovery of investors' confidence in the stock markets."



## CSR ratings

ING is followed closely by specialised research agencies that provide CSR and sustainability information to investors and fund managers interested in socially responsible investment. These assessments, mainly performed through questionnaires and interviews, guide institutional investors and financial professionals in their sustainable portfolio management.

ING was included in the most prominent sustainability indexes during the year, such as the Dow Jones Sustainability World Index, Dow Jones Sustainability STOXX, FTSE4Good Global 100 and FTSE4Good Europe 50. For both Dow Jones indexes, ING was rated second in the sector insurance. In September 2003, ING was awarded Corporate Social Responsibility Bank of the year by *The Banker* magazine. The selection process was conducted in association with Innovest Strategic Value Advisors, an investment research firm specialising in CSR.

One of the largest independent providers of SRI research is the Sustainable Investment Research International (SIRI) Group. Dutch Sustainability Research (DSR), the Dutch chapter of SIRI, researched the sustainable entrepreneurship of companies listed on the AEX in 2003. ING ranked 8th and was the only financial in the top 10.

## CSR and mainstream investors

Although ING considers CSR and sustainability to be important issues for investor relations, the interest for CSR in the mainstream investor community remained modest during 2003. SRI funds still represent only a fraction of the global funds under management. According to a study by the World Economic Forum, the mainstream investor community is still focused on short-term results and financial criteria. The companies interviewed for the report, including ING, notice a general lack of investor interest in their CSR activities.

## APPRECIATION FOR INVESTOR RELATIONS SERVICES

In 2003, ING Investor Relations was recognised in an annual survey carried out by Rematch, an independent Dutch company that provides advice on investor relations services. ING received an overall score of 7.0. ING ended fourth overall in the survey and first in the category for financial-services companies. The survey tracks the investor-relations performance of the 25 largest companies listed on the Amsterdam Stock Exchange. Rematch asked 550 investors, fund managers, analysts and financial journalists for their opinion.

The report also cited a lack of relevant research and skills on the part of investors, as well as a lack of clear definitions, performance indicators and benchmarks on the part of companies as the biggest obstacles to making corporate citizenship issues part of the decision-making processes of the investment community.

## CORPORATE GOVERNANCE

Various corporate-governance scandals and ethics crises have heightened the overall awareness in the mainstream investment community for the issue of company integrity. Furthermore, a growing number of fund managers on the buy side must fulfil certain requirements with respect to corporate governance as part of their overall investment process. Corporate governance remained an important topic for ING's private and institutional shareholders throughout the year. Pension funds are also paying more attention to the issue.

On 15 April 2003, the Annual General Meeting of Shareholders adopted important changes to ING's corporate governance, giving shareholders and depositary-receipt holders more say in the company. Large pension funds expressed satisfaction with the changes, while the Dutch Association of Securities Holders (VEB), which represents mainly the interests of private investors in the Netherlands, voiced criticism. The VEB acknowledged that the changes improved the position of investors to some extent, but argued



### STIMULATE DIALOGUE

Together with law firm Stibbe, ING organised a symposium for lawyers, managers and journalists to exchange thoughts, experiences and expectations on Corporate Governance.



### TRANSPARENCY

Based on Tabaksblat recommendations, the Executive Board decided in 2003 to webcast the analyst meetings in Amsterdam (four times per year, including English translation) and in London (twice a year).



### ONE SHARE ONE VOTE

Voting by proxy on items included on the agenda for meetings of shareholders, already available in 2003, will be extended in 2004 to include proxy voting by shareholders and depositary-receipt holders in the US and the UK.



### DISCLOSURE

More information on the annual results 2003 and corporate governance can be obtained from the ING Group Annual Report 2003, which is available at [www.ing.com](http://www.ing.com).

## NEW REMUNERATION POLICY FOR ING'S SENIOR MANAGEMENT

The executive-compensation system was restructured to reflect the key value drivers in ING: net operating profit, total operating expenses and return on economic capital. ING will gradually adapt its pay levels to the appropriate pay levels in the relevant markets. There will be a greater linkage to the relative total shareholder return of ING compared with its peers in short-term and long-term incentives. The new system will be discussed in the General Meeting of Shareholders on 27 April 2004. More information about the new remuneration policy can be found in the Remuneration chapter in the ING Group Annual Report 2003 (pages 79-85).

that investors still had limited influence on actual decision-making. The VEB criticises the fact that ING still issues depositary-receipt shares, as a result of which the Trust Office ING Shares will continue to dominate the Annual General Meeting of Shareholders as long as shareholders and holders of depositary receipts do not make use of their voting rights. The VEB is also critical of the fact that the Supervisory Board has the right to make a binding proposal for appointments, limiting shareholder influence. Following the approval by the Annual General Meeting of Shareholders, the new corporate-governance structure officially went into effect on 23 June 2003.

The year 2003 also marked the first time that all Dutch depositary-receipt holders could vote via the Communication Channel Shareholders. For 8% of all outstanding shares, holders of depositary receipts gave binding voting instructions to the Trust Office ING Shares. ING intends to increase this share by intensifying its communication with shareholders and extending proxy voting to depositary-receipt holders and shareholders in the UK and the US.

### US Sarbanes-Oxley Act

In 2002, the US Congress passed the Sarbanes-Oxley Act in response to the Enron and Worldcom scandals. The objective of the Act is to bolster the integrity of managers, the independence of non-executive directors and external auditors and to increase financial transparency. As a publicly-listed company in the US, ING is required to comply with the Sarbanes-Oxley Act. During 2003, ING fine-tuned its corporate governance, internal controls and risk-management systems as well as its Business Principles to be more in line with Sarbanes-Oxley, and by the end of the year, ING complied with most sections of the Act.

### Auditor Independence Policy

The Sarbanes-Oxley Act requires that listed companies have a policy that guarantees the independence of its external auditors. In 2002, ING began drafting its auditor-independence policy which became effective on 1 January 2003. On

1 April 2004 the renewed ING auditor-independence policy became effective, which is fully in line with Sarbanes-Oxley. ING's auditor-independence policy defines audit services, audit-related services and non-audit-related services and the approval procedure for each type of service. ING's policy requires that external audit firms inform the Audit Committee of the Supervisory Board of situations that may be thought to reasonably bear upon their independence. The policy also specifies which activities are prohibited to be performed by external auditors.

### ING and the Dutch Tabaksblat Code

Early 2003, the Dutch government installed a committee to develop a new corporate governance code. The Tabaksblat Committee, named after Morris Tabaksblat, former Unilever Chairman and chairman of the corporate governance committee, presented its recommendations on 1 July 2003. On 9 December, the committee presented its final report on the principles of good corporate governance and best practices.

ING supports the recommendations of the Tabaksblat Committee and is a proponent of the 'comply or explain' principle. ING introduced significant adjustments in its corporate governance in 2003 prior to the new code. As a result, the Group is already compliant with many of the best practices of the Tabaksblat Code. For example, holders of depositary receipts have full voting rights and these voting rights can be exercised unconditionally, including in the event of a hostile take-over bid. Steps were also taken to further ensure the independence of the Trust Office ING Shares. The Tabaksblat Code calls for institutional investors to publish their policy on voting and explain specific voting behaviour. ING, a major institutional investor in Dutch companies, will publish on such a policy prior to the 2004 General Meeting of Shareholders.

ING will implement the Tabaksblat Code as much as possible and expects to diverge from the best practices of the Code only in some respects. The current divergences are described and explained in detail in the section on ING's reaction to the Tabaksblat Code in the ING Group Annual Report 2003, pages 69 and 70. These divergences will be discussed in the Annual General Meeting of Shareholders on 27 April 2004. Depending on the further developments in the field of corporate governance, any remaining divergences will be submitted for approval to the Annual General Meeting of Shareholders in 2005.



At [www.ing.com/group](http://www.ing.com/group) shareholders can find up-to-date information on ING, such as the agenda for the Shareholders' Meeting



## CARING FOR OUR EMPLOYEES

The financial-services industry is first and foremost a people's business. Motivated and satisfied staff are key to business success. ING aims to stimulate the motivation, growth and development of its employees, and these objectives are encapsulated in ING's Business Principles and Social Policy Principles. ING aims to be an attractive employer by providing competitive benefits, good working conditions, work/life balance and opportunities for personal and career development. Investing in ING's employees is an investment in ING's future business success.

### PEOPLE AND POLICIES

#### Worldwide employee base

The largest part of ING's staff is based in the Netherlands (30%), North America (15%) and Belgium (11%). Asia and Latin America account for 12% and 10% of the workforce, respectively.

The total number of staff (full-time equivalents) decreased by 1,900 to 114,300 at the end of December 2003. Ongoing restructuring, integration and cost containment programmes have led to a reduction of the workforce in the banking units within ING Europe and the insurance units within ING Americas (mainly US, Chile and Argentina) in 2003. ING Direct attracted some 1,700 new staff (including Entrium) to handle the strong growth of its businesses. Total staff at the insurance operations in a number of developing markets as well as Canada increased, too.

According to the internal CSR survey, total staff turnover in 2003 was approximately 13%. Of this group, 5.3% left at ING's initiative, 5.2% on their own initiative and 1.6% moved to another business unit within ING. The remaining 1% refers to pension or death. The turnover percentages vary significantly among the various businesses and countries.

#### Human resources policies

ING's Social Policy Principles serve as guidelines for local human resources policy worldwide. With this common framework ING strives to acknowledge the individual value and equality of all employees, irrespective of race, gender, nationality, sexual orientation, religion or creed, at all levels of the organisation. It strives to motivate employees and support their personal development and career advancement. ING wants to provide equal opportunities for all employees within the

organisation and maintain good labour relations, terms of employment and working conditions. ING strives to balance fairly the interests of its employees and those of the organisation.

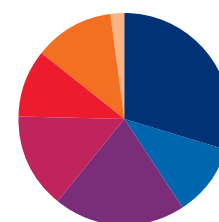
ING aims to provide each individual with a clear image of ING's objectives in order to allow employees to optimise their personal contribution to these objectives.

#### Global priorities

The global priorities of ING's human resources policy are talent management and training, performance management and the pursuit of one ING culture. These objectives are anchored in all management plans, medium-term plans and human-resource targets.

### EMPLOYEES

full-time equivalents,  
year-end 2003



The Netherlands	33,937
Belgium	12,646
Rest of Europe	22,996
North America	16,594
Latin America	11,792
Asia	13,949
Australia	2,408
Other	22
<b>Total</b>	<b>114,344</b>

### ING INTRANET JOB SITE

ING Group believes each employee should have the opportunity to develop to his or her full potential, within the capability of the organisation. Sharing information on global job opportunities to all employees is an important aspect of this commitment. In December 2003, ING launched the Intranet Job Vacancies site. This site displays job openings worldwide to some 90,000 ING employees in 25 countries.

### PERFORMANCE AND REWARD

In 2003, performance management was introduced in the Netherlands to replace the previous performance review system. Transparency and focus are the centrepiece of the new system. The idea behind performance management is that the employee and his or her line manager jointly identify the employee's performance targets and corresponding development and educational needs. For direction in discussing the targets, both manager and employee rely on business objectives in their business unit. The performance targets are limited in number, very specific and unambiguous in order to provide a clear focus. During the year, the employee and line manager take appropriate action to fulfil these objectives.

BUDGET FOR TRAINING AND PERSONAL DEVELOPMENT

	2003	2002
TRAINING BUDGET IN EUROS		
Total	89,211,000	66,000,000
FTEs covered	103,700	89,000
Per FTE	860	740

ING CAREER CENTRES IN THE NETHERLANDS

As stipulated in the collective agreement since 2002, ING's 34,000 employees in the Netherlands have the right to a career check once every five years. Active self-assessment supported by a career advisor in individual talks provides insight in a number of career options. In comparison with the figures of 2002, the number of visitors decreased. More employees first visit the Intranet site of the ING Career Centres at Work@ING before visiting the Centres. The decrease in counsellings can be explained by the tailor-made career counselling which was started in 2003.			
	2003	2002	2001
ING EMPLOYEES VISITING ING CAREER CENTRES			
Total visitors	951	1300	2500
Visitors receiving some form of career counselling	336	450	107

TRAINING AND PERSONAL DEVELOPMENT

Talent management and education

Ongoing training and personal development help employees to manage their own careers and contribute to ING's overall talent management goals. The internal CSR survey showed that formal policies and procedures for training and personal development are implemented by 85% of the business units.

The training budget per FTE increased from EUR 740 in 2002 to EUR 860 in 2003. Included in this 2003 budget is a specific non-recurring project in the Netherlands. Without this one-off investment, the training budget would have been EUR 795 per FTE.

In 2004, leadership and employee development will become a performance management factor: all senior leaders will be measured and rewarded based on their performance in developing employees at all levels.

Local regulations

As an international company, ING has to take into account different local customs, laws and regulations. That is why labour relations and practices vary widely around the world. These differences include compensation, employee benefits, working hours, contract conditions and the role of labour unions.

Benefits for employees, both legally mandated or on ING initiative, differ between countries. Benefits provided on ING initiative consist mainly of financial services, compensation for disability, education, sabbatical leave and childcare. Other benefits include parental and emergency leave, counselling and subsidised sports clubs.

E-learning

Since 2000, ING has been shifting more learning from the classroom to the web. E-learning offers an opportunity to develop additional personal skills and enhance employability. It serves as a strategic tool for the employer, since employees function better.

So far, 225 e-learning projects have been rolled out in subjects like IT, professional development, financial courses and English as a foreign language. In Japan, classroom teaching for language training has been fully substituted by online courses. In Australia, all staff now have access to e-courses. A survey indicated that 25% of ING staff take time outside working hours for

**SHENAZ KHAN**

Member of ING Group Global Diversity Council and Head of Performance Management and HR Consulting for ING Australia, awarded 'Most Promising Person for the Advancement of Women' in 2003  
Location: Sydney, Australia

"For ING to be a truly diverse organisation, we need the continued support and commitment of all senior leaders in placing and keeping diversity on the strategic agenda as a business issue. Our business processes need to incorporate diversity, responding to the cultural changes affecting our markets, customers and environment. This will foster innovation and give us a sustainable competitive advantage."



the courses. Eighty-five percent of the respondents rated the e-learning experience as positive and recommended it to others.

### ING Business School

The mission of the ING Business School (IBS), located in the Netherlands, is to provide high-quality leadership education to (future) senior managers from across ING Group. The programmes aim to enhance the awareness of ING's businesses and their strategies, shared ING's values and provide a setting where managers from around the world can learn from each other.

The number of students enrolled in the Business School in 2003, 615 compared to 1089 in 2002, was lower due to cost containment, travel restrictions as a result of SARS and the situation in Iraq. Of the 2003 participants, 22% were female, a decrease compared to the 25% in 2002. In 2004, the IBS will bring more programmes to the staff in the regions.

### DIVERSITY

Diversity is about valuing the variety of people who work for ING, irrespective of gender, ethnicity, age, nationality, sexual orientation, handicap or religion. ING believes that its management and staff should reflect its customer base and the local communities where it is active. A diverse workforce enhances customer and employee retention. It contributes to ING's goal of cultivating an inclusive corporate culture that welcomes and supports individuals of different backgrounds and interests.

In October 2003, the Dutch Employers Association (VNO-NCW) nominated ING for the Diversity Award for the second consecutive year.

### THE BUSINESS CASE FOR DIVERSITY

ING's diversity policy is based on the following objectives

- Retaining existing customers and attracting new customers;
- Diversifying teams in order to provide a more refreshing perspective on business;
- Retaining key employees;
- Increasing motivation and lowering absenteeism;
- Attracting the best talent.

### Embedding diversity in the organisation

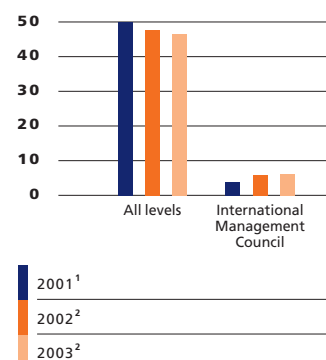
The Diversity Council was established in 2000 and is composed of HR and business managers from all regions and backgrounds. The Diversity Executive Sponsor Group was set up in the second half of 2003 and consists of ten Executive-Committee members from all ING regions. The Sponsor Group members are directly responsible for the implementation and promotion of diversity in their region or business unit. They represent ING on committees, panels and boards on diversity issues and ensure that the diversity objectives are included in the medium-term plans and that objectives are met.

### Regional approach to diversity

Diversity is tailored to local priorities. ING Americas' diversity initiative is endorsed and led by a senior-level steering committee with involvement by leaders across the Americas. Local diversity councils implement short-term, country-specific plans for each business. Regional diversity councils are active in the US and, since 2003, in Asia.

### REPRESENTATION OF WOMEN AT ING GROUP WORLDWIDE

in % of total FTEs



1) Estimate based on the internal CSR survey in 2001 covering 82% of ING

2) Estimate based on the internal CSR survey in 2003 covering 92% of ING



### CULTURE OF INCLUSION

The inclusiveness of the marathon fits well with ING's emphasis on diversity. This is also reflected in ING's Globberunners team that consists of employees from seven different countries.



### WORK/LIFE BALANCE

To facilitate the combination of working and caring for children, ING has taken several initiatives in 2003 to offer childcare to its employees.



### INTERNAL COMMUNICATION

The requests for information on diversity can now be directed to the intranet site Diversity@ING that was launched in 2003. It gives a good insight into the themes, activities and contact persons in the area of diversity within the Group worldwide.

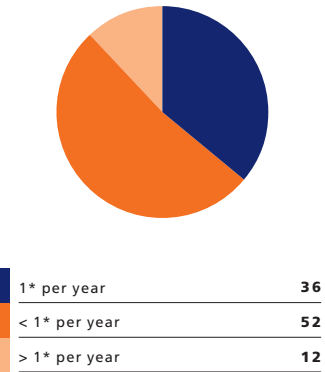


### SHARING PRACTICES

ING Financial Services in the US is committed to inclusion. Through its labour market and general advertising the company explains that it is working to help create viable, culturally diverse and empowered communities.

FREQUENCY OF MEASURING  
EMPLOYEE SATISFACTION

% FTEs of business units  
measuring employee satisfaction  
(76,000 FTEs)



In Europe, several local diversity initiatives were carried out. In the Netherlands, the ‘Female Development Programme’ was run for the second time. This diversity programme, which focuses on high-potential women, is successful and will be rolled out in Europe in 2004.

In Australia, a Diversity Advisory Team introduced several initiatives to improve the work/life balance. These include limiting meeting times to between 9 am and 5 pm. ING Australia also improved recruitment practices to ensure that a diverse pool of candidates is considered. Since the introduction of these diversity initiatives, more women have moved to senior management positions.

Targets and performance

All business units are required to include diversity objectives as part of their medium-term strategic plans.

In 2001, the Executive Committee (EC) Europe set a target of having seven women on Management Committee (MC) level by 2003, and ten by 2004. In 2003, the number of women at MC level increased from five to seven, so the target was met.

In EC Americas, three of the 33 MC members are women. The target for 2004 is four. For ING US Financial Services (USFS) the diversity target for 2004 is to have 52% of the management category consist of women. With 39.6% women at the end of 2003, ING USFS was behind its target.

For the EC Asia/Pacific, there is one woman at MC level. The target for 2004 is two.

In addition to gender, other diversity aspects are measured at a local level according to local regulations. This information can be found at [www.ing.com](http://www.ing.com) under ING in Society.

Leadership Forum

In November 2003, ING Group, together with IBM and Unilever, staged a European Women's Leadership Forum in Amsterdam. The aim of this event was to maximise women's contribution to their business and increase awareness with regard to female leadership styles. Fifty employees ranging in seniority level, nationality and gender took part. The workshops focused on identifying women's potential, limitations and the obstacles that hold women back in their business environments.

EMPLOYEE SATISFACTION AND  
ENGAGEMENT

Motivation surveys

According to the internal CSR survey, 81% of the ING business units have implemented policies and procedures for employee commitment and motivation. Measuring employee satisfaction helps ING to track its progress to be an attractive employer and to define priorities in the case of shortcomings.

Business units representing 76,000 FTEs, or 73% of all employees covered by the internal CSR survey, measure employee satisfaction on a wide range of topics. Almost 50% of these business units had sufficient data available to draw conclusions with respect to employee satisfaction: 35% reported an upward trend, 13% a stable trend and 2% reported a downward trend.

ING Netherlands

In early 2003, ING Netherlands carried out its first comprehensive motivation survey. Some 34,000 employees in the Netherlands received the questionnaire; 43% responded. ING Netherlands is pleased with the overall result. The survey revealed that, on the whole, ING's employees are content. On a scale of one to five, the average score was 3.85. The individual scores for the five main areas surveyed were: management (3.4), motivation on the job (3.9), opportunity for personal development (3.4), working conditions/corporate climate (3.5) and employee satisfaction (3.87). Only 5.5% of the respondents indicated that they were not happy about working for ING.

The survey also revealed that ING employee motivation and satisfaction is above average compared to other financial services providers in the Netherlands. Respondents felt ING could do more in career development and in improvement of management skills. The results are part of the Balanced Scorecard and each division will take actions for improvements. A new motivation survey will be held in the fall of 2004.

ING Americas

In May and June 2003, a full survey of all ING Americas' employees was conducted. The survey was prepared and overseen by an independent outside consultant. This was the first region-wide survey among 20,000 employees from six countries.



The survey - localised for each individual geography - revealed a remarkably high degree of similarity across the region. For example, the correlation among the 15 category rankings was 80% for the region as a whole; 83% among three U.S. businesses; and 92% in four Latin American countries.

In response to the survey, ING Americas' management are focusing on three priorities in 2004: employee value proposition, operational efficiency/speed, and culture. A measurement of actions has been built into the performance management and rewards for senior management in the region. In addition to taking actions relative to the survey, each entity has developed plans to address talent management, diversity and education/training.

### ING Australia

Almost 70% of ING Australia staff (1,092) participated in its motivation survey. The overall 'satisfaction rate' is 59%. This score is the average of specific questions that are common to surveys in Australia. The Australian median is 60% with best practices at 85%. ING Australia was rated positively by its staff in role clarity (78%), work/life balance (75%), communication channels (74%) and team quality (68%). Areas that were seen as needing improvement were management empathy and communication (38%), open communication (40%), change processes (33%) and pay (32%). The management is committed to addressing the issues. At local level, actions will be identified and, where possible, in the short- and the long-term situations will be solved.

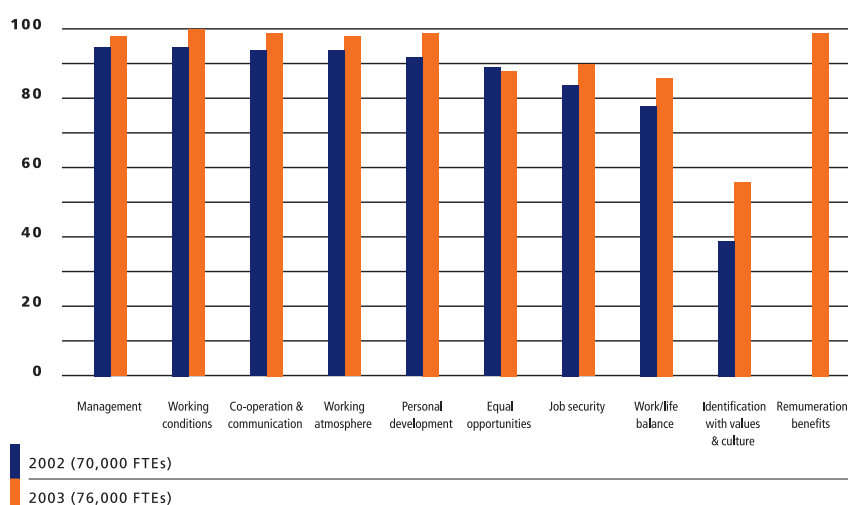
### Employee consultation

Cooperation between the management and employee representatives contributes to success in executing strategies within ING. The internal CSR survey showed that 90% of the business units have implemented policies on the provision of information. About 65% adopted policies on consultation and negotiation with employees.

Because of different local customs, laws and regulations, ING instituted a European Works Council in 1996. It currently has 32 representatives from 15 European countries where ING is active. For employee representation purposes, ING assesses which model is best suited to the particular country conditions. Formal worker representation is legally required for almost 60,000 of ING's employees. In Europe, this is most often a Works Council. In the US their role is fulfilled by an Ombudsman.

### TOPICS COVERED IN EMPLOYEE SATISFACTION

% FTEs of business units measuring employee satisfaction



### Changes COR Netherlands

In the Netherlands, the Central Workers Council (COR) has been the first contact with the Executive Board for co-determined issues ever since the inception of ING Group in 1991. As part of changes in corporate governance, the Executive Board decided that the management of ING Netherlands would be the first point of contact as from 2003, instead of the Executive Board.

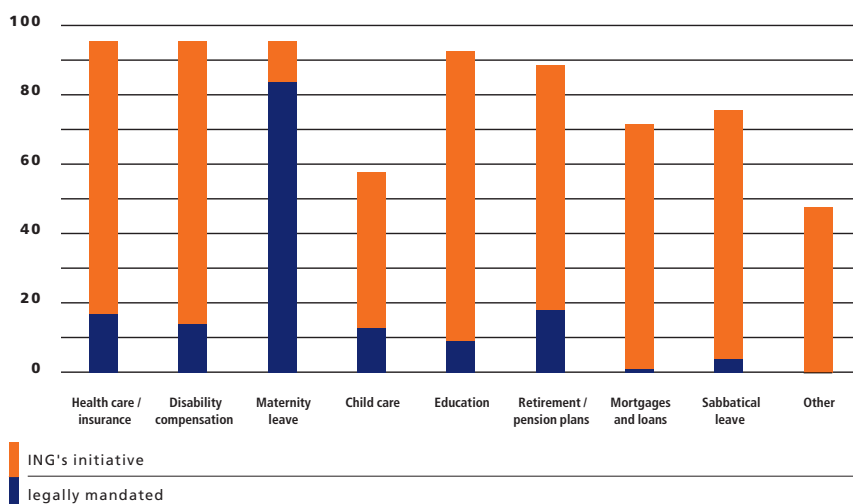
### EMPLOYEE CONCERNS

#### Restructurings

Change is part of the financial-services business. ING must continuously adapt to the changing environment with all the consequences this may have for employees.

On occasion, despite repeated efforts and support from ING, some employees are unable to maintain the required performance level. If suitable alternatives cannot be identified, ING may have no option other than to terminate employment. Such terminations always comply with the individual contract of employment and local legislation.

In cases of redundancy, ING's policy is to engage in a consultation period, during which potential alternatives are sought. If the search for alternatives is unsuccessful, an employee will be made redundant on terms which are both more favourable than the statutory minimum and in line with competitive market practice. ING also offers the services of an outplacement provider as an additional aid to assist employees to find new employment.

**BENEFITS PROVIDED TO EMPLOYEES***% FTEs of 57 business units (104,000 FTEs)***SMOKING POLICY IN THE NETHERLANDS**

As of 2004, smoking is prohibited in all ING buildings in the Netherlands. To help smokers in their attempts to quit smoking, ING organised 'how to stop smoking' classes in 2003. These classes had a high attendance level and waiting lists had to be introduced.

In 2003, ongoing restructuring, integration and cost containment programmes led to a reduction of the workforce in the wholesale banking units within ING Europe. Most of the 1,000 job cuts that were announced end 2002 took place in underperforming branches and businesses in the US, Asia, UK and Germany. In ING's insurance units of ING Americas (mainly US, Chile and Argentina) restructuring continued throughout 2003.

**Complaint procedures for employees**

ING strives to create a business environment that is free from any kind of workplace violence, discrimination or harassment. Around 70% of ING's business units implemented policies and procedures on employee grievance. They developed instruments for employees to file complaints on various issues.

In terms of complaints that resulted in court actions, business units in five countries (representing 70,000 employees) reported 39 cases in 2003.

Of these, 17 concerned remuneration, 4 sexual harassment, 2 discrimination and 1 labour conditions. The other complaints concerned other non-specified categories.

**Whistleblower regulations**

The US Sarbanes-Oxley Act and the Dutch Tabaksblat Code require that listed companies have an employer whistleblower procedure to report irregularities, while protecting employees who decide to come forward with their concerns about the company against any form of retaliation. During 2003, ING's Legal and Compliance department finalised a Whistleblower Procedure. The procedure is based on the principle that all employees have the right and the opportunity to report irregularities on an anonymous basis.

**Voice line**

The Voice Line is a 24-hour, confidential resource for ING Americas' employees in the United States who have concerns about any aspect of business conduct, such as fraud and theft, or issues such as workplace safety or sexual harassment. It offers anonymity to employees who may feel uncomfortable discussing their concerns with their manager or an HR representative.

**EMPLOYEE HEALTH AND SAFETY**

ING's Business Principles state that ING wants to provide all its employees with safe working conditions. ING's companies worldwide also have to adhere to local regulations. Practically all business units have implemented policies in the area of health and safety.

**SARS**

In 2003, an outbreak of the Severe Acute Respiratory Syndrome (SARS) affected several regions, especially Asia and Canada. Shortly after the World Health Organisation (WHO) issued its first warnings, ING Group took measures to protect its employees and clients and to help prevent the spread of the disease. It ordered travel restrictions for employees in non-affected areas and provided precautions and information via the Intranet, following basic instructions provided by the WHO. In Hong Kong, safety measures included sending part of the staff home or relocating them. Other measures included the distribution of mouth protection wear.

The Executive Board set up a task force consisting of health, safety and human resources experts to monitor developments related to SARS and advise the Executive Board about appropriate measures.

### Work-related illness

As a member of the Netherlands Bankers' Association, ING Netherlands has signed a covenant with the Dutch Government on working conditions with the aim to reduce stress, Repetitive Strain Injury (RSI) and absenteeism in the banking sector. The covenant started 31 January 2002 and runs until 31 January 2004. ING monitors progress towards the goals of the covenant through employee surveys.

The absentee rate due to illness among Dutch employees decreased substantially: from 5.2% in 2002 to 4.7% in 2003. The first results of a sectorwide RSI and work-pressure investigation showed that the percentage of employees with complaints on these issues is increasing. At ING, the reported workpressure of almost 18% is higher than the sector average, which increased from 12.5% to 14.6% between 2002 and 2003. Improvements within ING will focus primarily on the reduction of work pressure, since RSI is seen to be closely related to this.

### ING EMPLOYEES COVERED BY HEALTH & SAFETY RELATED POLICIES AND PROCEDURES

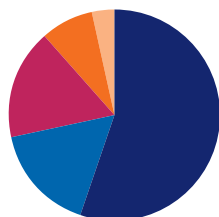
	POLICIES		PROCEDURES	
	2003	2002	2003	2002
Non-smoking	96%	99%	78%	80%
Safety	100%	96%	87%	81%
Sexual harassment	93%	83%	83%	78%
Other forms of harassment	87%	71%	78%	71%
Stress	57%	62%	36%	42%
Ergonomics	64%	55%	52%	61%
Fitness	58%	52%	38%	52%
RSI prevention	66%	36%	65%	40%
Other	0%	35%	-	34%

Percentages are based on the internal CSR survey representing 104,000 FTEs in 2003

### Employee safety

ING takes the necessary steps to ensure that staff worldwide are properly protected from harm. Corporate Security is responsible for the corporate policy for personal security and for developing minimum standards to facilitate the implementation of this policy by the business units. Personal security covers the complete set of measures to protect ING staff against criminal and environmental threats and from exposure to unsafe situations such as fire, war, hostage taking, kidnapping and bank robberies.

**CHARITABLE DONATIONS  
AND SPONSORING**  
**CORPORATE CENTRE ING**  
*in 1,000 euros year-end 2003*



Sports	2,074
Nature	615
Culture	632
Donations	303
Employee Donation Fund	129
<b>Total</b>	<b>3,754</b>

## RESPECT TOWARDS SOCIETY

As a global corporate citizen, ING wants to live up to its social responsibilities and contribute to the growth of local economies. The Business Principles state that “wherever ING operates, it recognises that good relations with its local communities are fundamental to its long-term success”. The way in which local corporate citizenship takes form depends on local circumstances, the needs of the local community and the resources of the local subsidiaries.

### CREATING VALUE FOR SOCIETY

#### Strengthening the financial sector in developing markets

ING Institutional and Government Advisory (ING-IGA) specialises in advising governments and financial institutions – private or public – in restructuring banks and insurance companies. Such restructuring often marks an important step toward financial-sector liberalisation. Several projects are carried out in cooperation with the World Bank.

Among its many projects in 2003, ING-IGA assisted governments and local commercial banks in Thailand, Albania and Slovenia to strengthen postal financial services. Strengthening the postal financial system is good for the overall financial system by promoting social inclusion and improving access to financial services and credit for small entrepreneurs, low-income groups and rural communities.

#### Funds transfer for migrant workers

Workers’ remittances are an increasingly important source of external funding for many developing countries. A growing number of migrant workers and refugees worldwide need to send

money home efficiently, safely and affordably.

In 2003, ING-IGA developed a method to connect postal networks worldwide to Eurogiro, the network of postal banks and post offices for cross-border payments. The Eurogiro network covers most European countries, Brazil and several countries in Africa and Asia. Postal organisations in developing markets are often unable to connect to the network. ING’s solution overcomes the obstacles. A pilot project was started in Poland. In addition to creating a more affordable way for migrant workers to send money home, ING wants to help channel the flow of remittances from informal banking systems to mainstream banking channels.

### SPONSORING, DONATIONS AND VOLUNTEERING

#### Corporate policy

ING Group supports the community through sponsoring and charitable donations. ING’s sponsoring activities comprise global, national and local projects. ING benefits from sponsoring through publicity, opportunities for relationship marketing and greater brand awareness. Charitable donations are given without the

#### LORNAH KIPLAGAT

*Winner of the ING New York City Marathon 2003 and the Run for Something Better  
Location: Schoorl, the Netherlands*

“I think the Run for Something Better is a great initiative because it was not only for runners but also for the broader community. We ran to benefit four parks in New York, but I also received USD 35,000 for a charitable cause of my own choice. This was used for solar heating at my Training Centre for young talented athletes, mainly girls, in Iten, Kenya.”





desire for visibility and so is employee volunteering. It cultivates company pride by enabling ING's employees to participate in many of the sponsored activities and events.

Before deciding to sponsor an organisation or event or give money to a charitable organisation, ING judges it against certain criteria, including the compatibility with its Business Principles. In 2003 a special working group was installed to further develop corporate guidelines on sponsoring, donations and volunteering in 2004.

### Corporate initiatives

Charitable contributions by ING Group Corporate Centre, consisting of both charitable donations and social sponsoring, amounted to EUR 3.75 million in 2003 compared with EUR 2.9 million in 2002. The growth compared to 2002 is mainly caused by the introduction of the global ING Globerunners Programme.

### ING Globerunners

After in-depth analysis of many alternatives ING launched the Globerunners Programme in 2003. ING Group sponsors marathons and running events around the world. ING Globerunners is meant to enhance awareness of the ING brand, stimulate company pride among employees and strengthen ING's corporate culture.

In 2003 ING was title sponsor of the Amsterdam Marathon and the New York City Marathon. ING also sponsors other events to underscore its commitment to running and to ensure sufficient exposure for its running sponsorship year-round.

### Run for Something Better

As part of the ING New York City Marathon, ING and New York Road Runners developed the ING Run for Something Better (R4SB) programme. This programme featured four of the world's

best runners competing not only to win the ING NYC Marathon, but also to help raise money for park improvement projects. In addition, the winner also received prize money for a charitable cause of his or her own choice.

For more information on ING's Globerunners programme and the R4SB documentary visit [www.ing.com/globerunners](http://www.ing.com/globerunners).

### Sponsoring and charitable activities

In addition to the initiatives at Group level, ING's local subsidiaries also participate in sponsoring and charitable activities to add value in their own communities. The nature of these activities varies depending on the needs of the local community and the resources of the local subsidiaries.

According to the internal CSR survey 35 business units, or 70% of the response group, have implemented formal policies on donations. Most business units, representing 91,000 out of the 103,000 FTEs covered by the survey, provided some kind of charitable contributions to the community, civil society and other groups. In 2003, their total charitable contributions amounted to EUR 11.2 million, thus an average of EUR 109 per FTE.

### Volunteering

Each year, thousands of ING staff contribute their time and skills to clubs, charitable causes and other organisations that are of interest to them and where they can make a difference. To enhance relationships with the local community and to develop their leadership skills, ING managers are encouraged to fulfil social and public functions. ING has defined voluntary work as employee participation or performance related to non-profit venture, which occurs during non-work hours and at the initiative of the employee. The internal CSR survey showed



#### SPONSORING NATURE

For some years now, the Christmas card budget of ING Corporate Centre has been made available to one or more good causes. In 2003, the available budget of EUR 25,000 was donated to the 'Lion Conservation Project' of National Geographic Society.



#### SHARING WITH SOCIETY

The Holt centre for children's welfare presented a plaque of appreciation to ING Life Korea's Kangnam Branch Office for its strong effort in guiding customers to make a contribution through their purchase of an insurance policy in the 'Sharing Benefit Campaign'.



#### SUPPORT CULTURAL HERITAGE

ING in Bulgaria launched, in partnership with the Bulgarian Ministry of Culture, a website on the ancient town of Perperikon to promote the development of cultural tourism.

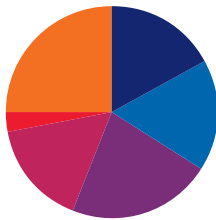


#### HONORING INNOVATIVE EDUCATION

With its 'Education's Unsung Heroes Awards' ING honours innovative teachers. The 2003 prize winner is Jennifer Wise. Her programme teaches life skills to at-risk students with a history of truancy by involving them in the training of golden retriever puppies who will later be placed with owners with physical disabilities.

LOCAL CHARITABLE CONTRIBUTIONS  
ACCORDING TO TYPE

in 1,000 euros, year-end 2003



Culture / Arts	1,876
Sports	1,923
Education	2,528
Health	1,856
Conservation and Nature	347
Various (such as social charities and other local projects)	2,729

that 17 business units (representing 46% of FTEs) have implemented policies on employee volunteering. Several have plans to adopt policies in 2004, while others allow volunteering on a case-by-case basis.

In 2003, 15 business units (representing 50% of the FTEs) reported 41,500 hours of voluntary work. Time spent on volunteering varies significantly among the different countries.

Americas  
United States

The ING Foundation in the United States made approximately USD 2.8 million in charitable contributions to the following causes: financial literacy, education, the arts, health and the environment. The Foundation was named by the Atlanta Business Chronicle as one of the top-10 Georgia-based company foundations for corporate giving. ING US also supports the United Way, Habitat for Humanity and Junior Achievement.

As part of its effort to raise the global consciousness of America's youth and support education, ING US sponsored the 2003 National Geographic Bee. This event is part of the National Geographic Society, one of the world's largest non-profit scientific and educational organisations.

ING's *Education's Unsung Heroes Awards* recognises teachers of kindergarten through 12th grade for their innovative teaching methods, creative educational projects and the ability to have a positive influence on the children. In 2003, ING awarded USD 240,000 to teachers singled out for their special efforts to bring a different approach to education.

In the US, ING allows employees to use 40 hours a year of company time for volunteer work. Approximately 30% of the ING US workforce participated in some form of volunteer work in 2003, equal to more than 8,000 volunteer hours.

As part of its community relations policy, ING Direct US supports financial literacy among children. Fifty-one employees of ING Direct went into local classrooms (elementary and middle

school) during 2003 to teach the importance of savings. This volunteering initiative was organised in cooperation with the American Bankers' Association's National 'Teach Your Child to Save' Day and through its relationship with Junior Achievement. Junior Achievement provided the teaching kit and lesson plans. The sessions in Delaware lasted for a five- to ten-week period, equivalent to a total amount of 296 hours of teaching in 2003. Volunteers in Los Angeles spent a total of 35 hours in the classroom.

Canada

The ING Foundation Canada focuses on improving the lives of children. It has a partnership with the Canadian Safe School Network, a national, charitable organisation dedicated to reducing youth violence and making schools safer. ING Canada also supports Covenant House, a children's shelter and runaway prevention programme.

Chile

In 2003, a community support committee was established following the results of an employee survey in Chile. The committee, made up of marketing and HR employees, was set up to help children from low-income families. During the year, the committee organised a campaign to aid children's shelters in conjunction with the Chilean National Service for Minors.

Europe  
Netherlands

Culture, sports and nature are the three pillars of ING's sponsoring activities in the Netherlands. ING's sponsorship of the Dutch Royal Concertgebouw Orchestra focuses on preserving the high quality and international prestige of this world-class orchestra. The youth association of the Concertgebouw, Entrée, also benefits from financial support.

With respect to sports sponsoring, ING and its Dutch insurance business unit, Nationale-Nederlanden, continued their sponsorships of the Dutch football association KNVB.

ING Group also supports the work of the Dutch Association for the Conservation of Nature (Natuurmonumenten) to contribute to a better environment and higher quality of life. ING's co-operation with Natuurmonumenten focuses on public information, education, and membership recruitment. In March 2003, ING Group was the main sponsor of the 4th National Sustainability Congress in the Netherlands.

ING DIRECT KIDS FOUNDATION IN THE US

The *ING Direct Kids Foundation* is a non-profit organisation committed to improving the lives of children, particularly those in foster care. In 2003, the foundation renewed its commitment to sponsor the ING Direct Kids Foundation House. This home serves youngsters who are no longer eligible for the state of Delaware's foster system. It helps them make the transition from foster care to independent living.

## Poland

ING Bank Slaski is the exclusive sponsor of the *National Polish Radio Symphony Orchestra* based in Katowice. ING Bank Slaski and ING Nationale-Nederlanden are also the title sponsor of the *Warsaw Philharmonic* for the 2003/2004 season.

ING Poland continued its successful fundraising effort to collect money for children's hospitals. This fundraising is part of *The Great Orchestra of Christmas Charity*, the largest charity foundation in the country. ING Nationale-Nederlanden has been the main sponsor of this foundation since 1999. Thousands of volunteers went to the streets to raise money. Each year, ING Nationale-Nederlanden donates EUR 120,000 to this cause.

## Bulgaria

In 2003, ING Bulgaria received the award 'Investor in Community' by the Bulgaria Business Leaders Forum for ING's commitment to the *Perperikon Project*. Perperikon is one of the country's most valuable archaeological sites, and the Bulgarian Ministry of Culture hopes to develop Perperikon into a top tourist destination. As part of its partnership with the Bulgarian Ministry of Culture, ING Bulgaria developed a website to help raise awareness for Perperikon and attract more donors.

## Asia

### Korea

ING Life Korea provides opportunities for customers and employees to participate in charity events. Under the theme 'Sharing a different life', ING Life Korea introduced the 'best charity event' award in 2003. Sales force and staff may propose a charity event and the company supports the activities. ING Life Korea also supports UNICEF and the children's leukaemia association. Staff and customers from various regional offices participated in charity activities throughout the year. Employees and Sharing Benefit customers supported a trip to Seoul for 40 orphans living in island areas. In Gibang, employees visited elderly people on a bi-weekly basis, assisting with bathing and cleaning and delivering free meals. In the KangBook area, ING Life staff acted as a one-day teacher to 85 orphans at a summer camp organised by the Salvation Army Seoul.

### Japan

ING Life Japan once again sponsored the *Children's Stories Contest*. This nationwide contest invites the general public to submit a fairy tale that conveys the theme 'Love and dream to the next generation'. ING Life chose this theme as it is closely related to the ability of life insurers

to help people protect their loved ones. The winning stories appear in book form. The purpose of the contest is to return some of the profits earned by the company to the community. This is done by donating the books to all 550 orphanages in Japan, as well as to libraries, community centres, kindergartens and pre-schools. In 2003, the contest attracted 1,365 applications.

### Taiwan and Malaysia

In Taiwan ING Antai launched its Charity Ambassador Programme to encourage all employees to participate in charity events and volunteerism. In 2003, ING Antai reported 26,000 volunteer hours, which equals 10 hours per FTE. ING Malaysia also stimulates employee volunteering. In 2003, 50 employees volunteered a total 3,200 hours for two local charities.

## STAKEHOLDER CONSULTATION AND DIALOGUE

### Engaging stakeholders

Stakeholder engagement involves consultation with NGOs, civilian organisations, the local community, regulators and local and national governments on issues that are of concern to them and to ING. Engagement may include participation in working groups, participation in national and international conferences on sustainability issues, or bilateral consultation with NGOs on social issues. Stakeholder dialogue takes place throughout all ING business units. Dialogue on global issues is conducted at Group level.

Approximately 50% of ING's business units have implemented formal policies for community relations and stakeholder dialogue. Many business units that have no policies indicated that they do not have direct contacts with the community, conduct community relations on a case-by-case basis or follow the regional or group framework.

### Participation in international dialogue

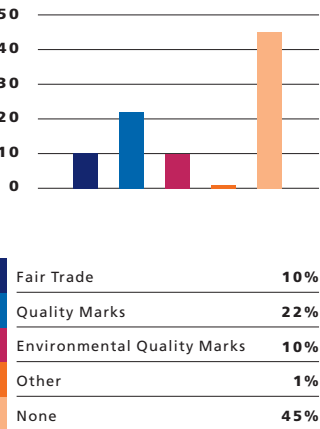
Participation in dialogue on CSR issues that are of global concern takes place at corporate level. In 2003, ING Group continued its participation in working groups under the auspices of the World Business Council for Sustainable Development and the International Chamber of Commerce.

## OLYMPICS 2008

During 2003, ING signed an agreement with the Beijing Municipal Education Commission (BMEC) to develop young sporting talent from Beijing in preparation for the Beijing 2008 Olympics. ING and BMEC will together set up an *ING Beijing Olympic Fund*, to which ING will contribute an amount up to EUR 200,000 annually. The fund will be used for the development and training of gifted young Chinese athletes.

**LABELS AND HALLMARKS  
SUPPORTED OR ADOPTED**

% FTEs of total FTEs covered  
in internal CSR survey



ING contributed to two research projects of the World Economic Forum's Global Corporate Citizen Initiative during 2003. The project "Responding to the leadership challenge, findings of a CEO survey on global corporate citizenship" was published in January 2003 and is available at [www.weforum.org/corporatecitizenship](http://www.weforum.org/corporatecitizenship). The findings of the survey about communicating the strategic importance of corporate citizenship to investors can be found there as well.

ING is an active member of the Round Table Human Rights, in which Amnesty International and Dutch multinationals in the Netherlands exchange views. During these meetings participants discuss how internationally operating companies can contribute to a better respect for human rights in countries and regions where human rights are a vulnerable asset.

ING's credit policy with respect to the financing of oil-palm plantations in Indonesia continued to receive attention from environmental NGOs and research agencies throughout 2003. In December 2003, ING Indonesia met with the local World Wide Fund of Nature to discuss ING's policy.

**National involvement**

ING's individual business units are involved in discussions on their role in society.

In response to the internal CSR survey, business units representing 63,000 FTEs said they were member of national organisations, committees and/or working groups that focus on the role of business in society, business and community and business and sustainable development. ING Investment Management in the Netherlands and Australia is, for example, member of the national sustainable investment associations. In most countries where ING has a significant presence, its business units are represented in national branch associations that also deal with societal issues.

**RESPONSIBLE PROCUREMENT**

**Supplier relations**

Suppliers are an important stakeholder for ING. The Corporate Procurement Department was established in 2002 to set up common standards and processes for the purchasing departments throughout ING Group. A growing portion of

procurement now takes place at Group level. The Netherlands and Belgium account for over 70% of ING's total purchasing in Europe. In 2003, the department took several steps to improve its relationship with its business partners and to engage them in sustainable business practices.

ING's corporate procurement policies are part of the Group's overall compliance-risk management. Within corporate procurement, there are three main areas where compliance risk comes into play: segregation of duties, reciprocity and business-partner requirements. In two of these areas, reciprocity and business-partner requirements, ING adjusted its policies in 2003.

**Business partner requirements**

ING developed new general procurement terms and conditions to encourage its business partners to adopt sustainable forms of business. The new terms and conditions now contain an 'ethical clause'. The clause states that ING requires from its suppliers an unquestionable reputation regarding environmental, health and safety and child labour aspects.

The new procurement terms and conditions are now a standard part of all procurement procedures and are sent to suppliers with the first price quote. In doing so, ING wants to give a clear signal from the start that the conditions are an integral part of the contract and that they will apply in any further negotiations.

Many existing contracts with ING are still based on the conditions of the supplier, without an ethical clause. Older contracts based on the requirements of the supplier will be adjusted to reflect ING requirements when the time comes to review or renew contracts. Sustainable and ethical business practices are important to ING and the same is expected from the suppliers.

**Supplier management**

Treating its suppliers ethically is the other side of the coin. ING has a supplier management program based on two pillars. First, ING continues to improve its payment performance by streamlining administrative processes and increasing the portion of electronic invoicing. In 2003, 71% of invoices in the Netherlands were paid according to the agreed payment terms.

The second pillar of ING's supplier management programme is measuring supplier performance. In 2003, ING Group developed a new supplier performance survey in order to better monitor the relationship with its most important

**GLOBAL RECIPROCITY POLICY**

In 2003, ING developed and approved a global reciprocity policy to prevent potential conflicts of interest. Many of ING's suppliers are also clients. Reciprocity becomes an issue when an ING customer or prospect wants to become an ING vendor, or ING wants to become a provider of financial services to an ING vendor. ING's reciprocity policy states that ING's procurement process will only assess suppliers on the basis of price and quality.

suppliers. The performance survey will be implemented in 2004 to gauge the relationship with ING's top 10-15 global suppliers.

## CARE FOR THE ENVIRONMENT

### Environmental policy

ING recognises that certain resources are finite and must be used responsibly. ING's environmental management policy is built on two pillars: an external and internal approach. The external policy aims at anticipating developments in the environmental field and responding with appropriate products and services (see pages 12-13). The internal policy is aimed at professionally managing all environmental burdens caused by ING itself. This is done by taking measures to reduce paper and energy use, disposing of office supplies and other waste in an environmentally-friendly manner and by creating more environmental awareness among employees. Furthermore, it is the Group's policy to observe all relevant laws and regulations related to the environment.

### Management systems

Environmental management is the responsibility of individual business units. ING is still working to develop and improve its environmental management systems and measurements for its worldwide operations. Approximately 60% of ING's business units in terms of FTEs have adopted formal environmental policies. At most business units there is an environmental contact person or facility manager who collects and exchanges information on internal environmental matters. In the Netherlands, for example, ING has an environmental manager who coordinates the environmental policy and oversees compliance with these principles.

### Energy consumption

As an office organisation, ING's most direct impact on the environment is energy use. The internal CSR survey indicated that energy efficiency programmes exist for about 62,000 FTEs, representing 60% of ING's total workforce. For another 14,000 FTEs these programmes are in development. Reasons why business units do not have energy savings programmes are the small size of the office and the fact that office space is leased or rented from a third party.

ING's policy for energy use in the Netherlands is based on a covenant between the Dutch Association of Insurers (1996) and banks (1995) with the Dutch ministry of Economic Affairs to reduce energy consumption by 25% by the end of 2006. For ING, this agreement has an

impact on more than 200 office buildings in the Netherlands. In the Netherlands there has been an energy-monitoring system in place since 1998 to track progress against the targets.

Energy performance data for the Netherlands can be found at [www.ing.com](http://www.ing.com), under ING in Society.

In the Netherlands, ING Facility Management (FM) aims to make optimal use of all available buildings and office space. The interior design is aimed at durability and sustainability, including the selection of materials. ING FM suggested introducing a Sustainable Building Score Card to monitor the sustainability of buildings.

### Green energy

ING's use of green energy is still a small fraction of overall energy use. In the Netherlands, about 97.5% of energy comes from traditional energy sources, the majority of which is natural gas. In 2003, only 2.5% came from alternative energy sources such as wind parks and solar panels. The main reason for not switching to greener sources of energy has been the additional cost of green energy.

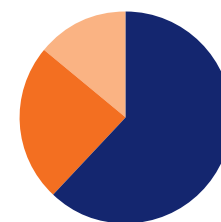
ING does not centralise energy use on the European level since energy providers in different countries still work with varying contract durations. ING will remain alert to opportunities in the future to consolidate its energy contracts.

## ENERGY EFFICIENCY PROGRAMMES

### IMPLEMENTATION STATUS

% FTEs of business units

(100,000 FTEs)



established	62%
not started	24%
in development	14%

## ENERGY USE 2003

	TOTAL*	COVERAGE**	PER FTE
<b>TYPE OF ENERGY SOURCE</b>			
Electricity	541,000,000 kWh	91,000 FTEs	5,900 kWh
Natural gas	19,200,000 m <sup>3</sup>	80,000 FTEs	240 m <sup>3</sup>
Fuel oil	509,300 litres	64,000 FTEs	7.9 litres
District heating	74,500 GJ	44,000 FTEs	1.7 GJ

\* For electricity, natural gas, fuel oil and district heating, the amounts are estimated for 50%, 18%, 54% and 10% respectively

\*\* Data based on internal CSR survey 2003

## ESTIMATED CO<sub>2</sub> EMISSION 2003

<b>TYPE OF ENERGY SOURCE*</b>	
Electricity	245 million kg
Natural gas	34 million kg
Fuel oil	1 million kg
Total	280 million kg
Per FTE	3.100 kg

\* Data based on internal CSR survey 2003

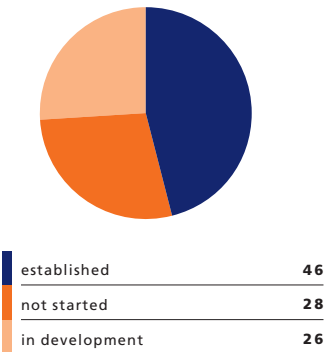


SUSTAINABLE REAL ESTATE

Being a top-3 global player in investing, financing and developing international real-estate projects, ING Real Estate has an eye for the design, quality and cost of energy. In Australia, ING Real Estate's ING Office Fund received the Silver Green Globe Award from the governmental agency of the State of New South Wales committed to reducing greenhouse gases. The award is given to companies that have reduced energy use and CO<sub>2</sub> emission. By implementing a number of measures in offices that reduce emissions, energy use and formation of greenhouse gases, savings of EUR 350,000 per year were achieved and CO<sub>2</sub> emission reduced by 5,914 tons. That is equivalent to the annual CO<sub>2</sub> emission of 1,314 cars.

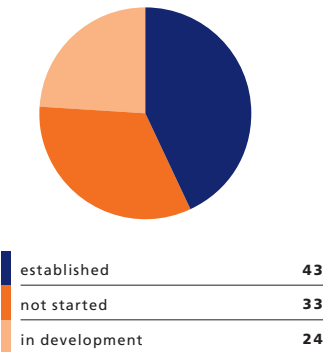
WATER EFFICIENCY PROGRAMMES  
IMPLEMENTATION STATUS

% FTEs of business units  
(100,000 FTEs)



PAPER REDUCTION PROGRAMMES  
IMPLEMENTATION STATUS

% FTEs of business units  
(100,000 FTEs)



Energy performance data

The reliability of the environmental data for 2003 has improved compared to 2002 due to a higher response rate. The 2002 figures for energy use were to a large extent extrapolated. Changes in performance compared with 2002 should therefore be interpreted with the necessary reservations.

In 2003, the total amount of electricity consumption reported for 91,000 FTEs was 541 million kWh, an average of 5,900 kWh per FTE. The usage of natural gas was reported for 80,000 FTEs and added up to 19.2 million m<sup>3</sup>, an average use of 240 m<sup>3</sup> per FTE. In some cases oil may be used for heating. The total amount of heating oil used by business units (64,000 employees) was 509,300 litres, an average of 8 litres per FTE. District heating was used by 44% of the business units. Average use was 1.7 GJ per FTE.

CO<sub>2</sub> emission

Based on the energy consumption information, an estimate of CO<sub>2</sub> emission can be made. For this purpose emission factors were used that are applicable to the average situation in the Netherlands. Business transport by car and plane has been excluded from the calculation since the reported data was insufficient. The total CO<sub>2</sub> emission for ING in 2003 was 280 million kg, an average of 3,100 kg per FTE.

Water consumption

Water is a resource that is both natural and scarce. Therefore, consumption of water must be restricted to a minimum and ING wants to obtain insight into its water consumption.

Water usage refers to the amount of water purchased from local water suppliers or extracted from ground water or other local sources. For 46,000 FTEs water-efficiency programmes have been established, and for another 26,000 FTEs they are in development. Based on the figures provided for 96,000 FTEs, the estimated intake of drinking water, ground water and surface water amounted to 2.7 million m<sup>3</sup>, an average of 31 m<sup>3</sup> per FTE. Of this total, 91% is discharged by sending it untreated to sewer and municipal treatment plants. For the 34,600 employees working in the Netherlands the water usage was stable: 12 m<sup>3</sup> per FTE in 2003.

Paper purchase

The use of paper is another area in which ING has a direct impact on the environment. For 43,000 FTEs paper-reduction programmes exist and for another 33,000 FTEs they are in development. In the Netherlands, for example, ING encourages employees to recycle paper by placing paper containers in every department and next to desks.

Business units (representing 81,000 FTEs) estimated that they had purchased 12.8 million kg of paper in 2003. Paper purchase varies strongly among the business units. Half the total amount, 6.9 million kg, was purchased by the insurance and banking businesses in Belgium. Compared with 2002 this amount has not changed, which implies that the branding campaign in Belgium did not cause an increase in paper purchase. In Greece, however, the re-branding led to a paper purchase of 1.4 million kg. In 2003, ING purchased 1.5 million kg of paper in the Netherlands, resulting in a relatively low usage of 42 kg per FTE.

### Paper selection

In selecting paper for printers, faxes and photocopiers, the 'runability' (i.e. the ability of the paper to handle high-volume copiers and printers), cost and impact on the environment are the main selection criteria. Each criterion is equally important. At the end of 2003, ING held a tender for printer, fax and photocopier paper for its operations in the Netherlands. A selection has been made for paper qualities originating from Scandinavian and Austrian mills, for which the fibres used originate from European production forests. The paper used in ING's Dutch operations is 100% chlorine-free. ING's objective is to switch fully to 100% FCS-certified paper for its Dutch operations.

### Fewer printers and copiers

ING is reducing the number of printers and copiers. In 2003, the cost of printers and copiers amounted to approximately EUR 500 per employee in Europe. As part of the European cost containment programme, ING aims to make greater use of the print facilities on existing copiers.

### Waste disposal

Waste is substances, products or materials that ING discards, both hazardous and non-hazardous. The total amount of waste disposed of in 2003 is estimated at almost 18 million kg. Only 0.4% of ING's total estimated waste is considered hazardous.

ING's waste is treated in different methods, for example by composting, re-using, recycling, recovering, incineration or land filling. Recycling of waste is preferable, because this method has the least impact on the environment compared with the other methods. Currently it is estimated that 24% of ING's waste is recycled, while 22% is dumped on landfills. Of the business units surveyed, 47% did not have details on waste disposal.

### Transportation policy

ING's transport programmes aim to encourage using means of transportation that are least harmful to the environment. Transportation causes, among other things, the emission of greenhouse gases such as carbon dioxide (CO<sub>2</sub>). For 40,000 FTEs transport-management programmes are in place and for another 19,000

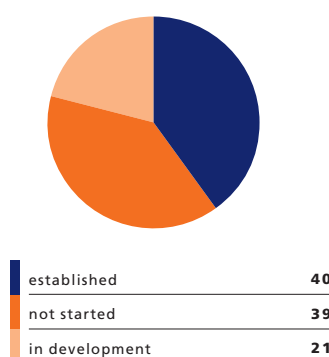
### WASTE

in kilogrammes		
	2003	2002
Hazardous waste*	65.840	37.470
Non-hazardous waste**	17.764.100	16.400.230
Total waste	17.829.940	16.437.700

\* Data is reported for 47,600 FTEs for 2002 and 84,300 FTEs for 2003  
 \*\* Data is reported for an extrapolated 99,000 FTEs for 2002 and for 47,600 FTEs to 84,300 FTEs for 2003, dependent on the type of waste  
 For 2003, hazardous and non-hazardous waste are estimated for 69% and 36%, respectively

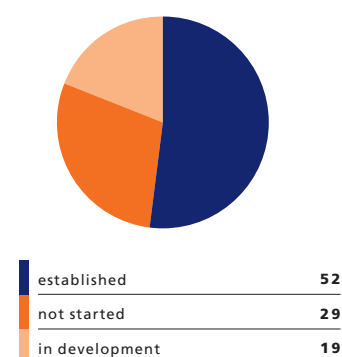
### TRANSPORT MANAGEMENT PROGRAMMES IMPLEMENTATION STATUS

% FTEs of business units  
(100,000 FTEs)



### WASTE MANAGEMENT PROGRAMMES IMPLEMENTATION STATUS

% FTEs of business units  
(100,000 FTEs)



FTEs they are in development. ING wants to obtain insight into the emission of carbon dioxide caused by the transportation of its staff for business purposes.

In response to the internal CSR survey, ING business units representing 65,000 FTEs reported a total of 74,5 million kilometres for business travel by car in 2003, an average of 1,100 km per FTE. The reported data on business travel by plane was insufficient to include in this year's report.

Technological innovations that make communications at a distance safer and easier also reduce the need for people to be physically present in their office. There are numerous ING initiatives worldwide to bring work to its employees. Policies for flexible working hours and teleworking have been developed in, for example, the US, Canada and Australia.

## REPORTING PRINCIPLES

### Scope of the report

With 'ING in Society', ING reports on its global activities and performance in the field of corporate social responsibility (CSR). The report includes qualitative and quantitative information about the 2003 calendar year. Whereas ING's annual report covers the financial accountability, the 'ING in Society' report describes the social, environmental and economic aspects of ING's activities. If specific information is restricted to one business unit, country or other part of ING, this is explicitly mentioned.

### Selection of topics

Issues to report upon were selected based on topics identified in ING's Business Principles and the sustainability reporting guidelines 2002 of the Global Reporting Initiative (GRI) and its supplement for the financial services sector.

### Reporting process

Corporate social responsibility policies at ING apply to the whole organisation, but implementation and monitoring often take place on a local level. There is no global management information system, comparable to the management information system used for obtaining financial information for the annual report, in place for CSR.

Consequently, information in this report was gathered at different levels within the organisation. The descriptions of global corporate policies, procedures and monitoring systems have been taken from internal policy papers, internal reports and interviews with heads of the corporate departments responsible for specific CSR-related issues such as compliance, credit-risk management and operational-risk management.

Information on the local implementation of the general group policies and the performance data from the various ING business units were obtained from an internal CSR survey. The information requested in the survey based on ING's CSR Key Performance Indicators (KPIs) that were established in March 2003. ING's Business Principles and the performance indicators of the Global Reporting Initiative (GRI) and its financial sector supplement were used as a framework for these indicators.

Additional information was traced through the international communications network and publicly available information like ING newsletters, press overviews and written speeches. The reliability of the information in this report has been reviewed by Ernst & Young. Its assurance report can be found on the next page.

ability of the information in this report has been reviewed by Ernst & Young. Its assurance report can be found on the next page.

### Consistency in reporting process

In 2003, there have been no significant restatements, and there have been no significant changes in the measurement methods applied to key economic, environmental and social data. However, the higher response rate to the survey caused some figures to be adjusted compared to the 2002 report, in order to present more comparable data.

Although we are confident in the overall reliability of the data reported, we recognize that some of these data were subject to a degree of uncertainty that relates to the limitations associated with measuring, calculating or estimating data. Where material, these uncertainties are described in the report. The reliability of the environmental data for 2003 has improved compared to 2002 due to a higher response rate. The 2002 figures for energy use were to a large extent extrapolated. Changes in performance compared with 2002 should therefore be interpreted with the necessary reservations.

### Coverage

A total of 57 business units completed the internal CSR survey. Together these respondents represent 103,721 FTEs or 91% of the total number of ING staff. In this report ING refers to the questionnaire as the internal CSR survey. Results cover ING's business units, that are fully owned by ING and where ING has management control and has at least 110 FTEs. Information about acquired business units is included in the report following the year of the acquisition. Reporting about business units divested will be discontinued as from the year of divestment.

A list of participating business units and divisions is available on the Internet ([www.ing.com](http://www.ing.com) under ING in Society). It should be noted, however, that the response rate could differ per question. The percentages mentioned should therefore be regarded as an indication. The percentages mentioned throughout the chapters are based on the number of FTEs employed by the responding units.

### Work in progress

ING's reporting on CSR is a developing process. ING wants to improve the clarity, consistency and accuracy of its internal information systems for CSR performance data and through actively seeking stakeholders' feedback.



## ASSURANCE REPORT

### Engagement and responsibilities

We have received the assurance engagement to review the 'ING in Society 2003' report of ING Groep N.V. (ING). The scope of this report and the reporting principles, including any inherent limitations that could affect the reliability of information, are set out on page 36 of the report. This report is the responsibility of the management of ING. Our responsibility is to express an independent opinion on the accuracy and adequacy of this report. A review is aimed at obtaining a moderate level of assurance for our conclusions. The extent of evidence gathering procedures is less than that for an audit and therefore a review provides less assurance than an audit.

### Scope of work performed

We conducted our review in accordance with the standard for assurance engagements generally accepted in the Netherlands, as issued by the International Federation of Accountants and the Royal Netherlands Institute of Register-accountants (Royal NIVRA).

Our principal review procedures were:

- Obtaining an understanding of the sector and its relevant social responsibility issues;
- Assessing the acceptability of the reporting principles used and significant estimates and calculations made in preparing the 'ING in Society 2003' report;
- Performing analytical procedures at both Group and Business Unit level to assess the quantitative data;

- Examining, on a test basis, evidence supporting the descriptive and quantitative data provided, and studying relevant company documents;
- Conducting interviews with the responsible company officers in the Netherlands, mainly for the purpose of assessing the plausibility of the descriptive and quantitative data in the 'ING in Society 2003' report;
- Evaluating the overall view of the 'ING in Society 2003' report, in part by testing its contents against the reporting guidelines set out in the Sustainability Reporting Guideline issued by the Council for Annual Reporting in the Netherlands and the guidelines issued by the Global Reporting Initiative.

### Conclusions

Based on the procedures performed, nothing came to our attention that leads us not to believe that:

- the description of policy and measures in the 'ING in Society 2003' report of ING properly reflects the efforts made in 2003;
- the quantitative data included in the 'ING in Society 2003' report of ING are free of material misstatement.

### Comments

ING continues to improve its 'ING in Society' report. We encourage the planned intensification of stakeholder dialogue, the results of which will be reflected in next year's report.

Amsterdam, 6 April 2004

**ERNST & YOUNG ACCOUNTANTS**





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Binderij Hexspoor bv, Boxtel

ING Groep N.V.  
Amstelveenseweg 500, 1081 KL Amsterdam  
P.O. Box 810, 1000 AV Amsterdam  
The Netherlands  
Telephone +31 20 5415411  
Fax +31 20 5415611  
Internet: [www.ing.com](http://www.ing.com)

Commercial Register of Amsterdam,  
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- EC7 : please refer to Annual Report, Form 20-F, Annual Accounts
- EC8 : key figures
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## ING PUBLICATIONS

- Annual Report ING in Society, in Dutch and English;
- Summary Annual Report, in Dutch, English, French and German;
- Annual Report, in Dutch and English;
- Annual Accounts, in Dutch and English;
- Annual Report on Form 20-F, in English (in accordance with SEC guidelines).

These publications are available on [www.ing.com](http://www.ing.com). The publications can be ordered on the internet: [www.ing.com/group](http://www.ing.com/group), button ING Publications, by fax: +31 411 652125 or by mail: P.O. Box 258, 5280 AG Boxtel, The Netherlands.

## WE WELCOME YOUR VIEWS

We would appreciate your help in improving the ING in Society report. We invite all stakeholders to send us their opinion and suggestions via the ING in Society section at our website, or by mail.

**WWW.ING.COM**

