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Our sustainability focus:

- Being a champion of financial wellbeing for our customers, employees and Australian communities.
- Leveraging our positive impact as a business in our community to create long-term value.
- Fostering a culture of sustainability in everything we do at ING DIRECT.

What is the most important thing you do as CEO?
Quite simply, the most important part of my role is leading and inspiring our people in building a sustainable business and delivering an exceptional experience to our customers.

At ING DIRECT, our purpose is clear – we exist to help our customers get ahead by making it easy for them to bank with us. And, as a customer focused organisation, I believe it’s essential to foster a culture of customer service which underpins everything we do.

What is the key to building a great organisation?
I believe that building a great organisation starts with having the right people in place, people who – through their passion, energy and hard work – want to make a difference in the way we do things. Our employees are encouraged to take advantage of opportunities to learn, grow, develop their skills and try new things. I strongly believe that if we have good people, then it’s incumbent upon us to get the best out of them and help them create their own futures.

How do you see ING DIRECT’s role in society?
As a bank we play an important role in society, but it’s evolving from being a provider of banking services to more of an enabler – helping customers, our employees and the society in which we work prosper.

When we started ING DIRECT almost 15 years ago, we set out to give our customers a fair deal and make banking simple. We never aspired to be the biggest bank; rather we focused on being the best bank for our customers. This still holds true today.

We’re committed to helping Australians get ahead through balancing the social, environmental and economic aspects of our business to create long-term value. I believe connecting with, and giving back to, the communities that we belong to is an integral part of this.

What is ING DIRECT’s approach to sustainability?
Sustainability is embedded in the foundations of our corporate strategy. Our emphasis is on delivering what our customers truly value, while being a top employer, achieving operational excellence and engaging with the broader community.

Ultimately it is about playing our part in a better tomorrow and empowering people and communities to realise their own vision for what that future looks like.

How does ING DIRECT ensure sustainability is at the core of everything you do?
We’ve created a Sustainability Council and Leadership Group to facilitate and evolve our sustainability approach, as well as help us prioritise opportunities to create positive change. This model involves representatives from across the business, including myself and members of the Executive Committee.

We’re focused on creating long-term value, being a champion of financial wellbeing for our customers, employees and Australian communities, and embedding sustainability in everything we do at ING DIRECT.

What were some of the highlights from last year?
In the past year, we were delighted to receive 15 awards in recognition of our simple and straightforward products and excellent customer service. For the third year in a row we maintained the highest Net Promoter Score of any Australian bank.

We also saw an increase in staff engagement; continued focusing on our environmental footprint; and increased our contribution to the broader community. It’s a great result, but we are always looking forward.

What’s next for ING DIRECT?
We want to enhance Australians’ financial wellbeing, then we need to make it easy for customers to take control of their financial futures – and this extends to the way in which we operate every day.

Our challenge is to shift the mindset of people viewing us through our successful heritage as an online savings bank, to being recognised as a bank that can help them achieve optimum financial wellbeing across all aspects of their personal finances.

In 2014, I look forward to continuing to play our part in shaping a positive future for Australia through delivering what our customers and the broader community truly values.
Being responsive to our stakeholders

ING DIRECT is connected to the world around us and it is integral we listen and respond to the issues that matter most to our customers, employees and the broader community.

Customers
How we engaged
Customer research, social media, web chat, post call surveys and focus groups
Hot topics
Easy, fair and enjoyable banking Efficient and effective customer service

Employees
How we engaged
Annual culture and engagement surveys, internal communications and working groups
Hot topics
Be a good employer Career opportunities and leadership development Workplace culture and benefits

ING Group
How we engaged
Regular meetings and communications with APRA, ASIC, Treasury and the Reserve Bank.
Hot topics
Sustainable shareholder value Alignment to strategy

Third Party
How we engaged
Broker roadmap, focus groups, internal & external surveys, independent reports, broker & aggregator partner programs, Business to Business engagement
Hot topics
Great brand and products Fair, easy and simple product policies and relationships Improved service experience

Board
How we engaged
Regular board meetings with CEO and senior management
Hot topics
Adherence to all prudential and legal requirements Alignment with vision and strategy

Broader community
How we engaged
Regular meetings between our Treasury and Ratings Agencies for residential mortgage-backed securities deals
Hot topics
Greater focus on deposit funding Investment grade assets

Government & Regulators
How we engaged
Regular meetings and communications with APRA, ASIC, Treasury and the Reserve Bank.
Hot topics
Compliance with laws and regulations Consumer protection Regulatory compliance Superannuation activism

Ratings Agencies
How we engaged
Annual review of ING DIRECT’s business; Regular meetings between our Treasury and Ratings Agencies for residential mortgage-backed securities deals
Hot topics
Greater focus on deposit funding Investment grade assets

Media
How we engaged
Meetings, direct communications and briefings, electronically through our digital newsroom and press releases.
Hot topics
Alternative industry voice from the major banks Transparency for consumers Education regarding complex financial issues

Report scope and boundary
All data relates to the period from January 2013 to December 2013. Environmental data relates to ING DIRECT’s two main operational sites – Sydney and Tuggerah in New South Wales, Australia. Energy usage includes our data centre at Ryde, NSW. All other data includes all offices Australia-wide.

Materiality and stakeholder engagement
We applied the Global Reporting Initiative’s principles on defining report content in the Financial Services Sector Supplement version G3 throughout the preparation of this report. A materiality assessment was undertaken in the previous reporting period to identify our key stakeholders and the topics that matter to them most. These topics provide the basis for this report. Our key stakeholders were identified as those that we have the ability to impact and those that have an impact on how we do business.

Hot topics in 2013
Being responsive to our stakeholders
ING DIRECT is connected to the world around us and it is integral we listen and respond to the issues that matter most to our customers, employees and the broader community.
ING DIRECT in Australia

Making it easy for Australians to manage their money

ING DIRECT (the trading name of ING Bank (Australia) Limited) pioneered branchless banking in Australia in 1999 with the launch of the Savings Maximiser account and has since evolved to serve personal, business and commercial customers across three operating divisions – savings (including superannuation and everyday banking), mortgages and commercial loans.

Since our inception, ING DIRECT has been committed to providing our customers with simple, straightforward and good value financial products. Keeping the customer at the heart of everything we do, we are proud to be the bank with the highest reputation score in Australia (AMR interactive, Reptrak 2013) and the bank which customers are most likely to recommend (Nielson Financial Services). From a zero base we now have more than $26.1bn retail deposits, $37.7bn retail mortgages and $3.3bn commercial loans.

ING DIRECT is headquartered in Sydney and operates a 24 hour contact centre in Tuggerah NSW, with smaller regional offices in Brisbane, Canberra, Melbourne and Perth. ING DIRECT is 100% owned by ING Groep NV.

Pioneered branchless banking in Australia – doing business online and over the phone keeps overheads low and allows us to pass the savings on to our customers.

Home Loans
We offer fixed or variable interest rate mortgages, with options including redraw, a 100% offset facility and lines of credit.

Savings
We offer a range of at-call savings and Term Deposit accounts where customers can choose from flexible, tailor-made options.

Everyday
With our Orange Everyday transaction account, use any ATM in Australia for free when you withdraw $200 or more.

Super & Retirement
Living Super is Australia’s first balanced superannuation fund with no admin or management fees. It’s designed for every stage in life with super, transition to retirement and retirement funds available.

Business
Products include business variable savings accounts, business variable term deposits, middle market term deposits, priority commercial mortgages and commercial property finance.

1.5 million customers
982 employees

In 2013, ING DIRECT continued to perform well in a highly competitive market, balancing fair value for our customers and a sustainable return for our shareholders.

Sustainable economic performance

<table>
<thead>
<tr>
<th>Revenues/Direct economic value generated ($’000)</th>
<th>2013</th>
<th>2012</th>
</tr>
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<tbody>
<tr>
<td>Revenues (Net Income)</td>
<td>614,037</td>
<td>603,986</td>
</tr>
<tr>
<td>Economic value distributed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>114,241</td>
<td>106,158</td>
</tr>
<tr>
<td>Operating costs (excluding employment expenses)</td>
<td>113,830</td>
<td>105,808</td>
</tr>
<tr>
<td>Payments to providers of capital*</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Payments to government (gross taxes)</td>
<td>114,901</td>
<td>119,149</td>
</tr>
<tr>
<td>Economic value retained**</td>
<td>271,465</td>
<td>276,189</td>
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Calculations of direct economic value generated and distributed are derived using the GRI methodology.

* To date, INGDIRECT has not paid dividends. All profits are reinvested in the Australian business. Interest expenses are included in net income.

** Please refer to ING DIRECT’s Annual Report www.ingdirect.com.au/about-us.html for full financial disclosure. Community investment is outlined in the community section of the sustainability report. It is not included in the economic value retained as it is a combination of grants made from the ING Foundation, ING Bank Foundation, direct contributions from ING Direct and volunteer time, some of which is already included in operating costs.

In 2013, ING DIRECT reports total assets of 49.8 billion and total liabilities of 46.3 billion, for a total equity of 3.5 billion. ING Bank (Australia) Ltd holds an Australian Banking License and our operations are regulated by the Australian Prudential Regulation Authority (APRA).
### Making banking easy for our customers

Managing personal finances isn’t usually viewed as a fun activity, but it is a necessary one – so we want to make banking with ING DIRECT a fair, easy and enjoyable experience for all our customers.

As a truly customer service oriented organisation, every decision we make is influenced by its impact on the customer – and that includes the design of our products and services.

We are not a bank that regularly introduces new product lines. Rather we only do so if we believe we can deliver a fair value proposition which addresses the needs of our customers. Over the years we’ve introduced a number of products or features that make it easier for customers to manage their money – we made it easier for Australians to get to grips with superannuation by delivering Living Super – which offers performance, simplicity and control; we created the Orange Everyday transactional account with no monthly fees; and we listened to our customers’ requests for easier mobile banking by developing an award winning mobile app to help them manage their money on the go.

We are advocates for fair and straightforward banking, and regularly contribute our views via our blog, social media and mainstream media.

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### Improvements we made in 2013

- Helping our customers manage their money ‘on the go’: a new award winning mobile app to help them manage their money anytime, anywhere. The app received a 4.5 star rating, and, as at December 2013, was the highest rated mobile banking app in Australia. The app was also acknowledged at the Mobile Design ‘Best of the Best’ Awards for its design and user experience.

- Improving the customer experience for home loan customers: Our customers told us that the process for obtaining an increase on their mortgage was too long. We improved the process by making it quicker and easier for customers to receive a loan increase, reducing the processing time by 10 days.

- Making it easier for customers to transfer money between banks: Implemented ‘intraday settlement’ which involves banks transferring money to each other five times a day rather than one, enabling customers to get to and use their money faster.

Based on customer feedback, in 2014 our focus will be on improving awareness of our range of products and services and how they can add value to the customer, as well as redesigning our website to improve usability.

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### Listening to our customers

We value the views of our customers and use their feedback – both positive and negative – to help shape our approach and business decisions. We listen to customers via a number of channels including the contact centre, customer information centres, and increasingly through social media. We have a dedicated team which is responsible for improving the experience customers have when dealing with ING DIRECT and helps to embed our unique, customer centric culture throughout the bank.

While we have a very high level of customer satisfaction, we do realise there is always room for improvement.

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### Highlights

- Highest reputation of any financial institution in Australia
- No 1 Net Promoter Score (Willingness to recommend a bank to family and friends)
- 15 customer and industry awards
- $11.9 million in rebates to customers

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"The new mobile app update has a much more user friendly format. It would be good to see the website follow suit."

"ING is a great bank. I have had my savings maximiser for 10 years and wouldn’t change. I have now had my everyday card for nearly 2 years and it’s great. I have just changed my superannuation over too. I’m hoping to get a mortgage in the future if the rates are competitive. Overall, very satisfied and have recommended to all my friends and work colleagues."

"I would like ING to be able to offer me a full range of services that meet my expectations."

"Keep it simple; resist the urge to make it complicated like other banks do."

"Make transfers between other banks and yourselves quicker."

"I find the website too busy. It could be streamlined and toned down."

"A new mobile app and pay wave for ING would make me change my savings to ING DIRECT!"
In 2013, ING DIRECT won 15 awards which point directly to our simple products, service and satisfaction of our customers. These include several accolades in the Mozo People’s Choice Awards which are voted on by banking customers within Australia:

🌟 Best Bank
🌟 Most Recommended Bank
🌟 Best Bank Account
🌟 Best Savings Account

The Customer Service Institute of Australia also recognised ING DIRECT with two awards endorsed by the Prime Minister, Tony Abbott:

- People’s Choice Award for ING DIRECT’s “Best Practice” Contact Centre providing excellent customer service (International Customer Service Loyalty Award), and
- The Ease of Service (Esi) Award for Home Loans, based on feedback from thousands of consumers from across the country who said ING DIRECT was the “easiest to do business with.”

Other awards include:

🌟 Best Customer Experience and Best Thought Leader (Lisa Claes) at the 2013, Australian Lending Awards
🌟 Second Tier Lender of the Year at the MFAA Excellence Awards
🌟 KSCP People’s Choice Award – International Customer Service Professionals (Contact Centre)
🌟 Esi (Ease of doing business) Award at the Service Excellence Awards (Home Loan)
🌟 Mozo People’s Choice Awards (Best Bank; Best Bank Account; Best Savings Account; Most Recommended Bank)
🌟 2013 Australian Mobile Awards (ING DIRECT mobile app)
🌟 Canstar Innovation Excellence Award (Living Super)

No. 1 Net Promoter Score (Willingness to recommend a bank to family and friends)

Customer advocacy and reputation

We are proud to be the bank which customers are most likely to recommend, maintaining the highest Net Promoter Score rating of any other bank for the third year in a row. ING DIRECT was also recognised again by RepTrak as having the top reputation of any other financial institution in the country, and is acknowledged as the tenth most reputable company overall in Australia.

The strongest drivers of reputation in the RepTrak pulse check continue to be quality of products, closely followed by governance and being open and transparent. The importance of citizenship also continued to grow, emerging as equally important as innovation for the reputation of Australian banks.

As part of our “Spend Your Life Well” brand campaign, in 2013 we encouraged customers to take time out from their working day and make the most of their lunch break. With the help of magician Dynamo, known for his bold and different approach to the traditional magic show, we organised a series of exciting free activities for our customers – including street art, rock climbing, song writing and martial arts – designed to inspire them to spend their lunchtime well.

Rewarding our customers

Our customers are at the heart of everything we do and in 2013 we looked at several ways to say thank you for banking with us.

- Cashback: In 2013, we gave customers $7.7 million through our payWave cashback offer. Originally intended as a short term campaign, we made the cashback discount a regular feature of our Orange Everyday payWave, rewarding customers who deposited at least $2000 per month into their account with a 2% discount every time they used payWave to make purchases under $100.
- Interest Rates: We passed on every RBA interest rate reduction to our home loan customers in 2013.
- Loyalty Bonus: We rewarded our savings customers with an additional 0.5% loyalty bonus on their interest rate each month they increased the balance of their savings account by $200.

SUSTAINABILITY REPORT 2013
Enhancing the financial capabilities of our customers

At ING DIRECT, we want to make it easy for our customers to make the right financial decisions at every stage in life. We believe that by adopting a simple and straightforward approach to personal finances, and providing customers with the knowledge and resources to help them manage their money, we will assist them towards increased financial wellbeing.

Educating our customers

In 2013, we enhanced the ING DIRECT blog – Directly Speaking – further investing in educating our customers the topics that interest them, including tips on saving, how to achieve greater financial wellbeing and how to get to grips with superannuation.

Our CEO, Vaughn Richtor, regularly shares his perspective on leadership, culture and financial wellbeing, and other members of the executive team lend their expertise on financial ‘hot topics’ such as how to carry out a financial health check, the future of mobile banking, the growing importance of cash and how to decipher your super statement.

In addition to our blog, we do media outreach on particular topics relevant to a variety of groups. Examples include helping average Australian families financially prepare for the festive season and encouraging older Australians to check their super statements.

Cost of Living

Reducing unnecessary spending

Saving

Paying down debt

What’s top of mind for consumers?

We regularly conduct extensive research to find out what really matters to our customers, so we can take action on the issues that matter to them. In 2013, our quarterly Financial Wellbeing Index, which measures comfort levels among Australian households across six aspects of personal finance (credit card and mortgage debt; savings; investments; household income; and ability to pay bills), indicated that Australians are developing an appetite for money, and over a lifetime can make thousands of dollars of difference to their final balance. So, in February 2013, ING DIRECT highlighted just how much money is needed for retirement; some areas of confusion include how much money is needed for retirement; and the complexity that surrounds retirement planning.

Living Super

We launched Living Super in 2012 customer feedback which told us they wanted a superannuation product which offered performance, simplicity and control. Living Super performed strongly in its first year. For the 12 months to 31 August 2013 the Living Super Balanced fund returned 13.3% whilst the median for other funds in the same category, as reported by SuperRatings, returned 11.3%.

At the end of its first year, Living Super has more than half a billion dollars under management with the majority of customers’ money invested in the Balanced option comprising 50% cash and 50% shares.

Building on its positive reception in 2012, Living Super continued to receive recognition through a series of awards in 2013. These include:

Case Study: Making super matter

While Australians are going in the right direction in most areas of their finances, superannuation continues to be an area of concern for many Australians who are seeking to improve their knowledge and capability around managing their retirement planning.

In 2013, we partnered with the Financial Services Council to conduct a survey into consumer attitudes towards superannuation in Australia. The results supported a perception which had prevailed for some time – Australians are disengaged with their super.

While there has definitely been a trend in recent years for people to take control of their savings and mortgages, Australians on the whole are still taking a backseat approach to retirement planning.

According to our research, almost three quarters have default accounts through their employer, and 64% say they are unlikely to change in future. And it’s lack of knowledge, which appears to be the main inhibitor to progress.

Some areas of confusion include how much money is needed for retirement; how to decipher a super statement; and the complexity that surrounds the industry.

Insights such as these have paved the way for us to act on issues raised by our customers, and help them create a sustainable financial future.

Highlighting superannuation fees

We believe if there’s one area where people can make a difference to their superannuation balance, it’s by reducing the amount they pay in fees. Many people are paying fees for services they haven’t used such as financial advice, or paying fees on multiple accounts. These fees just aren’t delivering value for money, and over a lifetime can make thousands of dollars of difference to your final balance. So, in February 2013, ING DIRECT highlighted just how much Australians pay in superannuation fees each year – by spelling it out with a human billboard, representing research conducted by Rainmaker in 2012 that found Australians paid $20 billion collectively in superannuation fees.

Simplifying statements

Our mission to make it easier for customers to get to grips with their superannuation was also reflected in the simple and straightforward approach we took to developing our annual statement.

Simplifying language, getting rid of jargon and minimising unnecessary information were just some of the steps we took in this regard.

Utility bills and other household expenses became a focal point mid-way through the year as 83% of Australian households battled the cost of living rising by an average $43 a week. Of those that were experiencing higher costs, 60% made a commitment to seek out better bargains.

What’s costing more?

94% say utilities
77% say groceries
74% say petrol

Utility bills and other household expenses became a focal point mid-way through the year as 83% of Australian households battled the cost of living rising by an average $43 a week. Of those that were experiencing higher costs, 60% made a commitment to seek out better bargains.
Savvy Australians seek greater financial control

John Arnott, Executive Director at ING DIRECT, explains why it’s essential for banks to make it easy for Australians to manage their personal finances.

If there’s one dominant personal finance trend that’s emerged post GFC, it’s that managing money is now top of mind for consumers.

According to ING research, two thirds of consumers set a personal finance related goal at the beginning of this year, with saving and paying down debt the top priorities. And the results of ING DIRECT’s Financial Wellbeing Index, which reveal Australians have trebled their savings in just two years, show that as a nation we’re already headed in the right direction.

But not only are consumers focused on achieving their goals, they are also seeking more control over their financial decisions and want increased transparency on how their money is working for them “behind the scenes.”

In contrast to the “out of sight, out of mind” attitude which dominated five years ago, people are now looking for information which is relevant to them so that they can be more proactive around comparing products and services, and ultimately get better deals. They’ve also learned that they need to be more disciplined with their finances, and they want to have access to ‘tools’ which allow them to do this. Rather than accepting the status quo, people are starting to question why they can’t do things.

This growing trend for financially savvy customers has forced banks to innovate by introducing simple products and easier ways to bank – and technology plays a huge part in facilitating this.

For example, over half of Australians now have a smartphone according to RPI Data and the appetite for mobile banking is on the rise. Consumers, who are increasingly time-poor and doing multiple things at once, want the capability to manage their money on the go – and apps are being designed which allow them to do this.

Involving customers not only in initial research, but also product development, testing and trials to find out what really matters to them should become the norm. After all, if consumers want to be able to manage their money better, it’s up to banks to work closely with them so they can do so.

John Arnott
Executive Director, Customer

Our people are fundamental to our long-term success as a business and we strive to foster a workplace that is inclusive, stimulating and engaging in order to attract and retain the best of the best.

With more than 950 employees, our strong customer service focus is reflected in our workplace. It’s exciting, challenging and continually evolving. As a business we like to do things differently and we encourage our staff to do the same.

A culture to be proud of

Our workplace engagement survey allows our people to share what matters most to them. It provides an opportunity as a business to get a sense of what we are doing right and where there are opportunities to improve.

We are pleased to report our sustainable engagement score for 2013 was 82% - a 4% increase from 2012. It is promising to see that engagement is high across all length of service categories and there is no significant difference across genders or employment type (full time or part-time).

The focus on customer excellence continues to be our strongest result in the survey where employees believe ING DIRECT is highly regarded by our customers and we are committed to improving the customer experience.

The engagement survey also confirmed our employees understand how their work contributes to the achievement of the company’s goals and objectives and have confidence in the long term future of the company.

In response to our employee feedback, we will continue to build efficient and well organised work processes to maintain our distinct customer centric culture in 2014.

John Arnott, Executive Director at ING DIRECT

Highlights

82% Staff engagement

100% of employees receive performance and career development reviews twice a year

93% of employees believe ING DIRECT is committed to improving the customer experience

80% of employees would gladly refer a friend or family to work at ING DIRECT

The Orange Way

At ING DIRECT we embrace a certain way of life. We call it The Orange Way and it’s defined by our four key cultural values...

- Simple and straightforward...
  - telling it like it is,
  - simplifying processes and challenging the status quo.

- Bold and different...
  - our people think about what could be,
  - and set the pace.

- Passionate and energetic...
  - going the extra mile for our customers and co-workers.

- Delivering together...
  - thinking we as much as I.

The Orange Way continues to be our strongest result in the survey where employees believe ING DIRECT is highly regarded by our customers and we are committed to improving the customer experience.

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Key improvements to our learning & development approach:

- Incorporated innovative and flexible technologies, such as iPads and smartphones
- Offered shorter, sharper modular learning options such as ‘Learning Bites for Managers’
- Introduced a series of Building Constructive Styles workshops to help build effective leadership styles.
- Continued to rollout our Customer Excellence Program to an additional 330 employees – an increase of 33% since 2012
- Offered a new Business of Banking program to provide staff with a deeper understanding of the broader banking system – completed by 107 employees
- 28 employees graduated from two nationally recognised qualifications – the Diploma of Management and Certificate IV in Banking Services
- 79% of employees feel that they are supported by their manager in growth and career development
- 41% of vacant positions were filled by internal candidates
- 165 people leaders were briefed on new Work Health & Safety requirements
- 330 employees – an increase of 33% since 2012

At ING DIRECT we have a unique Development Pathway Program, which provides every employee with a practical learning blueprint. At the end of the day, it’s all about making sure our people are supported in reaching their full potential. We also train our managers to be inspirational leaders. In turn they take great pride in coaching, providing feedback and support to all their staff.

Other growth opportunities include thousands of e-learning courses through our online ING Learning Centre. To assist employees wishing to further their qualifications and advance their career, we also offer a study incentive scheme called Study Support.

Building ING DIRECT’s strong culture of volunteering

At ING DIRECT, we place a strong emphasis on facilitating and encouraging our employees to make a real and meaningful difference in the community. In addition to making an impact in the community, we see volunteering as a way to support our employees in a number of ways including team-building, professional development and extending professional networks.

To maximise both the community impact and the opportunities for development, we work together with our community partners to offer a suite of ways for our staff to engage in volunteering from team through to engaged and skilled volunteering roles.

In my view, I think he enjoyed the work and the opportunity to work in a different sector and give back something useful & practical. This helps to freshen him up, provide an external perspective on which to compare us but to also do something meaningful in terms of sustainability through community engagement.

Manager’s Feedback about staff member’s involvement in engaged volunteering

Volunteering has increased my knowledge of local community issues

Being supported by my company to be involved in the community has enhanced my view of the company

As an employee, having the opportunity to volunteer is important to me
Creating a diverse workforce

Diversity of our workforce is important to ING DIRECT. We believe our workforce should be reflective of society and our customer base, bringing diverse talents, beliefs, thinking and perceptions to the workplace.

We aim to provide an environment in which all employees have equal access to opportunities and are rewarded based on performance. We welcome talented people, regardless of race, gender, age, sexual orientation, nationality, physical abilities, religious beliefs, personal philosophies or lifestyles.

There is much evidence of the innovative power of diversity. Whenever you bring together a diverse group of people, you get richer discussion and more refreshing ideas — ideas that can help us improve our products and services, make better business decisions, and come up with more customer centric solutions.

We believe that diversity also engages our employees and provides them with a sense of belonging. This leads to improved performance. We believe that diversity also engages our employees and provides them with a sense of belonging. This leads to improved performance.

In our team, we actively encourage the support of employees from different backgrounds. We believe that diversity leads to innovation and creativity, resulting in more customer centric solutions.

There are opportunities in 2014 to build upon the success of our diversity strategy, with the focus being on ensuring equal employment opportunities based on performance, equitable policies, processes, practices that aim to eliminate discrimination, and awareness of the different needs of our employees and providing flexible work arrangements to support employees.

At ING DIRECT, diversity means:
- embracing difference and encouraging an inclusive culture
- equal employment opportunities based on performance
- equitable policies, processes, practices that aim to eliminate discrimination
- awareness of the different needs of our employees and providing flexible work arrangements to support employees
- attracting and retaining a diverse range of talented people.

Strategy with the focus being on ensuring an inclusive workplace that enables individuals to bring their whole self to the workplace.

Current data analysis indicates ING DIRECT is performing well in relation to many aspects of diversity however we are still at the early stages of development. There are opportunities in 2014 to build awareness, promote existing programs, utilise current partnerships and further develop our capability in order to harness opportunities within this space.

Gender diversity

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</thead>
<tbody>
<tr>
<td>Overall</td>
<td>25%</td>
<td>29%</td>
<td>62%</td>
<td>59%</td>
<td>13%</td>
</tr>
<tr>
<td>Board (Directors)</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Executive Committee</td>
<td>0%</td>
<td>0%</td>
<td>50%</td>
<td>38%</td>
<td>50%</td>
</tr>
<tr>
<td>Managers</td>
<td>1%</td>
<td>3%</td>
<td>89%</td>
<td>84%</td>
<td>10%</td>
</tr>
<tr>
<td>Team Leaders</td>
<td>9%</td>
<td>7%</td>
<td>83%</td>
<td>75%</td>
<td>7%</td>
</tr>
<tr>
<td>Team Members</td>
<td>30%</td>
<td>34%</td>
<td>57%</td>
<td>54%</td>
<td>13%</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Overall</th>
<th>2013</th>
<th>2012</th>
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<tbody>
<tr>
<td>Female</td>
<td>51%</td>
<td>52%</td>
<td>48%</td>
<td>49%</td>
<td>51%</td>
</tr>
<tr>
<td>Male</td>
<td>49%</td>
<td>48%</td>
<td>52%</td>
<td>51%</td>
<td>49%</td>
</tr>
</tbody>
</table>

Total number of permanent staff by employment group (2013)

- Team Leaders: 12%
- Managers: 81%
- Team Members: 6%
- Executive Committee: 1%

Total Employees: 982

Rewards
- Individual and team recognition awards
- Referral rewards for any staff member who refers a new employee
- Service recognition awards
- Study support

Timeout & Wellbeing
- Company-wide staff events for recognition of business achievements
- Individual team and departmental events
- Additional Leave day (REST Day-Relax, Exercise, Sleep-in, Treat) for all staff
- Free flu vaccinations
- Fresh fruit at the beginning of the week
- 50/50 leave and career breaks
- Community volunteering during work hours

Financial Benefits
- Bonus/incentive schemes – all permanent staff are eligible to participate
- Regular market salary reviews
- Subsidised income protection insurance
- Salary packaging including additional super
- Discounts on a variety of insurance products (car, travel, health etc.)
- Annual Leave Loading for all staff
- First Aid Allowance available to First Aid Officers
- Travel ticket loan for cheaper and environmentally-friendly commuting

Perks at work

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<tr>
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<tbody>
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<tr>
<td>Referral rewards for any staff member who refers a new employee</td>
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<tr>
<td>Service recognition awards</td>
</tr>
<tr>
<td>Study support</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Timeout &amp; Wellbeing</th>
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<tbody>
<tr>
<td>Company-wide staff events for recognition of business achievements</td>
</tr>
<tr>
<td>Individual team and departmental events</td>
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<tr>
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</tr>
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</tbody>
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<table>
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<tr>
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</tr>
<tr>
<td>Annual Leave Loading for all staff</td>
</tr>
<tr>
<td>First Aid Allowance available to First Aid Officers</td>
</tr>
<tr>
<td>Travel ticket loan for cheaper and environmentally-friendly commuting</td>
</tr>
</tbody>
</table>

WOW

Our big day out is WOW, a major milestone in the annual calendar for all permanent staff, where employees get to experience ING DIRECT and its people and culture to full, fabulous effect. Kept top secret until the day itself, employees pick up new skills and passions, meet new people and tick things off their bucket list. In 2013 ING DIRECT employees were challenged to bring the brand’s strategy to life by creating their very own television commercial.

Xmas party

We love a dress-up and the ING DIRECT Christmas Party is no exception, with past themes including White Christmas, Back to the Future and Bollywood. In 2013 we got our scary on for a Friday the 13th themed party. Employees gathered to celebrate the successes of 2013 amid a haunted house, gory make-up artists, a medieval themed food station and dessert bar.

Spend Your Lunch Well – STAFF VIP event

When Dynamo came to Australia to help ING DIRECT customers spend their lunch well, ING DIRECT staff members were also treated to a VIP experience with the magician himself, featuring a Q&A about his journey to stardom, a close up of some of his signature tricks and plenty of time for photos andautographs.
Our principles
The way in which we do business at ING DIRECT is a direct reflection of the principles we uphold and aligns closely with our vision and core values.
It encompasses operational excellence – the way in which we interact with our customers and the relationships we nurture with our business partners.
From our roots as a telephone bank in 1999, we have grown over the past 14 years to become a thriving full-service bank for our customers with a growing number of channels, partners, services and touch points.

We act with integrity: showing fair, honest and lawful behaviour so we continue to earn our stakeholders’ trust

We are open and clear: saying what we mean, meaning what we say and listening carefully

We are socially and environmentally responsible: we will do no harm and seek positive change through our products, people and activities

Our Business Principles

We respect each other: we value diverse thinking and respect human rights

Customer rules
1. ING strives to meet customers’ needs
2. ING offers fair value to customers
3. ING explains the risks, returns and costs of our products & services
4. ING assesses products, services and sales practices on a regular basis
5. ING works only with professional and licensed distributors

Highlights
• Highest rated banking mobile app as voted by customers
• Gold medal in the International Customer Service Professionals awards
• Procurement sustainability standards applied to 30% of our vendor expenditure
• 44% reduction in internal paper usage since 2010

Connecting with our customers

Award winning contact centre and mobile app
Our contact centre is made up of a team of Customer Care Specialists who handle customer enquiries across our entire product suite. Based in Sydney and Tuggerah, they are available to help our customers 24 hours a day, 7 days a week. In 2013 our contact centre team was recognised with a gold medal in the ICSF, international customer service awards.

In June 2013, we responded to the mobile banking needs of our customers by launching an award winning, native application for iOS and Android that customers helped to design.
Initial customer research tightly focused our efforts on the real needs of customers within the mobile context and ongoing customer testing – throughout the design and build process – allowed us to respond to customer direction by refining designs.
The user experience is what really sets this mobile banking app apart from our competitors – it’s clean, open, approachable, invigorating and minimalist. In August 2013, the popularity of mobile as a channel was cemented when our mobile interactions overtook our online interactions for the first time.

Social Media
- Gained 18,680 fans & followers in 2013
- 467% increase in engagement
- 170% increase in share of voice against other banks
- Increase in positive sentiment

Online & Mobile
- Launched new mobile app in 2013
- 280% increase in mobile traffic
- 40% of interactions through mobile devices
- 97% of all customer contact made via web and mobile

Contact Centre
- 100,000 customer calls per month, plus email and webchat
- Available 24/7
- 94% of enquiries resolved at first point of contact
Providing the right products to the right customers
We want to ensure customers are fully informed when making financial decisions by offering fair and transparent products which are simple to operate and easy to understand. We also support our customers’ financial wellbeing by determining their suitability for a product or service through a range of policies, principles and procedures. Our Risk Management, Human Resources and Audit departments play a combined role in monitoring compliance through key performance indicators. Every employee participates in mandatory orientation and training programs, including ING’s global business principles and internal compliance program on topics such as fraud, hardship, privacy, financial advice and anti-money laundering. ING DIRECT complies with all local legislation, including the National Consumer Credit Protection Act. Specific information, credit and products guides and a link to the Australian Banking Code of Practice can be found at www.ingdirect.com.au

How is my money invested?
To ensure ING globally makes decisions that are consistent with our business principles, we apply Environmental and Social Risk policies to all business conduct. These policies can be viewed on our global sustainability website: www.ingforsomethingbetter.com.

In Australia, all our deposits are reinvested in the Australian economy, mainly in Australian mortgages. For any funds invested with ING DIRECT Living Super, the shares component of the balanced option does not actively select any individual companies to invest in across our super offering. We use passive index funds in order to offer a simple superannuation product with low or no fees.

Over the past 12 months we’ve seen yet again the growing relevance of the broker channel to our customers. Last year 43% of business industry wide came through this channel. For ING DIRECT the vast majority of our home loan production was generated via our broker partners.

It’s encouraging to see the increasing number of brokers who are offering customers a holistic approach to financial planning, broadening their offering to include not only mortgage advice, but also advice around savings, insurance, wealth creation and transaction accounts.

At ING DIRECT we restructured our distribution team to align with, and further support the converging financial planning and broking industries, with a structure effectively being built from the ground up. The new structure includes dedicated sales and support staff to replicate the success in the broker space and also cross-skill across third party distribution teams on both wealth and mortgage products.

In April 2013, we extended our broker referral program to incorporate our Orange Everyday transaction account. This made it easy for brokers to participate (brokers were provided with client lists and contact details); rewarded them for successful account activation; and provided an opportunity for brokers to make proactive contact with their client base.

Such a program highlights the importance ING DIRECT attributes to the part brokers can play in supporting the ING DIRECT strategy of being a primary bank.

We’ve seen from our own Broker Partner Program how important flexibility is to brokers in being able to choose how and when they interact with us. There’s no question that we will continue to invest in this area and evolve our relationship with brokers.

Recognition
We value our the relationships we have with our third party partners, and were pleased to win the Non-Major Bank of the Year award for the second year in a row in the 2013 Third Party Banking Report undertaken by The Adviser.
Sustainable Operations

Managing our environmental impact

ING DIRECT recognises our fundamental reliance as a society on our natural resources and environment. We are committed to being a business that embeds environmental responsibility into how we do business in order to continually improve our impact on the world around us.

Energy

Energy consumption makes up the largest part of our carbon footprint. Our direct energy emissions (Scope 1 – those that are produced by a source controlled by ING DIRECT) have decreased slightly, demonstrating the efforts by our employees to reduce usage at our main sites. However, our indirect emissions (Scope 2 and 3 – those that result from ING DIRECT activity, but produced by an external source) have unfortunately continued to increase. This remains a challenge for us to reduce whilst maintaining the IT and data requirements for our level of customer experience. We do hope to see some improvements in 2014 from streamlining our IT infrastructure.

Resource efficiency

Due to the nature of our business, as an online bank, our direct footprint is relatively smaller than many companies in other sectors. However, since we began measuring our environmental impact, we have been focusing on improving the footprint of our buildings and operations.

In 2010 ING DIRECT committed to two main environmental targets; a 30% reduction in paper usage and a 15% reduction in energy consumption by 2015. In 2013 we continued our focus on these targets.

In addition to our internal paper usage, we also strive to minimise our hard copy external communications where possible by encouraging online processes and we continue to use Forest Stewardship Council certified paper both internally and externally.

Paper

It is promising to report that we have already over-achieved our paper reduction targets. Our target was to reach a 30% reduction by 2015 (from a 2010 baseline). Since 2010 we have already reduced usage by 44%, with a 25% reduction in the past year alone. This can largely be attributed to investing in technology to eliminate the need for paper, such as swipe to print technology and bringing all of our on-boarding processes for new starters online. In addition to our internal paper usage, we also strive to minimise our hard copy external communications where possible by encouraging online processes and we continue to use Forest Stewardship Council certified paper both internally and externally.

Total Direct and Indirect greenhouse gas emissions

<table>
<thead>
<tr>
<th>Emissions (tonne Co2-e)</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope 1</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Scope 2</td>
<td>3,181</td>
<td>3,155</td>
</tr>
<tr>
<td>Scope 3</td>
<td>2,646</td>
<td>2,829</td>
</tr>
<tr>
<td>Overall</td>
<td>5,840</td>
<td>6,000</td>
</tr>
</tbody>
</table>

Although ING Group offsets 100% of our carbon emissions, our approach continues to focus on the minimisation of our footprint in the first instance. Our approach to environmental stewardship continues to evolve as we have reached our paper target, and considering our energy consumption requires a more detailed approach, we will review our targets and approach to environmental stewardship with the sustainability leadership group in 2014.

Sustainable procurement

As we also want to take into account the environmental and social aspects of the products and services we procure, in 2012 ING GROUP committed to enhancing the sustainability of our procurement practices. In 2013, we began to implement this locally.

ING vendor partnerships are obviously central to this objective and we expect our vendors to support this opportunity by embracing a set of core values, known as the "Procurement Sustainability Standards". These principles cover four key areas of Human Rights, Labour, the Environment and Anti-Corruption.

At ING DIRECT, we engaged with our key partners throughout 2013, and have so far obtained the commitment of vendors covering 30% of our procurement expenditure. In 2014 we will be looking to increase the adherence to these principles across our wider vendor network.

Environmental governance

Our environmental approach is governed by our Green Hub that aims to embed environmental sustainability at ING DIRECT and prioritise projects. The Green Hub is made up of members from areas across the business best placed to make an impact – predominantly from facilities, IT and procurement.

ING DIRECT also has a dedicated group of volunteers, affectionately called the Green Lions, who strive to raise environmental awareness at the bank. Throughout the year they hold a number of initiatives to engage employees across the business. In 2013 they highlighted environmental issues through campaigns for Earth Hour, World Environmental Day and Ride to Work Day. We also take part in team volunteering days with Landcare Australia.

World Environment Day – Think.Eat.Save.

For World Environment Day our Green Lions highlighted the important issue of food waste. Ronni Kahn, the CEO & Founder of OzHarvest, one of our ING Foundation grant recipients; spoke to staff about the amazing work of her organisation. OzHarvest rescues excess food, which would otherwise be discarded, and distributes the food to charities supporting the vulnerable in Australia.

SUSTAINABILITY REPORT 2013
Leveraging ING DIRECT for community impact
Playing our part in a better tomorrow is integrated into our DNA at ING DIRECT. In addition to supporting our customers and employees and being a responsible financial services provider, we are committed to engaging with the broader community and leveraging our business for positive impact.

In 2013 our community support took many forms; investing in long-term partnerships, grants that support the community financially, in-kind support from the business and employee volunteer contributions. We have a strong focus on creating a better future for young people and supporting bold ideas in the community that can make a real difference.

### Highlights
- 16% increase in value contributed to the community
- 13% increase in the total number of volunteers
- Top corporate fundraiser for Cerebral Palsy Alliance’s Steptember campaign
- Launch of Dreamstarter – an online crowdfunding initiative to support bold ideas in the community

### Community Impact

**Creating a better future for young Australians**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Investment</td>
<td>$979,364</td>
<td>1,145,322</td>
</tr>
<tr>
<td>Employee Fundraising</td>
<td>$65,865</td>
<td>$58,220</td>
</tr>
<tr>
<td>Total volunteers</td>
<td>361</td>
<td>407</td>
</tr>
<tr>
<td>Volunteer hours</td>
<td>3303</td>
<td>3420</td>
</tr>
</tbody>
</table>


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**Financial & in-kind support**

- **$921,411**

**Contributing our time & skills**

- **3421 hours**
- **$158,300 value**

**Business integration**

- We launched Dreamstarter to people with innovative ideas for social change
- We partnered with School for Social Entrepreneurs
- We partnered with United Way to support grassroots youth-related non-profits as part of United Way Corporate Connect
- We supported Technical Aid for the Disabled – innovative adapted bikes

**Community Impact 2013**

- We partnered with Cerebral Palsy Alliance on the Conductive Education and Ignition mentoring Programs
- We partnered with National Centre for Indigenous Excellence to improve Indigenous Literacy
- We supported a world first Duke of Edinburgh Award accessible to people with a disability with Muscular Dystrophy NSW
- We were the Top corporate fundraiser for Cerebral Palsy Alliance’s 2013 Steptember campaign
- We partnered with United Way to support school to work transition in areas of high disadvantage
- We partnered with National Centre for Indigenous Excellence NADOC calibrations
- ING DIRECT’s Chief Operating Officer (2013) chaired a cross-sector coalition aiming to support school to work transition

**Supporting bold ideas in the community that can make a real difference**

- "My ING DIRECT mentor was instrumental in supplying information for me to move so far forward. He was and is a great supporter, and his assistance and support was priceless." SSE Student
- "We are grateful to the ING Foundation, for its insight and generosity in funding the Pilot Nourish Project." Ronnie Kahn, CEO OzHarvest
- "We were the Top corporate fundraiser for Cerebral Palsy Alliance’s 2013 Steptember campaign"
- "We launched Dreamstarter to people with innovative ideas for social change"
- "The visit our IT students made to the IT team at ING DIRECT really helped the students relate their curriculum to what’s expected in the real world. Thanks ING DIRECT!" Principal, James Meelhan High School
- "Staff mentored young people with Cerebral Palsy as part of the year-long Ignition program"

**Volunteer figures recalculated for 2012. More stringent parameters applied for what constitutes volunteering.**
Cerebral Palsy Alliance – supporting young people with a disability

In 2013, ING DIRECT, through the ING Foundation, provided grants to Cerebral Palsy Alliance for two flagship programs – Conductive Education and the Ignition Mentoring Program – both designed to support young people with Cerebral Palsy to become more independent. Through carefully organised, structured activities Conductive Education teaches children to be active participants and responsible learners that thrive for independence. ING Foundation has supported Cerebral Palsy Alliance’s Conductive Education program since April 2000.

The Ignition Mentoring program empowers young people with a disability to be self-confident and independent through a meaningful relationship with a trained volunteer mentor from ING DIRECT. ING has supported the program now for eight years. Twelve ING DIRECT employees volunteered with the program in 2013 including Tax Consultant and Ignition Mentor Sarah Curran (pictured).

For eleven years, Cerebral Palsy Alliance and ING have worked together in a mutually beneficial partnership that continues to change the lives of young people with cerebral palsy and build brighter futures for them and their families. The success of our partnership is the unique alignment between our organisations values coupled with passionate staff who understand the importance of community.

“"I have thoroughly enjoyed being part of the Ignition Mentoring Program. I feel very fortunate to have been part of every mentoring session, from discussing topics such as happiness & friendship to learning about the benefits of laughing! The ski trip was definitely a highlight for me and I feel lucky that I was able to witness the determination and perseverance that Laura demonstrated in achieving her goal of learning how to ski. Laura and the rest of the mentees showed such spirit and strength throughout the entire week. I am very grateful to Cerebral Palsy Alliance for giving me this fantastic opportunity to be part of this amazing program – it was such a rewarding experience.”

Cerebral Palsy Alliance

United Way Australia – empowering young people in disadvantaged communities

Thanks to a grant from the ING Foundation, ING DIRECT partnered with United Way Australia on two collaborative projects to support young people in disadvantaged communities in their transition from school to further education and/or employment.

The first part of the grant supported a new cohort of 180 Year 10 students from James Meehan High School in Sydney’s Macquarie Fields and South Sydney High School in Maroubra to access the Beacon Foundation’s transition to work program. ING DIRECT staff also volunteered their time and skills to conduct mock interviews and work with students on self-esteem and work-readiness as part of this program.

The second part of the grant supported a Collective Impact project titled Ready to Succeed, that tapped into the collective skills and expertise of a coalition of senior executives from non-profits (Beacon Foundation, Inspire, United Way), government (DEEWR), schools, and corporations including ING DIRECT. The Coalition was chaired by ING DIRECT’s Chief Operating Officer (2013), Anne Myers. The key outcome of the Ready to Succeed Coalition was the development of a four part framework to provide target schools with a more cohesive approach to address underlying transition to work problems. The four elements of the framework include literacy, resilience/well-being, work connections and business acumen of teachers.

“"The Ignition Mentoring program empowers young people with a disability to be self-confident and independent through a meaningful relationship with a trained volunteer mentor from ING DIRECT. ING has supported the program now for eight years. Twelve ING DIRECT employees volunteered with the program in 2013 including Tax Consultant and Ignition Mentor Sarah Curran (pictured).”

ING DIRECT supported the NCIE’s Life Long Literacy Pipeline in 2013. The Life Long Literacy Pipeline is a best-practice, innovative literacy program that significantly improves the literacy competency of Indigenous children. The program was researched, designed and developed through a strategic partnership between NCIE, MultiLit and the Australian Literacy and Numeracy Foundation (ALNF).
School for Social Entrepreneurs (SSE) – building the capacity of social entrepreneurs in Australia
(SSE) runs learning programs across Australia for people from all backgrounds that have an idea or business with a community benefit. In 2013, ING DIRECT supported the SSE Accelerator program – an innovative new four-month program for social entrepreneurs ready to launch or grow their social enterprise. ING DIRECT staff were actively engaged in all aspects of the program including student selection, delivering skills sessions, mentoring, and hosting the graduation celebration. The SSE Accelerator Program was delivered to 15 local social entrepreneurs from May to September in 2013.

13 jobs and 44 volunteer positions have been created through the student’s ventures. An estimated 3,702 people have directly benefited from their enterprises in the last 12 months and their combined forecasted revenue for the 2014 financial year is $1,234,000 (*SSE Partnership Report)

Dreamstarter – lives well spent
Dreamstarter is ING DIRECT’s way of getting behind the ideas of some of Australia’s most inspired go-getters – whether it’s helping to break the cycle of homelessness, improve childhood obesity statistics or adding some musical flavour to local markets.

To do this, in 2013 we partnered with StartSomeGood, a crowdfunding site geared towards social entrepreneurs with an inspired idea, no matter how big or small. Selected Dreamstarter projects that reach their “tipping points” receive support funding from ING DIRECT to help them achieve their fundraising goals. Leveraging ING DIRECT Australia’s customers, employees and the public’s support benefits all involved.

One of ING DIRECT’s corporate values is to be bold and different, so it is a natural fit for us to support entrepreneurial people in our community who have innovative ideas to address some of the most pressing issues faced in our community.

Leveraging bold ideas for positive social change

Our partnership with ING DIRECT breaks new ground in the corporate social responsibility sector. Crowdfunding is a participatory model that democratises corporate philanthropy. The projects that will succeed are those that have a genuine mandate from the community.

Dreamstarter aims to not only financially support bold social enterprises with small seed grants but also amplify their crowd-funding campaign through our social media channels to more investment in their ventures. The first ventures supported through the Dreamstarter platform in the pilot round of funding were graduates from the School for Social Entrepreneurs Australia and collectively raised over $100,000 in 2013.

The first enterprises to go live included an educational programme to promote a healthy lifestyle for Australian school children and an online store which allows Indigenous Australians in remote areas to explore new markets.

We are currently investigating how our 1.5 million customers can be more actively involved in the process and how we can provide practical business support to enterprises once they have raised the funds. We look forward to sharing more about this great program in 2014.

To view projects, visit www.ingdirect.com.au/dreamstarter

StartSomeGood co-founder Tom Dawkins.
Stepping up for Cerebral Palsy Alliance

Over 240 ING DIRECT employees participated in Cerebral Palsy Alliance’s 2013 September campaign to raise funds for children and adults with Cerebral Palsy. As a business we raised over $60,000, making ING DIRECT the highest corporate fundraiser for the event.

The campaign, designed to raise awareness and much needed funds for people living with cerebral palsy reached a massive $1.2 million fundraising total in Australia alone. From trivia nights to Ping Pong competitions, and Lunch Ladies to monster raffles, ING DIRECT staff stepped up to the fundraising challenge throughout September.

King of the ING DIRECT jungle, CEO Vaughn Richtor also did his bit, donning a lion onesie after challenging the business to raise $1000 in one afternoon – the business raised $1200 forcing him to live up to his end of the deal.

We work closely with our community partners to identify ways to engage our staff and utilise their soft skills to add value to their work. Our engaged volunteering offering includes mentoring programs with Cerebral Palsy Alliance and the School for Social Entrepreneurs participation in programs designed to support transition to work in schools of high socio-economic disadvantage such as mock interviews, Lunch with the Girls & BBQ with the Boys. By volunteering in this way, ING DIRECT staff improve their emotional intelligence, their mentoring and communication skills.

Engaged volunteering

“IT’s a fun and informative timeout from the office. A good team work experience.”

“We work with United Way and other organisations to facilitate team volunteering for grassroots non-profits. ING DIRECT teams have joined forces to create learning resources for children with autism, upgraded the outdoor areas for community groups such as Youth Connections on Central Coast and Claymore Public School in Sydney, support disadvantaged kids at after-hours and school holiday care programs and hold community BBQs to strengthen local communities. In working together, ING DIRECT teams build strong internal relationships and gain greater understanding of community issues.

Employees are encouraged to use their skills, talents, expertise and passion to support our community partners in a range of skilled volunteering opportunities. ING DIRECT staff served as experts for School for Social Entrepreneurs learning programs, professional advisers for programs, served on non-profit boards and also headed up a cross-sector coalition for a Collective Impact program supporting transition to work for young people.

“My involvement in our social responsibilities has been the cream on the cake for me over the last few years – it has added a lot to my experience with ING DIRECT.”

ING DIRECT employee

“We only ever hear very positive and inspiring reports about Ignition mentoring and the commitment of both your and our staff. Thanks so much for the amazing ongoing support you and ING DIRECT give to CPA which results in life changing experiences for both the mentors and the mentees.”

Rob White, CEO Cerebral Palsy Alliance

At ING DIRECT, volunteering is a part of our culture and we offer opportunities for employees to get involved. We strive to engage people along the volunteer journey – from team based activities to more involved strategic projects that utilise their business skills for community benefit. In 2013, over 407 employees volunteered their time in the community, an increase of 13% since 2012.

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“My involvement in our social responsibilities has been the cream on the cake for me over the last few years – it has added a lot to my experience with ING DIRECT.”

ING DIRECT employee

“The new garden and grass area looks fantastic. Please thank the volunteers on behalf of the students and the staff of Claymore Public School as they worked so hard on the day.”

Deb Volkers, Teacher - Claymore Public School

SUSTAINABILITY REPORT 2013

SUSTAINABILITY REPORT 2013

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<th>1. Strategy and Analysis</th>
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<tr>
<td>1.1 Statement from the CEO</td>
<td>4.5</td>
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<td>2. Organisational Profile</td>
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<tr>
<td>2.1 Name of the organisation.</td>
<td>Cover</td>
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<tr>
<td>2.2 Primary brands, products, and/or services</td>
<td>Page 8</td>
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<td>2.3 Operational structure of ING DIRECT</td>
<td>Page 8</td>
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<td>2.4 Location of ING DIRECT headquarters.</td>
<td>Page 8</td>
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<td>2.5 Number of countries where ING DIRECT operates.</td>
<td>Page 8</td>
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<td>2.6 Nature of ownership and legal form.</td>
<td>Page 8</td>
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<td>2.7 Markets served</td>
<td>Page 8</td>
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<td>2.8 Scale of ING DIRECT</td>
<td>Page 9</td>
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<tr>
<td>2.9 Significant changes during the reporting period regarding size, structure, or ownership.</td>
<td>There were no significant changes at ING Direct during the reporting year.</td>
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<td>2.10 Awards received in the reporting period.</td>
<td>Page 12</td>
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<td>3. Report Parameters</td>
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<tr>
<td>3.1 Reporting period</td>
<td>Page 7</td>
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<tr>
<td>3.2 Date of most recent previous report</td>
<td>April 2013, ‘Sustainability Report 2012’.</td>
</tr>
<tr>
<td>3.3 Reporting cycle</td>
<td>Annual</td>
</tr>
<tr>
<td>3.4 Contact point for questions regarding the report or its contents.</td>
<td><a href="mailto:sustainability@ingdirect.com.au">sustainability@ingdirect.com.au</a></td>
</tr>
<tr>
<td>3.5 Process for defining report content.</td>
<td>Page 7</td>
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<tr>
<td>3.6 Boundary of the report</td>
<td>Page 7</td>
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<tr>
<td>3.7 State any specific limitations on the scope or boundary of the report</td>
<td>Page 7</td>
</tr>
<tr>
<td>3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities.</td>
<td>No joint ventures, subsidiaries, leased facilities, outsourced operations or other entities are reported on as they either do not exist or are not material to ING DIRECT</td>
</tr>
<tr>
<td>3.10 Restatements</td>
<td>Page 27</td>
</tr>
<tr>
<td>3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods</td>
<td>Pages 27, 28</td>
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<tr>
<td>3.12 GRI Content Index</td>
<td>Pages 36-38</td>
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</table>

| 4. Governance, Commitments and Engagement |  |
| 4.1 Governance structure of ING DIRECT | Full Annual Report 2013, page 8 |
| 4.2 Indicate whether the Chair of the highest governance body is also an executive officer. | The Chairman is a Non-Executive Director |
| 4.3 For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members. | To maintain Director independence and objectivity a majority of Directors are not Executives of the Bank. External Directors are appointed for an initial term of four years. |
| 4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | Full Annual Report 2013, page 8 |
| 4.14 List of stakeholder groups engaged by the organisation. | Page 6 |
| 4.15 Basis for identification and selection of stakeholders with whom to engage. | Page 7 |

Performance Indicators

<table>
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<tr>
<th>Product Portfolio</th>
<th>FSS</th>
<th>Interactions with clients/investees/business partners regarding environmental and social risks and opportunities</th>
<th>Full</th>
<th>Pages 6, 11, 14-17</th>
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</thead>
<tbody>
<tr>
<td>Economic Performance</td>
<td>EC1</td>
<td>Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments</td>
<td>Full</td>
<td>Pages 9, 28</td>
</tr>
<tr>
<td>Environmental Energy</td>
<td>EN16</td>
<td>Total direct and indirect greenhouse gas emissions by weight</td>
<td>Full</td>
<td>Page 27</td>
</tr>
<tr>
<td>EN17</td>
<td>Other relevant indirect greenhouse gas emissions by weight</td>
<td>Full</td>
<td>Page 27</td>
<td></td>
</tr>
<tr>
<td>Social: Labour Practices and Decent Work</td>
<td>LA1</td>
<td>Total workforce by employment type, contract and region</td>
<td>Partial</td>
<td>Page 20</td>
</tr>
<tr>
<td>LA3</td>
<td>Benefits provided to full time employees that are not provided to temporary or part-time employees</td>
<td>Partial</td>
<td>Page 21</td>
<td></td>
</tr>
<tr>
<td>Labour/management relations</td>
<td>LA5</td>
<td>Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.</td>
<td>Full</td>
<td>ING Bank (Australia) Limited Enterprise Agreement 2011 covers in detail the organisation's obligations around the requirement to consult with employees around major workplace changes – there is no specific number of weeks noted. Instead the approach is that after a &quot;definite decision&quot; has been made we must consult with employees and their representatives within a reasonable period after the decision is made.</td>
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<tr>
<td></td>
<td>LA11</td>
<td>Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.</td>
<td>Partial</td>
<td>Page 18</td>
</tr>
<tr>
<td></td>
<td>LA12</td>
<td>Percentage of employees receiving regular performance and career development reviews</td>
<td>Full</td>
<td>Page 17</td>
</tr>
<tr>
<td>Diversity and equal opportunity</td>
<td>LA13</td>
<td>Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.</td>
<td>Partial</td>
<td>Page 20</td>
</tr>
<tr>
<td>Product and service labelling</td>
<td>PRS</td>
<td>Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.</td>
<td>Full</td>
<td>Pages 11, 14, 23</td>
</tr>
<tr>
<td></td>
<td>FS15</td>
<td>Policies for the fair design and sale of financial products and services.</td>
<td>Full</td>
<td>Pages 14, 22-24</td>
</tr>
<tr>
<td></td>
<td>FS16</td>
<td>Initiatives to enhance financial literacy by type of beneficiary.</td>
<td>Full</td>
<td>Page 14</td>
</tr>
<tr>
<td>Customer privacy</td>
<td>PRB</td>
<td>Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.</td>
<td>Full</td>
<td>There were no disputes received via the Financial Ombudsman Service where a breach of customer privacy was reported and no substantiated complaints were received from regulatory bodies concerning breaches of customer privacy and no thefts, leaks or losses of customer data recorded. View our privacy policy.</td>
</tr>
</tbody>
</table>