

Global Reporting Initiative – 2014

ING DIRECT



1. Strategy and analysis

1.1 Statement from the CEO

At ING DIRECT, we aim to help our customers, the community and our staff get ahead.

We financially empower our customers by providing fair, transparent banking and supporting our customers to get ahead. We have four simple, easy and accessible products and services to keep banking easy for our customers and in 2014 we gave customers \$10.9 million through our payWave 2% cashback offer and rebated \$5.6m in ATM fees.

We are building a prosperous community by supporting sustainable social impact projects and building their capacity to help our community get ahead. We launched our signature Dreamstarter crowdfunding initiative in 2014, which in its first year raised over a quarter of million dollars for eighteen social impact projects across Australia.

Finally, we are creating a meaningful workplace for our staff and helping them get ahead in their lives and careers. In 2014, almost 1/3 of ING DIRECT employees volunteered their time in the community including a number of senior staff who mentored start-up social businesses and used their expertise to join with them to create impact in the community.

Sustainability is more than just a word for us at ING DIRECT; it is embedded in our corporate strategy and overseen by a Sustainability Council chaired by myself and with Executive Director representation. We are committed to helping our customer, the community and our staff to get ahead and are increasingly integrating sustainability principles into the way we do business to achieve that.

2. Organisational profile

2.1 Name of organisation

ING Bank (Australia) Limited.

2.2 Primary brands, products and/or services

2.3 Operational structure of ING DIRECT

2.4 Location of ING DIRECT headquarters

Sydney, Australia

2.5 Number of countries where ING DIRECT operates.

Please visit this site for more information about [ING Group's global operations](#).

2.6 Nature of ownership and legal form

2.7 Markets served

2.8 Scale of ING DIRECT

2.9 Significant changes during the reporting period regarding size, structure, or ownership.

There were no significant changes at ING DIRECT during the reporting year.

2.10 Awards received in the reporting period

3. Report parameters

3.1 Reporting period

January 2014 – December 2014

3.2 Date of most recent previous report

April 2014: [‘Sustainability Report 2013’](#)

3.3 Reporting cycle

Annual.

3.4 Contact point for questions regarding the report or its contents

sustainability@ingdirect.com.au

3.5 Process for defining report content.

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 2012 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.

3.6 Boundary of the report

All data relates to the period from January 2014 to December 2014. 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.

3.7 State any specific limitations on the scope or boundary of the report

There were no specific limitations on the scope or boundary of the report.

3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities

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.

3.10 Restatements

Correction: In the 2013 Sustainability Report operating expenses for the year 2013 were reported as 113,830. This has been corrected to the figure of 101,262.

3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods.

No significant changes.

3.12 [GRI Content Index](#)

4. Governance, commitments, and engagement

4.1 Governance structure of ING DIRECT

[Annual Report, 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 non-Executive members. External Directors are appointed for an initial term of four years There are 4 members of the Board of ING Bank (Australia) Limited that are independent. Two of them are male and two are female.

4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.

[Annual Report, page 8.](#)

4.14 List of stakeholder groups engaged by the organisation.

At ING DIRECT, we take an inclusive and collaborative approach to engaging our stakeholders in issues of sustainability. We do this through a range of formats and across a range of topics.

Customers:

- How we engaged: Customer communications, customer research, social media, web chat, post call surveys and focus groups.
- Hot topics: Rebates and rewards; Digital banking; Security and transparency; Responsible lending; Customer services; and Innovative social projects (through our [Dreamstarter](#) initiative).

Employees:

- How we engaged: Annual culture and engagement surveys, company forums, bi-annual performance, reviews, internal communications and working groups.
- Hot topics: Community impact volunteering; Skilled community volunteering; Diversity; Development and career opportunities; Leadership; Workplace culture and benefits.

ING GROUP

- How we engaged: Regular and ongoing contact and reporting at senior executive and management levels, annual planning, review and objective setting.
- Hot topics: Climate change; Financial wellbeing (inclusion and literacy); Sustainable shareholder value; Humanitarian emergencies; Child poverty; Alignment to strategy with a focus on financial wellbeing.

Third party:

- How we engaged: Broker roadshow, focus groups, internal & external surveys, independent reports, broker & aggregator partner programs, Business to Business engagement
- Hot topics: Responsible investment; 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; rep9
- Hot topics: Adherence to all prudential and legal requirements; Alignment with vision and strategy; Minimise risk.

Broader community:

- How we engaged: ING DIRECT's Community Impact program (including regular meetings with partners, community grants and volunteering), research with non-customers, and media coverage.
- Hot topics: Financial literacy for disadvantaged groups; Financial literacy and inclusion of marginalised groups; Social entrepreneurship; Crowdfunding and stakeholder engagement.

Media:

- How we engaged: Meetings, direct communications and briefings, pitches for publications, interviews with senior leaders, electronically through our digital newsroom and press releases.
- Hot topics: Dreamstarter, crowdfunding and social entrepreneurship; Financial wellbeing and household financial fitness; Alternative industry voice from the major banks; Transparency for consumers; Education regarding complex financial issues; Customer choice, Cost efficiency and Customer control and system resilience in the Australian Financial system; Bushfire response; Diversity and gender equality in financial services.

Government and regulators

- How we engaged: Regular meetings and communications with APRA, ASIC, Treasury and the Reserve Bank, Submission to the Financial Systems Inquiry.
- Hot topics: Customer choice, Cost efficiency and Customer control and system resilience in the Australian Financial system; Risk exposure; Compliance with laws and regulations, Consumer protection, Regulatory compliance, and 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: Strategy, Basel III and APRA liquidity measures.

4.15 Basis for identification and selection of stakeholders with whom to engage.

A materiality assessment was undertaken in the 2012 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.

5. Performance indicators

Product & service impact

FS5 Interactions with clients(customers)/investees/business partners regarding environmental and social risks and opportunities

To ensure that ING globally interacts with customers, investees and business partners in ways 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](#).

Interactions with our customers:

ING DIRECT publishes annual sustainability reports for our customers to view. From this year we are integrating these reports into the regular interactivity of our website to increase the convenience for customers to access this information. At various times throughout the year we correspond with customers on issues relevant to social and environmental risk. This includes correspondence about our products, investments, and policies. We also share information, particularly about social opportunities through our blog, [Directly Speaking](#).

Interactions with our investees:

ING DIRECT is wholly owned by ING Group. Investors in ING Group are provided [annual sustainability reports](#) that document our approach to social and environmental risks and opportunities. Sustainability issues included in these reports are discussed during [annual general meetings](#) with investors.

Interactions with our business partners:

We take an active role in educating our business partners, the largest group of which are our mortgage broking partners, on the environment and social risks and opportunities of our transactions with them. This includes the best practices involved in residential and commercial mortgage lending, as well as how to mitigate risks. This includes individual broker training when they first choose to do business with ING DIRECT, as well as annual roadshows where our executive team takes an active role in this education process. These interactions also extend to our other major business partners, where appropriate information sharing and strategic opportunities to best mitigate against the social risks involved with commercial and residential lending are high on the agenda, and regularly the focus area of interactions.

Economic

EC1 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

Our commitment to sustainability focuses on creating long-term value through balancing the social, environmental and economic aspects of our business. ING DIRECT operates in an interdependent society - we rely on our customers, employees, the community, environment and our shareholder in order to do business. We are also aware that people rely on, and gain benefit from, us being in business. This presents an opportunity for our business to make a positive impact and for us to minimise any potential negative impacts on the way we do business.

Over the last year our business has generated the following economic value:

Table One:

| Revenues/Direct economic value generated (\$'000) | 2014 | 2013 | 2012 |
|--|---------|---------|---------|
| Revenues (Net income) | 659,519 | 614,037 | 603,986 |
| Economic value distributed | | | |
| Employee wages and benefits | 118,099 | 114,241 | 106,158 |
| Operating costs (excluding employment expenses) | 111,002 | 101,262 | 105,808 |
| Loan loss provisions | 4,627 | 12,568 | -3,318 |
| Dividends declared to shareholder | 275,000 | 0 | 0 |
| Payments to government (gross taxes) | 128,777 | 114,501 | 119,149 |
| Economic value retained | 22,014 | 271,465 | 276,189 |

Calculations of direct economic value generated and distributed are derived using the GRI methodology.

* Please refer to ING DIRECT's Annual Report www.ingdirect.com.au/about-us.html for full financial disclosure. Community investment is outlined below. 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.

| | 2014 \$bn | 2013 \$bn | 2012 \$bn |
|--------------------------|-----------|-----------|-----------|
| Total assets | 50.6 | 49.8 | 49.9 |
| Total liabilities | 47.1 | 46.3 | 46.7 |
| Total equity | 3.5 | 3.5 | 3.2 |

ING Bank (Australia) Ltd holds an Australian Banking License and our operations are regulated by the Australian Prudential Regulation Authority (APRA).

Community investment

Through this economic performance, ING DIRECT was able to increase the value that we create with communities through our sustainability initiatives. The following summarises how that value has been created and shared:

| | 2012 | 2013 | 2014 |
|-----------------------------|-----------|-----------|---|
| Community investment | \$979,364 | 1,145,322 | \$1,099,595 *\$100K for additional CPA |
| Employee fundraising | \$65,865 | \$58,220 | \$45,769 |
| Total volunteers | 361 | 407 | 275 |
| Volunteer hours | 3303 | 3420 | 2646 |

Environment

EN16 Total direct and indirect greenhouse gas emissions by weight

| | Emissions (tonne CO ₂ -e) | | |
|----------------|--------------------------------------|--------------|--------------|
| | 2012 | 2013 | 2014 |
| Scope 1 | 13 | 16 | 962 |
| Scope 2 | 3,181 | 3,155 | 4,325 |
| Scope 3 | 2,646 | 2,829 | 1,000 |
| Overall | 5,840 | 6,000 | 6,287 |

EN17 Other relevant indirect greenhouse gas emissions by weight

| | Emissions (tonne CO ₂ -e) | 2012 | 2013 | 2014 |
|-----------------------|--------------------------------------|--------------|--------------|--------------|
| | | | | |
| Waste | Head office waste | 91 | 93 | 3 |
| | Tuggerah waste | 24 | 19 | 4 |
| | Head office electricity | 1,968 | 1,886 | 1,667 |
| Electricity | Tuggerah electricity | 1,863 | 1,957 | 2,022 |
| | Data centre electricity | 1,462 | 1,590 | 1,541 |
| Vehicle travel | Company owned vehicles | 13 | 16 | 23 |
| | Taxi-cabcharge | 24 | 18 | 16 |
| Air travel | Air travel domestic | 98 | 72 | 999 |
| | Air travel international | 261 | 322 | |
| Paper | Office paper | 35 | 26 | 11 |
| | | 5,840 | 6,000 | 6,286 |

Social: Labour practices and decent work

LA1 Total workforce by employment type, contract and region

| Employment group | Number | Percentage |
|------------------------|-------------|-------------|
| Executive Committee | 9 | 1% |
| Managers | 118 | 12% |
| Team Leaders | 62 | 6% |
| Team Members | 830 | 81% |
| Total Employees | 1019 | 100% |

LA3 Benefits provided to full time employees that are not provided to temporary or part-time employees

LA5 Labour/management relations

Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements
 ING Bank (Australia) Limited Enterprise Agreement 2014 covers in detail the organisation's obligations around the requirement to consult with employees around major workplace change – there is no specific number of weeks noted. Instead the approach is that after a “definite decision” has been made we must consult with employees and their representatives within a reasonable period after the decision is made.

LA11 Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

LA12 Percentage of employees receiving regular performance and career development reviews

100% of permanent employees receive performance & career development reviews.

LA13 Diversity and equal opportunity

Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.

| Employment group | Female | Male |
|---------------------|--------|------|
| Overall | 50% | 50% |
| Board (Directors) | 33% | 67% |
| Executive Committee | 22% | 78% |
| Managers | 25% | 75% |
| Team Leaders | 45% | 55% |
| Team Members | 54% | 46% |

| Employment group | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
|---------------------|----------|----------|-------|-------|---------|---------|
| | Under 30 | Under 30 | 30-50 | 30-50 | Over 50 | Over 50 |
| Overall | 25% | 25% | 61% | 62% | 14% | 13% |
| Board (Directors) | 0% | 0% | 0% | 0% | 100% | 100% |
| Executive Committee | 0% | 0% | 44% | 50% | 56% | 50% |
| Managers | 1% | 1% | 88% | 89% | 11% | 10% |
| Team Leaders | 18% | 9% | 72% | 83% | 10% | 7% |
| Team Members | 30% | 30% | 57% | 57% | 13% | 13% |

PR5 Product and service labelling

Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

We are proud to be the bank which customers are most likely to recommend, maintaining the highest Net Promoter Score (NPS) rating of any other bank for the fourth year in a row. We also utilise more tactical customer satisfaction methods via internal surveys to understand where we need to improve and are reviewed on a monthly basis.

FS15 Product and service labelling

Policies for the fair design and sale of financial products and services.

ING DIRECT complies with all local legislation, including the National Consumer Credit Protection Act. Specific information, credit and product guides and a link to the Australian Banking Code of Practice can be found at ingdirect.com.au

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, Foreign Account Tax and anti-money laundering.

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 customers' financial wellbeing by determining their suitability for a product or service through a range of policies, principles and procedures.

FS16 Product and service labelling

Initiatives to enhance financial literacy by type of beneficiary.

Customers: In 2014 we ran initiatives to increase the financial knowledge of our customers including providing [tips, tools and guides](#) delivered via blogs and newsletters to help customers get ahead with smart spending, saving, investing and managing debt to achieve the best outcome financially. In 2014, we encouraged Australians to engage in their Super by launching a portal resource where customers and prospects could ask questions about superannuation and retirement planning.

Community: Community investments focus on financial education, financial inclusion & entrepreneurship. This includes 'How to Get Ahead with your Finances' Masterclasses for social entrepreneurs, a financial education program for high school students from low-socio economic communities and a developing digital resource to support the financial inclusion of families with children with Cerebral Palsy.

PR8 Customer privacy

Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.

There were no substantiated complaints received concerning breaches of customer privacy or thefts, leaks or losses of customer data. Please view our [Privacy Policy](#) here.