



Sustainability at ING DIRECT

Message from the CEO

At ING DIRECT, sustainability is at the heart of our business strategy and integrated into everything that we do.

We believe the financial services industry has an important role to play in creating a healthy and sustainable world. Not only is it important to reduce our direct footprint, but also to make responsible decisions in the way we lend, invest and offer products and services to customers.

Our purpose is to help others get ahead – staff, customers and the community. We focus on financially empowering our customers through simple banking and fair-value products and services.

We invest in our people to help them reach their full potential, and continue to partner with the wider community to nurture an environment in which our customers can thrive.



Vaughn Richter
Chief Executive Officer
ING DIRECT Australia



Helping to financially empower our customers

2015 Highlights

At ING DIRECT we financially empower our customers by providing fair, transparent banking and supporting our customers to get ahead. We do this by offering simple and fair products, advocating for customer choice and control, and rewarding our customers for positive financial behaviours. We also provide financial education and support in times of financial stress.



As part of our commitment to offer fair and transparent banking, ING DIRECT paid over \$45 million in rebates and rewards to over 250,000 customers in 2015 including reimbursing \$10.3m in customers ATM fees and \$17.1m in Paywave Rebates.



72,000 customers shared their goals with us in 2015. To actively do our bit to help financially empower our customers, we've since helped them with related information and offers across property, travel and retirement.



The ING DIRECT 'Women and Finance' report was released in September 2015 and advocated for greater choice and control for female customers.

Building a strong community

At ING DIRECT we're building a strong community by supporting organisations that are taking entrepreneurial and innovative approaches to solving social challenges. As an example, the Dreamstarter crowdfunding initiative has helped over 40 social impact projects to raise over half a million dollars. We have a long term partnership with the Cerebral Palsy Alliance supporting services and financially empowering families with children with Cerebral Palsy. ING DIRECT also aims to be more sustainable ourselves by reducing our direct footprint, but also in the choices we make in lending and investing.

2015 Highlights



Dreamstarter

We believe in a world where each and every one of us has the power to create positive change. [Dreamstarter](#) is ING DIRECT's way of getting behind the ideas of some of Australia's most inspired go-getters – whether it's helping break the cycle of homelessness, connecting communities, or inspiring young people to conserve Australia's unique marine life, we want to help make the future a better place.

In 2015, ING DIRECT Dreamstarter helped raise \$250,000 for 13 social impact projects and social enterprises across Australia. We also partnered with the School for Social Entrepreneurs (SSE) to help build the capacity of entrepreneurs to launch and grow sustainable social businesses that create positive change and help to build strong communities.



Since its launch, ING DIRECT Dreamstarter has raised over \$600,000 for 45 social enterprises and social impact projects across Australia.



September: supporting people living with cerebral palsy

DIRECT was the greatest corporate fundraiser globally for the 2015 [September](#) fundraising campaign for the Cerebral Palsy Alliance.

The September charity event challenged staff to take 10,000 steps a day for 28 days. Thanks to the sponsorship of friends, family and colleagues, the funds raised help pay for help pay for equipment, therapy, and research into groundbreaking treatments for cerebral palsy.

Together, our employees took over 70 million steps during the 2015 September campaign and raised over \$126,000 (including business dollar matching).



Investing in renewables

In November 2015 ING decided to end financing of new coal-fired power plants and thermal coal mines worldwide. ING also agreed it will not finance any new clients whose business is over 50 percent reliant on operating coal-fired power plants or thermal coal mines.

ING has invested in two wind farm projects in Australia, including the largest wind farm in the Southern Hemisphere, Macarthur Wind Farm and Bald Hills Wind Farm. In both cases, ING supported companies to deliver their first ever forays into renewable energy projects.

The Macarthur Wind Farm alone has the capacity to generate enough clean, green energy to power the equivalent of approximately 220,000 average Victorian households and also save approximately 1.5 million tonnes of greenhouse gases each year.

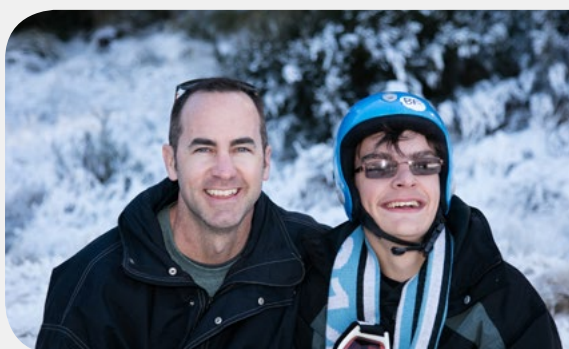


At ING DIRECT we're building a strong community by supporting organisations that are taking entrepreneurial and innovative approaches to solving social challenges.

Helping our people be their best

At ING DIRECT we help our employees get ahead in their lives and careers. This includes supporting their development and involvement in the community. Each year, the majority of our staff are involved in fundraising efforts and spend time working with community organisations. We aim to make our workplace fun, meaningful and a place where everyone can bring their best self to work.

2015 Highlights



Ignition Mentoring

Our people [mentor](#) teenagers with Cerebral Palsy to help them achieve independence. Part of this program is a week-long Intensive Mentoring Week in Thredbo's ski fields where our people are challenged to support their teenage mentees to learn to ski.



Pitch event

ING DIRECT staff pitched for their share of \$100,000 to support organisations they're involved with in the community. Recipient organisations included grassroots charities such as Heartfelt Homes, Chasing Rainbows, and the Sydney Dogs & Cats Home through to larger charities such as Make a Wish and social enterprises Promise or Pay, Australian Institute of Neurorehabilitation and Street Art Murals Australia.



ING Run for UNICEF

ING DIRECT staff joined with colleagues around the world in the [ING Run for UNICEF](#), raising funds for UNICEF's Youth Program.

ING DIRECT 2015 Global Reporting Index

ING DIRECT measures our operations against the Global Reporting Initiative's standards and reporting framework. The below table reports on ING DIRECT's work across key reporting themes. For more information see www.ingdirect.com.au.

The Sustainability Report is not subject to audit or review by the company's external auditor.

Point	Content
Organisational profile	
2.1	Name of organisation: ING Bank (Australia) Limited trading as ING DIRECT
2.2	Primary brands, products and/or services
2.3	Operational structure of ING DIRECT
2.4	Location of ING DIRECT headquarters: Sydney, New South Wales, Australia
2.5	Number of countries where ING DIRECT operates: ING DIRECT operates only in Australia ING Groep N.V.'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
Report parameters	
3.1	Reporting period: 1 January 2015 to 31 December 2015
3.2	Date of most recent previous report: September 2015: GRI Reporting 2014
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 1 January 2015 to 31 December 2015. 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 in New South Wales, Australia. 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.
3.9	Restatements: Nil
3.10	Significant changes from previous reporting periods in the scope, boundary, or measurement methods: No significant changes.
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods: No significant changes.
3.12	GRI Content Index. This document.

Governance, commitments, and engagement

4.1	Governance structure of ING DIRECT: Refer to the Corporate Governance Statement on page 9 of the Annual Report.
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: Refer to the Corporate Governance Statement on page 9 of the Annual Report.
4.14	<p>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.</p> <p>Customers:</p> <p>How we engaged: Customer communications, customer research, social media, web chat, post call surveys and focus groups.</p> <p>Hot topics: Rebates and rewards, Digital banking, Security and transparency, Responsible lending, Customer services and Innovative social projects (through our Dreamstarter initiative).</p>

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, minimise risk.

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 GROEP N.V.

- **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.

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.
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4.14
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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

Performance indicators: product and 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 Groep N.V. Investors are provided with [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.

FS5

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:

Economic value (\$'000)	2015	2014	2013
Revenues (total operating income)	679,339	659,519	614,037
Economic value distributed			
Employee wages and benefits	125,505	118,099	114,241
Operating costs (excluding employment expenses)	111,721	111,002	101,262
Loan loss provisions	(833)	4,627	12,568
Dividends declared to shareholder	300,000	275,000	–
Payments to government (gross taxes)	128,284	128,777	114,501
Economic value retained	14,662	22,014	271,465
Financial position (\$bn)			
Total assets	49.9	50.6	49.8
Total liabilities	46.4	47.1	46.3
Total equity	3.5	3.5	3.5

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

FS5
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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:

	2015	2014	2013
Community investment	\$967,534	\$1,099,595	\$1,145,322
Employee fundraising	\$68,067	\$45,769	\$58,220
Total volunteers	366	275	407
Volunteer hours	3182	2646	3420

Environment

EN16

Total direct and indirect greenhouse gas emissions by weight

Emissions (tonne CO ₂ -e)	2015	2014	2013
Scope 1	34	23	16
Scope 2	3,549	4,325	3,155
Scope 3	940	1,938	2,829
Overall	4,523	6,286	6,000

EN17

Other relevant indirect greenhouse gas emissions by weight

Component	Emissions (tonne CO ₂ -e)	2015	2014	2013
Waste	Office	118	7*	112
Electricity	Head office electricity	1,337	1,667	1,886
	Tuggerah electricity	1,606	2,022	1,957
	Data centre electricity	606	1,541	1,590
Vehicle travel	Company owned vehicles	34	23	16
	Taxi-cab charge	18	16	18
Air travel	Domestic and international	793	999	394
Paper	Office paper	11	11	26
Total		4,523	6,286	6,000

*Error in data collection for 2014

LA1 **Total workforce by employment type, contract and region**

Employment Group	Number	Percentage
Board	7	0.7%
EXCO	8	0.8%
Manager	131	12.3%
Team leader	60	5.6%
Team member	856	80.6%
Total employees	1,062	100%

LA3 Benefits provided to full time employees that are not provided to temporary or part-time employeesLA5 **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 endingsLA12 **Percentage of employees receiving regular performance and career development reviews:**
100% of permanent employees receive performance & career development reviews.

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	Number	Percentage
Board	7	0.7%
EXCO	8	0.8%
Manager	131	12.3%
Team leader	60	5.6%
Team member	856	80.6%
Total employees	1,062	100%

Employment group	Female	Male	As % of total		As % of level	
			Female	Male	Female	Male
Board	2	5	0.4%	0.9%	28.6%	71.4%
EXCO	2	6	0.4%	1.1%	25.0%	75.0%
Manager	34	97	6.4%	18.3%	26.0%	74.0%
Team leader	26	34	4.9%	6.4%	43.3%	56.7%
Team member	468	388	88.0%	73.2%	54.7%	45.3%
Overall	532	530	100.0%	100.0%	50.1%	49.9%

Employment group	2015 <30 yrs	2014 <30 yrs	2013 <30 yrs	2015 30-50	2014 30-50	2013 30-50	2015 >50 yrs	2014 >50 yrs	2013 >50 yrs
Board	0%	0%	0%	20%	0%	0%	80%	100%	100%
EXCO	0%	0%	0%	38%	44%	50%	63%	56%	50%
Manager	1%	1%	1%	85%	88%	89%	14%	11%	10%
Team leader	13%	18%	9%	78%	72%	83%	8%	10%	7%
Team member	28%	30%	30%	59%	57%	57%	13%	13%	13%
Overall	24%	25%	25%	63%	61%	62%	13%	14%	13%

PR5

Product and service labelling

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

We are proud to be the most recommended bank in Australia, maintaining the highest Net Promoter Score (NPS) of any other bank for the fourth year in a row. We also utilise tactical continuous improvement methods based on customer surveys to understand where we need to focus. Results and insights are reviewed on a monthly basis to form actionable recommendations.

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 www.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 2015 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.

Community: Community investments focus on financial education, financial inclusion and 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. [Privacy Policy](#)
