

CEO Sustainability Statement

At ING in Australia, our purpose is to help people get ahead in life and in business. We're committed to making a positive difference economically, socially and environmentally, and focus on:

Financially empowering our customers

- We make it easy for customers to do their banking – anytime, anywhere – by giving them the information and tools they need to make smart financial decisions now, and for the future.

Helping our people to be their best

- We're dedicated to being a great place to work. We create an environment where our people can challenge themselves, reach their potential, and contribute to the future of the business.

Working with others to build a strong community

- We partner with not-for-profits and social enterprises in our community that share our goals and values, and align with our approach to sustainability.

Our sustainability strategy

As a purpose-driven business, sustainability is integral to the way ING in Australia operates. This includes good governance; fair products and services; maintaining our reputation as a top employer; and building a strong community in which we can all get ahead.

Being sustainable involves more than just reducing our own footprint; it also influences the choices we make – as a lender, as an investor and through the services we offer our customers.

We also view sustainability as a source of competitive advantage. By integrating sustainability into our business strategy and operations, we are well placed to help facilitate a transition towards a fairer, greener economy by both financing projects that accelerate our clients' efforts in this area; and supporting clients that contribute solutions to environmental and social challenges.

Our financing and investment policies as well as our broader business ambitions are structured around social, ethical and environmental criteria. We implement the Equator Principles in our internal environmental and social policies, procedures and standards and they are embedded in our Environmental and Social Risk Framework.

Working with our stakeholders

We remain accountable to stakeholders across government and industry, as well as our people, our customers, our community and our business partners – and their expectations determine our priorities.

As a bank, our customers trust us to look after their money, and be transparent and honest in the way we operate. ING in Australia has publically championed the importance of organisational culture in ensuring the banking industry operates ethically and responsibly.

The ING Orange Code

Doing the right thing by our customers is at the heart of our culture, and key to our exceptional customer advocacy. As a purpose driven organisation, we believe the onus is on us to consistently demonstrate behaviours in line with our principles and values. We follow the *ING Orange Code* - a set of values and behaviours that underpin our culture and influence the way we do things: be honest, be prudent and be responsible.

As an example, in 2016 we gave back \$5m in Super fees to our customers after ASIC highlighted to us a possible misunderstanding in our customer communications, regarding the interest paid on the cash component of Living Super. To remedy the possibility that customers may have understood that the interest paid on the cash component of their Super would be eligible for the highest variable savings rate, including any bonus rates (as paid to Savings Maximiser customers with an Orange Everyday account), we proactively decided to credit approximately 30,000 impacted customers with the difference.

Trends and insights

We regularly monitor wider consumer trends, as well as conduct our own proprietary research pertaining to customer behaviours, to ensure we are well placed to meet customer expectations. Through our quarterly Financial Wellbeing Index and other research, we have uncovered two key trends: first, Australians are increasingly displaying an appetite for greater control of their finances; and second, they are showing a preference for interacting via digital platforms, particularly mobile devices.

These insights into customer behaviours, values and expectations directly influences the way we create products, services and tools, and directs us to make it easier for our customers to handle their money matters and to make better financial decisions, now and for the future.

Our progress

2016 was a successful year for ING in Australia, as we continued to bring our purpose to life and provide valuable outcomes for our customers, our people and our community.

In a low-interest rate environment, we performed well against our objectives. We exceeded 500,000 Orange Everyday payment accounts and the number of customers using us as their main financial institution increased by 36%.

More than 50% of new Orange Everyday accounts were as a result of referrals from family and friends, and we maintained our industry leading Net Promoter Score (how likely a customer is to recommend us) in 2016.

In addition, ING Group was recognised as the 'World's Most Sustainable Bank' by Sustainalytics, and was one of the highest rated banks in the Dow Jones Sustainability Index.

Our customers

Our strategy is to become our customers' main financial institution by delivering an exceptional customer experience. In light of our customer preference for greater control over their finances and frictionless digital interaction, our focus has been on enhancing our capabilities in these areas.

In 2016 we re-designed our digital platform in conjunction with our customers to deliver a more personalised approach to customer interactions and communications. This makes it easier for people to make the right financial decisions, based on the right information, at the right time, in a relevant context.

We also started to extend our products and services beyond banking, to include home and contents insurance – making it easier for customers to take a holistic view of their personal finances.

Our community

Our focus on financial empowerment has extended to our community partners. In 2016, 13 social enterprises crowdfunded almost \$300,000 via the Dreamstarter platform, nearly two-thirds of which came from customers and the wider community. To date, we have supported 30 social enterprises with funding and ongoing capacity building since the launch of Dreamstarter 3 years ago.

Our partnership with Cerebral Palsy Alliance also continues to thrive through the Ignition Mentoring program. Our staff volunteers mentor young adults with a disability over the course of a year to help them gain confidence, independence and self-esteem. We also support the Cerebral Palsy Alliance Transition to Work program which helps young adults with a disability to improve their work-readiness and employability

Our people

Being a great place to work for our people is a high priority for us. The flexible workspace at our new premises at 60 Margaret Street, in the heart of Sydney's CBD encourages greater collaboration and mobility, making it easier for our people to share ideas, adopt agile work practises, and support each other across teams.

We promote a culture whereby people are encouraged to aim high, stretch their ambitions and innovate with the customer in mind, as well as take advantage of opportunities for personal growth and career development.

In our latest staff engagement survey, we achieved an 82% engagement score. We are proud that 90% of our staff agreed the bank is committed to improving the customer experience (in line with our purpose); 89% are proud to work for ING Group; and 87% are confident in the long term future of the bank.

Our future

Helping our customers get ahead in life and in business is our purpose and our priority.

In 2017, we remain focused on scaling our digital capability across products and services to deliver a seamless digital experience for our customers. We believe that innovating in line with the growing trend, and customer preference, for digitalisation will contribute to the longer term sustainability of the bank.

We are committed to continually adding value for our customers by empowering and enabling them to achieve their goals. Our ambition is to become our customers' main financial institution by making it easy for them to manage their money, and in doing so help them achieve optimum financial wellbeing now and for the future.

Uday Sareen

Chief Executive Officer

ING Bank (Australia) Limited