

**ING DIRECT GRI
G4 TABLE
2016**

| GRI Reference | Description | Disclosure | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|---|---|--|------------------------|---------------------------|-----------------------------|--------------------|
| STRATEGY & ANALYSIS | | | | | | |
| G4-1 | Statement from the most senior decision maker in the organisation | Statement from the CEO https://www.ingdirect.com.au/sustainability.html | N/A | | | N/A |
| ORGANISATIONAL PROFILE | | | | | | |
| G4-3 | Name of the organisation. | ING Bank (Australia) Limited trading as ING DIRECT | N/A | | | N/A |
| G4-4 | Primary brands, products, and services. | Primary brands, products or services https://www.ingdirect.com.au/ | N/A | | | N/A |
| G4-5 | Location of the organization's headquarters. | Location of ING DIRECT headquarters is Sydney, New South Wales, Australia | N/A | | | N/A |
| G4-6 | Number of countries where the organization operates | Number of countries where ING DIRECT operates: ING DIRECT only operates in Australia. ING Groep N.V.'s global operations https://www.ing.com/en.htm | N/A | | | N/A |
| G4-7 | Nature of ownership and legal form. | Nature of Ownership and legal form https://www.ingdirect.com.au/about-us/who-we-are-company.html | N/A | | | N/A |
| G4-8 | Markets served | Markets served https://www.ingdirect.com.au/about-us/who-we-are-company.html | N/A | | | N/A |
| G4-9 | Scale of the organisation | Scale of organisation https://www.ingdirect.com.au/about-us/who-we-are-company.html | N/A | | | N/A |
| G4-10 | Total workforce by employment type, gender, employment contract and region | See Tab G4-10 | N/A | | | N/A |
| G4-11 | Employees covered by collective bargaining agreements | See Tab G4-11 | N/A | | | N/A |
| G4-12 | Supply chain | See Tab G4-12 | N/A | | | N/A |
| G4-13 | Significant changes during the reporting period | No significant changes. | N/A | | | N/A |
| G4-14 | Precautionary principle | While we try our best to minimise our direct environmental impact we also attempt to minimise our impact throughout our supply chain. Our Sustainable Procurement Programme ensures we have high standards of supplier sustainability performance and green purchasing strategies. We employ strict social, environmental and anti-corruption standards and monitor supplier performance via specialised sustainable supplier management agencies. Furthermore, we engage in the transition to the circular economy through our circular purchasing strategy. ING's Procurement Sustainability Standards state that a Supplier shall adhere to the United Nations Global Compact principles and therefore support a precautionary approach to environmental challenges and work to limit its environmental impact. | N/A | | | N/A |
| G4-15 | Economic, environmental and social charters, principles, or other initiatives | https://www.ing.com/ING-in-Society/Sustainability/Stakeholder-engagement.htm | N/A | | | N/A |
| G4-16 | Memberships of associations and national or international advocacy organizations | Australian Banker's Association; Australian Retail Credit Association; Auscontact Association; Customer Service Institute of Australia; Financial Planning Association of Australia; Association of Financial Advisors; Self Managed Superfund Association; Mortgage Finance Association of Australia ; LIXI | N/A | | | N/A |
| IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES | | | | | | |
| G4-17 | Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures. | Annual Report https://www.ingdirect.com.au/about-us.html | N/A | | | N/A |
| G4-18 | Process for defining report content and Aspect Boundaries and explain how the Reporting Principles have been implemented | Our Approach to Materiality https://www.ingdirect.com.au/about-us.html | N/A | | | N/A |
| G4-19 | List all the material aspects identified | Material Issues https://www.ingdirect.com.au/about-us.html | N/A | | | N/A |
| G4-20 | Report the Aspect Boundary of each material aspect. | Material Issues https://www.ingdirect.com.au/about-us.html | N/A | | | N/A |
| G4-21 | The Aspect Boundary outside the organization. | Material Issues https://www.ingdirect.com.au/about-us.html | N/A | | | N/A |
| G4-22 | Explanation of the effect of any re-statements | There was a change in the calculation and understanding of the metric the donations figure in 2016 report. The effect of this given the new outlined method for calculating donations is that the previous year figures appear inflated, possibly misleading the users of the report to believe more donations had occurred during the year and therefore a relative decrease this year. | N/A | | | N/A |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries | No significant changes | N/A | | | N/A |
| STAKEHOLDER ENGAGEMENT | | | | | | |
| G4-24 | List of stakeholder groups engaged by the organization | Stakeholder engagement https://www.ing.com/ING-in-Society/Sustainability/Stakeholder-engagement.htm | N/A | | | N/A |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage | Our Approach to Materiality https://www.ingdirect.com.au/about-us.html | N/A | | | N/A |
| G4-26 | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group | Our Approach to Materiality https://www.ingdirect.com.au/about-us.html | N/A | | | N/A |
| G4-27 | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting; Report the stakeholder groups that raised each of the key topics and concerns | Our Approach to Materiality https://www.ingdirect.com.au/about-us.html | N/A | | | N/A |
| REPORT PROFILE | | | | | | |
| G4-28 | Reporting period | Reporting period: 1 January 2016 - 31 December 2016 | | | | |
| G4-29 | Date of most recent previous report | 2015 Sustainability Report https://www.ingdirect.com.au/about-us.html | | | | |
| G4-30 | Reporting cycle | Annual | | | | |
| G4-31 | Contact point for questions regarding the report or its contents | Contact point for questions regarding this report: sustainability@ingdirect.com.au | | | | |
| G4-32 | GRI Content Index | This report was prepared in accordance with GRI G4. This Content Index provides links to responses to key GRI indicators for the core GRI G4 reporting requirements. | | | | |
| G4-33 | Assurance | Formal assurance was not completed on this content, however KPMG were engaged to ensure appropriate controls and procedures were adhered to for key qualitative and quantitative data provided. | | | | |
| GOVERNANCE | | | | | | |
| G4-34 | Governance structure of the organization (incl. report the committees responsible for decision-making on economic, environmental and social impacts) | Refer to Corporate Governance Structure on page 3 of 2016 Annual Report https://www.ingdirect.com.au/about-us.html | | | | |
| ETHICS & INTEGRITY | | | | | | |
| G4-56 | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation | See Tab G4-56 | | | | |

SPECIFIC STANDARD DISCLOSURES

| DMA and Indicators | Description | Disclosure | Identified Omission(s) | Reason(s) for Omission(s) | Explanation for Omission(s) | External Assurance |
|--|---|--|------------------------|---------------------------|-----------------------------|--------------------|
| MATERIAL ASPECT: ECONOMIC PERFORMANCE | | | | | | |
| G4-DMA | | Three key trends are having a major impact on ING and its competitors. First, our financial performance is linked to the prevailing uncertain economic conditions and low interest rate environment. Second, the financial services sector is subject to increasing regulatory scrutiny and costs. Third, digitalisation and changing customer behaviour are reframing our markets. In combination, these trends are altering the competitive context in which we operate. The current situation with persistent low interest rates may put banks' net interest income under pressure. On mortgages for instance, ING Bank could be confronted with higher than expected prepayment rates as the difference between rates on the existing mortgage portfolio and the prevailing market rate causes customers to refinance. On savings, the net interest income may decrease as possibilities for further reduction of client rates on savings deposits are limited. ING Bank actively manages its interest rate risk exposure and successfully maintained the net interest margin on its core lending franchise in 2016. To address the challenge of interest income erosion, containing costs remains an important goal. We are also putting more emphasis on generating fee-based income and are reassessing our product characteristics. | N/A | | | Yes |
| G4-EC1 | Direct economic value generated and distributed, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government (by country) and community investments; | <p>a. The direct economic value generated and distributed (EVG&D) is reported on an accrual basis. The components of the EVG&D is as follows:</p> <ul style="list-style-type: none"> • Direct economic value generated: <ul style="list-style-type: none"> a) revenue \$693 million including: <ul style="list-style-type: none"> - net sales equal gross sales from products and services minus returns, discounts and allowances. - revenues from financial investments includes cash received as interest on financial loans (mortgages). • Economic value distributed <ul style="list-style-type: none"> b) Operating costs \$273 million <ul style="list-style-type: none"> - cash payments made outside the organisation for services purchased c) Employee wages and benefits \$141.5 million <ul style="list-style-type: none"> - total payroll comprises employee salaries, including amounts paid to government institutions on behalf of employees. - Non-employees working in an operational role are not reported here but under operating expenses. - Training for employees is not included and is reported in operating expenses. d) payments to providers of capital \$100 million <ul style="list-style-type: none"> - IBAL is a 100% owned subsidiary and all dividends are paid to ING Bank N.V.- Payments to providers of capital e) payments to government \$117.75 million <ul style="list-style-type: none"> - all taxes and related penalties paid at the international and local levels. f) Community investments \$473K (donations only, does not include social procurement or management costs for this function) <ul style="list-style-type: none"> - voluntary donations to the broader community where the target beneficiaries are external to the organisation eg. Cerebral Palsy. • Economic value retained (calculated as "Direct economic value generated" less "Economic value distributed") | N/A | | | Yes |

CATEGORY: ENVIRONMENTAL

| MATERIAL ASPECT: EMISSIONS | | | | | |
|----------------------------|---|--|--|--|---|
| G4-DMA | Disclosure of Management Approach | Our activities impact the environment. This includes the direct impact we have from the operations of our buildings, from IT systems and from business travel. However, our indirect impact on the environment is much greater through our financing portfolio and our procurement supply chain. Globally, we are committed to reducing our own footprint by 20% in 2020 and to working closely with both customers and suppliers to help them adapt and take advantage of opportunities in the low-carbon economy of the future. Note: Emissions are not material according to our Materiality Analysis. However we believe it is our duty to report on our own direct environmental impact as climate change is one of the greatest global challenges of our time. | N/A | | No |
| G4-EN15 | Direct GHG emissions | See Tab G4-EN15 | | | |
| G4-EN16 | Energy indirect GHG emissions | See Tab G4-EN15 | | | |
| G4-EN17 | Other indirect GHG emissions | See Tab G4-EN15 | | | |
| MATERIAL ASPECT: OVERALL | | | | | |
| G4-DMA | Disclosure of Management Approach | Material Issues https://www.ingdirect.com.au/about-us.html | | | |
| G4-EN31 | Total environmental protection expenditures and investments by type | Our systems at this time do not provide us with the capability to categorise expenditure based environmental protection expenditure. | Total environmental protection expenditures by: - Waste disposal, emissions treatment, and remediation costs - Prevention and environmental management costs | The information is currently unavailable | We are currently exploring ways that we can identify and separate costs associated with environmental protection. |

| CATEGORY: SOCIAL | | | | | | | |
|---|--|--|--|--|--|--|----|
| SUB-CATEGORY: LABOR PRACTICES AND DECENT WORK | | | | | | | |
| MATERIAL ASPECT: EMPLOYMENT | | | | | | | |
| G4-DMA | Disclosure of Management Approach | Employees play a key role in delivering on our purpose and Customer Promise. We believe in empowering employees to develop themselves and the competencies they need to succeed. Effective performance management is key to enabling employees to develop their full potential and to creating the company culture and skills we need to deliver on our strategy. In 2016, 95% of our employees engaged in performance management. In order to support business performance and the wellbeing of our employees, we have developed our advanced analytics and HR intelligence capabilities. Advanced analytic techniques are helping us gain more value from our employee and workforce data. Our goal is to make sure we really understand what matters most to our employees and how we can make a genuine difference in our human capital investments. We have implemented a global Employer Value Proposition to attract and hire the right employees. Job rotation, international assignments and job swaps help us to optimise our talent management strategy and provide opportunities for staff to grow by being exposed to new challenges in different parts of our organisation. The effectiveness of our approach and strategy is assessed during the evaluation of our performance against predetermined success measures. | N/A | | | | |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | See Tab G4-LA1 | N/A | | | | |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | ING DIRECT does not differentiate benefits based on location. All benefits are applicable for full time and part time employees. | N/A | | | | |
| G4-LA3 | Return to work and retention rates after parental leave, by gender | See Tab G4-LA3 | N/A | | | | No |
| MATERIAL ASPECT: LABOR/MANAGEMENT RELATIONS | | | | | | | |
| G4-DMA | Disclosure of Management Approach | We consider human rights as fundamental and universal for our workforce. We uphold the rights proclaimed in the Universal Declaration of Human Rights and aim to respect human rights in all our global operations. We uphold freedom of association for all our employees and recognise the right to collective bargaining as laid down by International Labour Organisation convention Nos. 87 and 98. We aim to judge our employees only on their merit and skills and it is our policy not to discriminate in areas including social origin, gender, age, background, sexual orientation, physical ability and religious beliefs. We always aim to treat employees with respect and communicate with them fairly and transparently. How we consult employees depends on local legislation and culture. In some countries, employee consultation is a legal requirement. In many European countries, employee consultation is arranged via works councils. At Group level, we aim to encourage local employee participation in countries where employee consultation is not already formally established. Employees play a key role in delivering on our purpose and Customer Promise. We believe in empowering employees to develop themselves and the competencies they need to succeed. The labour market has become a global marketplace. With recruitment challenges in specific areas of expertise, we need to be able to tap cross-border markets to locate talent. In 2016 we implemented a global Employer Value Proposition to attract and hire the right employees. This will be implemented in 2016. Job rotation, international assignments and job swaps help us to optimise our talent management strategy and provide opportunities for staff to grow by being exposed to new challenges in different parts of our organisation. Employees are encouraged to apply for any position or training that fits their skill and experience profile. We make all opportunities available via our internal job site, giving qualified internal employees preference over external candidates. | | | | | |
| G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | a. Not Applicable b. Notice period and provisions for consultation and negotiation are not specified in collective agreements. | | The Standard Disclosure or part of the Standard Disclosure is not applicable | Notice period and provisions for consultation and negotiation are not specified in collective agreements. | | No |
| ASPECT: TRAINING AND EDUCATION | | | | | | | |
| G4-DMA | Disclosure of Management Approach | Employees play a key role in delivering on our purpose and Customer Promise. We believe in empowering employees to develop themselves and the competencies they need to succeed. We need our people to have the right skills so we can deliver on our business strategy, offer top-class customer service and make it possible for them to develop their full potential. We encourage employees to take the lead in their own personal and career development. We allocate a budget for employees for training, professional development and personal development. The effectiveness of our approach and strategy is assessed during the evaluation of our performance against predefined success measures. In addition, financial institutions face constant competition for skilled employees. The ability to attract and retain employees is increasingly important, particularly where innovation is critical to the business strategy. To respond to this, ING DIRECT provides opportunities for global mobility, professional development, an active wellbeing program, a global Innovation Bootcamp and has developed a specialist Human Resources team to ensure the business is attracting the right capabilities to deliver on its long term strategy. These strategies aim to position ING DIRECT as a top employer in order to attract the best talent to deliver the highest quality products and services for our customers. | | | | | |
| G4-LA9 | Average hours of training per year per employee by gender, and by employee category | We do not currently track hours of training per employee across the whole organisation | We do not currently track hours of training per employee across the whole organisation | The information is currently unavailable | We encourage employees to take the lead in their own personal and career development. We allocate a budget for employees for training, professional development and personal development however do not track hours of training completed. | | No |
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | a. We do not currently track details of training programs on an individual employee basis across the organisation b. Outplacement is offered to all redundancies. In 2016 there were 15 redundancies across the organisation. | N/A | | | | No |
| G4-LA11 | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category | See Tab G4-LA11 | N/A | | | | No |
| ASPECT: DIVERSITY AND EQUAL OPPORTUNITY | | | | | | | |
| G4-DMA | Disclosure of Management Approach | We aim to ensure that ING's employees are diverse and have equal career opportunities. We strive to create an inclusive corporate culture that welcomes, acknowledges, respects and benefits from each other's differences. Discrimination is against the law, which is reflected in ING's policies. At ING, we aim to accelerate the development of diversity, including in areas such as social origin, gender, age, background, sexual orientation, physical ability and religious beliefs. In particular, we aim to achieve an increase in the number of women in leadership positions. To keep diversity high on the agenda, early in 2016 ING Group published a Diversity Manifesto (see www.ing.com). This sets out clear standards and ensures all managers understand what we expect and require of them. | | | | | |
| G4-LA12 | Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity | See Tab G4-LA12 | N/A | | | | No |
| ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN | | | | | | | |
| G4-DMA | Disclosure of Management Approach | It is our intention to establish a responsible approach to the wages and benefits of employees and senior management. We strive for a sustainable balance between short-term and long-term value creation, building on our long-term responsibility towards our clients, society and all other stakeholders. The primary objective of our remuneration policy is to retain and recruit highly qualified employees and bring new talent into the organisation. In determining compensation, we consider scope of responsibilities, complexity, alignment of risk and rewards, legislation and the long-term objectives of the company. Besides remuneration, employees frequently cite culture, development opportunities and other benefits as factors influencing their decision to join or remain with ING. | | | | | |
| G4-LA13 | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation | See Tab G4-LA13 | N/A | | | | No |

| SUB-CATEGORY: PRODUCT RESPONSIBILITY | | | | | |
|--|---|---|-----|--|----|
| MATERIAL ASPECT: PRODUCT AND SERVICE LABELING | | | | | |
| G4-DMA | Disclosure of Management Approach | <p>A fair price for our products and services increases accessibility for our customers and is important for our competitiveness in the marketplace. ING DIRECT is Australia's most recommended bank and as such customer advocacy is integral to the growth of our business. Our customers and other stakeholders trust ING DIRECT to offer fair, straightforward and good value products and we must continue to earn this trust. As a bank, we are subject to a regulatory framework that focuses on structural measures to reduce systemic risk. This stricter regulation constrains our ability to allocate capital. We have increased the strength of our capital base to protect customers and contribute to a sustainable financial environment.</p> <p>At the same time, innovative business developments are also important to stakeholders. This is in line with our Customer Promise to "keep getting better". We aim to be a leader in transforming banking, staying at the forefront of digital developments. These activities require capital. We can increase profitability by raising prices or lowering interest rates paid on savings accounts, but reasonable pricing of our products and services is also very important both to us and our clients, as we know we must remain competitive. Balancing and reconciling these competing interests is an ongoing challenge.</p> <p>We believe banking should be about clear products, plain language, fair prices and simple processes. In 2015 we introduced tone of voice initiatives to simplify communications with retail customers. In support of our customer promise, we strive to communicate in a clear, easy and fair way. Fair communication is a material topic, especially for retail customers. Our corporate tone of voice guidelines reflect a brand personality that is clear and easy, empathetic, positive and no-nonsense. We held workshops to train employees in the new tone of voice. ING DIRECT monitors our Net Promoter Score monthly to better understand the level of customer satisfaction and advocacy. We use this data to inform allocation of resources within the business to best meet customer needs. For example, during 2016, customer feedback indicated dissatisfaction with ING DIRECT service levels on Mortgages. As a result of this feedback, ING DIRECT reallocated resources in order to improve service levels to mortgage customers.</p> | | | |
| G4-PR5 | Results of surveys measuring customer satisfaction | Net Promoter Score 16 (as at December 2016) | N/A | | No |
| MATERIAL ASPECT: CUSTOMER PRIVACY | | | | | |
| G4-DMA | Disclosure of Management Approach | <p>As a digital Bank with no branches, ING DIRECT's business is reliant on digital innovation & data security. Customer expectations, new technologies and new competitors are transforming the banking industry faster than anticipated. To address that, our stakeholders need us to increase the pace of innovation. Our customers and other stakeholders have an expectation that our digital systems will give them control over their finances and that their personal financial data is secure with us. Data privacy is a material topic for customers and other stakeholders. We are faced with the dilemma of customers expecting us to know their needs and preferences so that they are provided with an individual, tailored service, while at the same time they do not want their personal data used for anything without their explicit consent. A related dilemma concerns fair pricing: the more we know about a particular customer, the more fairly we can price a loan, for example. We are governed by binding Global Data Protection Policies (GDPPs) that ensure we comply not just with legal and regulatory requirements for data privacy but also take customers' wishes into consideration. ING DIRECT must comply with government regulators regarding the security of customer data or risk deregulation. ING DIRECT promotes an internal culture of innovation and also partners with external parties with specialised knowledge to accelerate the pace of innovation in order to respond to stakeholder expectations. Customers expect us to know their needs and preferences through the contacts we have and the data they provide us with. They trust us to store their data with the utmost care and safety. This trust is at the core of our relationship with our customers. We therefore comply not just with legal and regulatory requirements for data privacy but also take customers' wishes into consideration. We strive to be transparent about what we do with the personal data of customers, suppliers and business partners, and only to process personal data for specific business purposes. Our approach can be summarised as: the right people use the right data for the right purpose. If we would like to use a customer's data to provide personalised services and offers to them, we will always seek their consent. In such cases, the customer can withdraw their consent at any time. ING is continuously investing in its security organisation and systems in order to protect the data of customers. Global Data Protection Policies (GDPPs), which qualify as Binding Corporate Rules, have been adopted by all business units. In each business unit, a data protection executive (DPE) is responsible for maintaining GDPR compliance. Local data protection officers (DPOs) provide practical and technical support. We take a holistic approach to counter the complex and constant threat of cybercrime by combining prevention with detection and rapid response. Our CyberCrime Resilience Programme, implemented in 2014, has increased our resilience against e-fraud, advanced persistent threats and distributed denial-of-service (DDoS) attacks. The advanced analytics capabilities that we are developing to better understand and service customers also play a key role in combatting criminal activity. Pattern recognition and advanced algorithms help in predicting and detecting, and therefore preventing, fraudulent activity. Links: https://www.ing.com/About-us/ING-Values-1.htm https://www.ing.com/About-us/Compliance/FEC-Statement-Wolfsberg-Questionnaire.htm</p> <p>Data Security effectiveness is measured via tracking of the number of reported vulnerabilities that are remediated.</p> | | | |
| G4-PR8 | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data | <p>a.i) No complaints initiated from parties other than regulators, and substantiated by the organisation and reported to at least 1 regulatory body (i.e. FOS or the Privacy Commissioner) concerning breaches of customer privacy;</p> <p>a.ii) No complaints initiated from a regulator, and substantiated by the organisation concerning breaches of customer privacy;</p> <p>b. No identified leaks, thefts and losses of customer data that is reportable under regulatory standards (breach of the Privacy Act or Privacy principles)</p> | N/A | | No |
| SUB-CATEGORY: OWN INDICATORS | | | | | |
| MATERIAL ASPECT: SYSTEM AVAILABILITY | | | | | |
| | Disclosure of Management Approach | Material Issues https://www.ingdirect.com.au/about-us.html | | | |
| MATERIAL ASPECT: FINANCIAL EMPOWERMENT | | | | | |
| | Disclosure of Management Approach | Material Issues https://www.ingdirect.com.au/about-us.html | | | |