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 bank 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 revenue and are reassessing our product characteristics.

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:

- The direct economic value generated and distributed (EVG&D) is reported on an accrual basis. The components of the EVG&D is as follows:
  - Direct economic value generated:
    - Revenue $693 million including:
      - 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:
    - Operating costs $273 million
    - Employee wages and benefits $141.5 million
    - Payments to providers of capital $100 million
    - Payments to government $117.75 million
    - Community investments $473K
  - Economic value retained (calculated as ‘Direct economic value generated’ less ‘Economic value distributed’)

Profit at country level in 2016 was $295 million.
Disclosure of Management Approach

Our activities impact the environment. This includes the direct impact we have from the operations of our buildings, IT systems and 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 adopt 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.

DIRECT GHG EMISSIONS

- See Tab G4-EN15

ENERGY INDIRECT GHG EMISSIONS

- See Tab G4-EN15

OTHER INDIRECT GHG EMISSIONS

- See Tab G4-EN15

Disclosure of Management Approach

Material Issues


Total environmental protection expenditures and investments by type

Our systems at this time do not provide us with the capability to categorise expenditure based on environmental protection.

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.
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 do not currently track hours of training per employee across the whole organisation.

We encourage employees to take their lead in their own personal and career development. We allocate budget for employees who want to develop their skills. We also provide career planning, professional development and personal development. We do not track hours of training.

95% of our employees engage in performance management. In 2016, 15% of our employees were engaged in performance management in order to support business performance and the wellbeing of our employees. We have developed our advanced analytics and big data capabilities. Advanced analytics techniques help 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 their human capital investments. We have implemented a global Employer Value Proposition to attract and retain 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 the following indicators of diversity:

- Composition of governance bodies and breakdown of employee category by age group and gender composition
- Percentage of employees receiving regular performance management reviews
- Notice period and provisions for consultation and negotiation
- The information is currently unavailable.

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Disclosure of Management Approach

For ING DIRECT, it is critical to provide our customers with a fair price for our products and services. Hence, our commitment to protect and enhance customer experience 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 services. We have continued to review these trust. At the same time, innovative business developments are also important to stakeholders. We aim to keep our customers happy through a clear, easy-to-use service communication is essential to our success. 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 fraud, advanced persistent threats and distributed denial of service (DDoS) attacks. The advanced analytics capabilities that we have developed can better understand and service customers while also providing analysis and predictive and prescriptive analytics that are often required by stakeholders. To address this feedback, ING DIRECT, on behalf of all customers who consent to receive communications with respect to their personal data, AND PURPOSE.

For ING DIRECT, the banking industry’s transformation is an ongoing challenge. We believe banking should be about clear products, clear language, fair prices and simple processes. In 2015, we introduced a series of value initiatives to simplify communications with retail customers. In support of this goal, we have entered into a strategic partnership with a third-party provider to enhance the customer experience. We take a holistic approach to counter the complex and constant threat of cybercrime by combining prevention with detection and response. Our Cybercrime Resilience Programme, implemented in 2014, has increased our resilience against fraud, advanced persistent threats and distributed denial of service (DDoS) attacks. The advanced analytics capabilities that we have developed can better understand and service customers while also providing analysis and predictive and prescriptive analytics. 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 organization 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. Each business unit, data protection executive (DPE) is responsible for maintaining GDPP 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 fraud, advanced persistent threats and distributed denial of service (DDoS) attacks. 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