

ING IN SOCIETY 2001



# ING

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ING GROUP

217687



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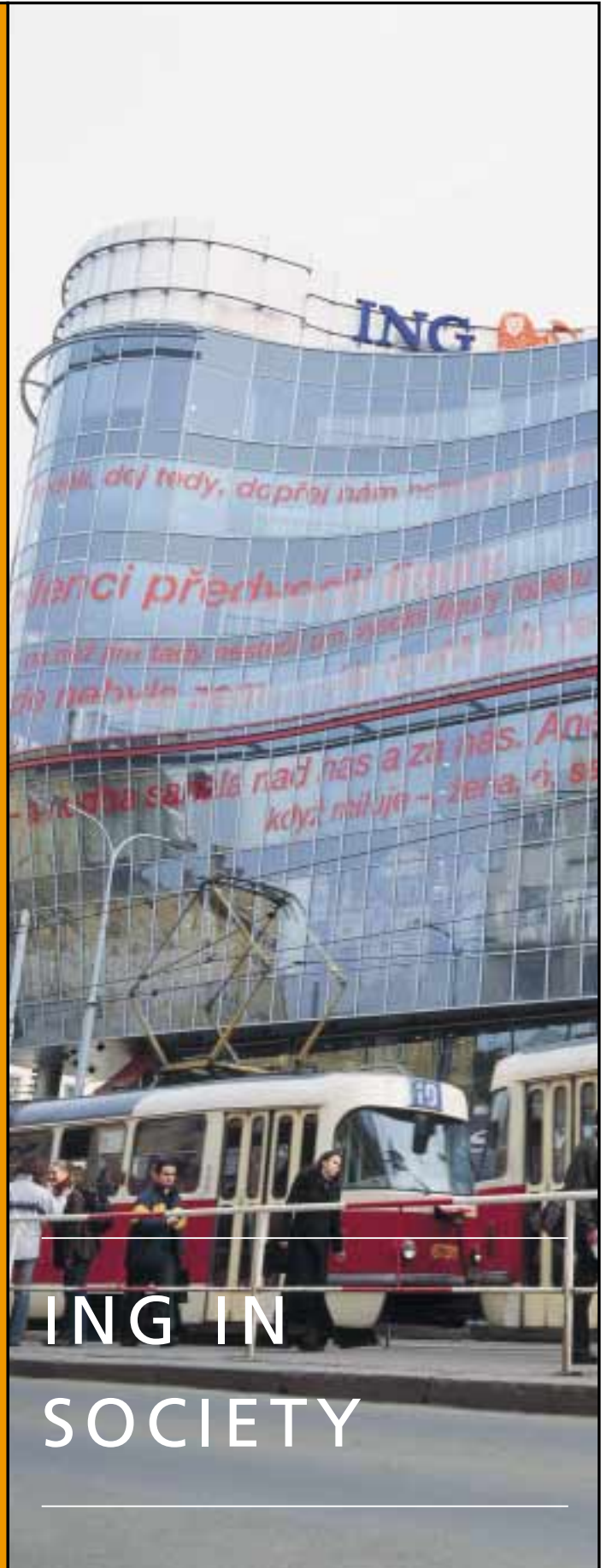
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# ABOUT THIS REPORT

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## STAKEHOLDERS

With the ING in Society report 2001 we want to report on our activities to our stakeholders. All people interested in, dependent on, connected to and affected by ING, can be seen as stakeholders. ING distinguishes four key stakeholder groups: clients, employees, shareholders and society at large. We chose to address these groups separately.

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## SCOPE

The report has a worldwide scope, which means all ING's activities, spread over 65 countries, are included. Where ING's Annual Report covers the financial accountability, the ING in Society report covers the social, environmental and economic aspects of ING's activities. When the coverage of specific information is restricted to one business unit, country or other part of ING, this is explicitly mentioned.

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## FOCUS

Where last year's ING in Society report included a broad range of issues, this year's report is focused on specific issues. We aim to find the balance between providing a complete overview of our activities related to corporate social responsibility and paying attention to the important issues for ING and its stakeholders in the coming years. These issues include Integrity, Socially Responsible Investment, Diversity, our Relationship with local communities, Environmental management and Risk management. Central throughout this report are the ING Business Principles which guide our employees around the world in their daily work.

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## INFORMATION

The information given in this report is gathered from many sources within ING. Early in 2002 a questionnaire was sent to all ING business units worldwide, which covered qualitative and quantitative information. The percentages mentioned throughout the chapters are based on the number of people employed by the business units that have responded. The overall response covers 80% of ING's 113,000 employees and includes ING's 25 core countries with the exception of Germany, Hungary, Argentina, Brazil and China.

In total 66 business units returned the questionnaire, but not all respondents answered all the questions. The percentages given in the report are based on the percentage of the respondents who answered each specific question, and therefore the coverage varies between 75% and 100%. In this context, the percentages mentioned in this report must be seen as indications. Next year ING will try to improve the quality and the coverage of the data.

Additional information was traced through interviews and existing information like policy papers, ING newsletters, written speeches and internal reports. Also an external ING press overview was used. KPMG carried out verification procedures on the information in this report and their verification statement can be found on page 49.

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## GUIDELINES

ING's reporting on corporate social responsibility is a developing process, in which we use existing guidelines, frameworks and best practice examples. We strive to align the Sustainability Reporting Guidelines of the Global Reporting Initiative with our own vision and approach in structuring our report.

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## READER'S GUIDE

The report is, next to the stakeholders, structured around the ING Business Principles. They are a vital part of our organisation, giving shape to our policies and activities. Thus, they are used as a reference and central theme throughout this report.

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## WE WELCOME YOUR VIEWS

To help us further develop and improve our reporting practices, we welcome all feedback and suggestions. They can be put forward through our ING in Society webpage on [www.ing.com](http://www.ing.com), or by mail.

The ING in Society Report is also available in electronic format via the internet. Also with the publication of this report a new web page about ING in Society is launched. You can find this page on [www.ing.com](http://www.ing.com) under the ING in Society button.

# MESSAGE FROM THE CHAIRMAN

*Dear stakeholder!*

I am pleased to present to you the 7th ING report on social and environmental issues and the second under the name ING in Society. Turbulent is the word that characterises the year 2001. After many years of strong growth, the terrorist attacks on New York and Washington on September 11 not only added to the economic downturn, but also shook the world socially and politically. ING was also affected, mainly through reinsurance claims compensating the victims of this disaster.

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## SEARCH FOR STABILITY AND TRUST

People all over the world were deeply shocked by the September 11 events. In this environment, people are puzzled and uncertain. They look for stability and trust. That is why there is an increased focus all over the world on responsible entrepreneurship and transparency. I also clearly noticed this when I attended the annual meeting of the World Economic Forum in New York in February 2002. Being together with CEOs from many countries and cultures, I was impressed by the spirit and leadership they showed to address these global issues in a responsible way. The fact that many companies, including ING, signed the CEO statement for Corporate Citizenship underscored my belief that businesses acknowledge that they have an important role to play in creating economic growth and welfare in communities across the globe. It confirmed my long-standing idea that the process towards more sustainable ways of doing business will continue, even in times when business slows down. People want to know whether the money they save or invest will be safe and generate a good return when they need it many years later. ING and its predecessor companies have felt this responsibility for decades. Actually, since their inception over 150 years ago. However, there is still a lot of work to be done. We aim to be a pioneer and leader in this respect.

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## BALANCING THE INTERESTS OF ALL STAKEHOLDERS

ING has many groups of stakeholders, each with their own interests and priorities. As a worldwide financial services provider, we seek to

balance the interests of our four main stakeholder groups: our clients, our shareholders, our employees and the society we live and work in. To underline our commitment to an equitable treatment of each of these groups, we have broadened our mission statement: ING seeks to deliver added value, not only to our shareholders, but to all stakeholder groups. We are convinced that reaching an optimal balance between the interests of all stakeholders will also benefit all individual stakeholders. With this policy we have achieved a stable annual average profit increase of 13-14% over the past 11 years.

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## RESPONDING TO CHANGING REQUIREMENTS OF OUR STAKEHOLDERS

The requirements of our stakeholders are not static. They evolve with social and economic trends. Our clients want to be free to choose between various options and, most of all, they want value for money. Our shareholder base is becoming more and more international, creating a very diverse group. These capital providers request up-to-date corporate governance. Our employees want to work for a company with a clear vision. A company that fulfils a useful social function, where diversity is warranted and, for example, women have equal opportunities to reach the top. A company that strives for a good balance between work and private life. Society expects responsible behaviour from businesses and their leaders. There is a clear need for public-private partnership in fields such as pension reform, infrastructure and the development of stock markets. We are aware of these changing requirements, we listen to them and we want to respond to them by developing new policies along with our stakeholders.

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## BUILDING PARTNERSHIPS

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ING aims to be an active and responsible business partner in all the communities it operates in. This is not a new policy, but has been a tradition for many years. Apart from building good relationships with our clients and shareholders, our people foster partnerships with a variety of social, environmental and cultural organisations at local, national and international levels. In 2001, ING Group worked together with several universities such as the Universities of Amsterdam and Louvain to accumulate knowledge in the field of the (underdeveloped) measurement of sustainable performance. One of the Group's priorities in the coming years is to create more of these partnerships to improve our performance in this field of corporate social responsibility.

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## GLOBAL BRAND UNDERLINES COMMITMENT TO BUSINESS PRINCIPLES

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As ING makes the transformation to one global brand, the visibility and recognition of the ING name will increase. This has important implications for our clients and staff around the world. All our employees must be aware that their actions in their local markets can impact the worldwide reputation of ING. That is why we have to do our best to maintain the confidence of our clients and demonstrate all our companies work according to the high standards, formulated in our Business Principles, which apply to the Group as a whole.

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## INTERNATIONAL CO-OPERATION

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The discussion about the pros and cons of globalisation is continuing. Many international forums, governments, civil societies and businesses address the global effects of issues such as the internationalisation of trade, poverty, global warming and biodiversity. Although ING has only limited possibilities to help solving these issues, we want to contribute to this debate and do what we can within the international business community. Thus, ING became a member of the World Business Council of Sustainable Development, the World Economic Forum and other organisations.

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## OUTLOOK

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The path to sustainable business is clearly an important issue for businesses in this new decade. Although not always clearly defined, it is certain that corporate responsibility and sustainability will add extra criteria to the financial decision processes. For a financial institution like ING, with more than 110,000 employees and over 50 million customers in 65 countries, this is a learning process. The challenge for the future lies in delivering a good performance, while acting in a socially responsible way, without compromising our company values and principles. Sustainable entrepreneurship will be a vital part of the way we do business. For the years ahead, we will focus on further defining and implementing sustainable policies, harmonising and improving our reporting and information systems and continuing the dialogue with our stakeholders. Therefore, your reactions, comments and suggestions continue to be much appreciated.



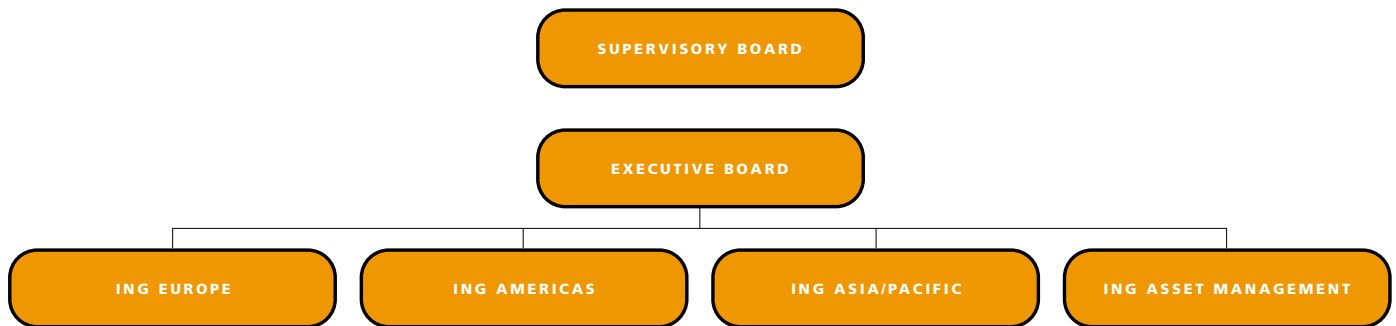
**EWALD KIST,**

*Chairman of the Executive Board*



**CHAIRMAN EWALD KIST**

## STRUCTURE



## COMPOSITION OF THE BOARDS as of 18 April 2002

### SUPERVISORY BOARD

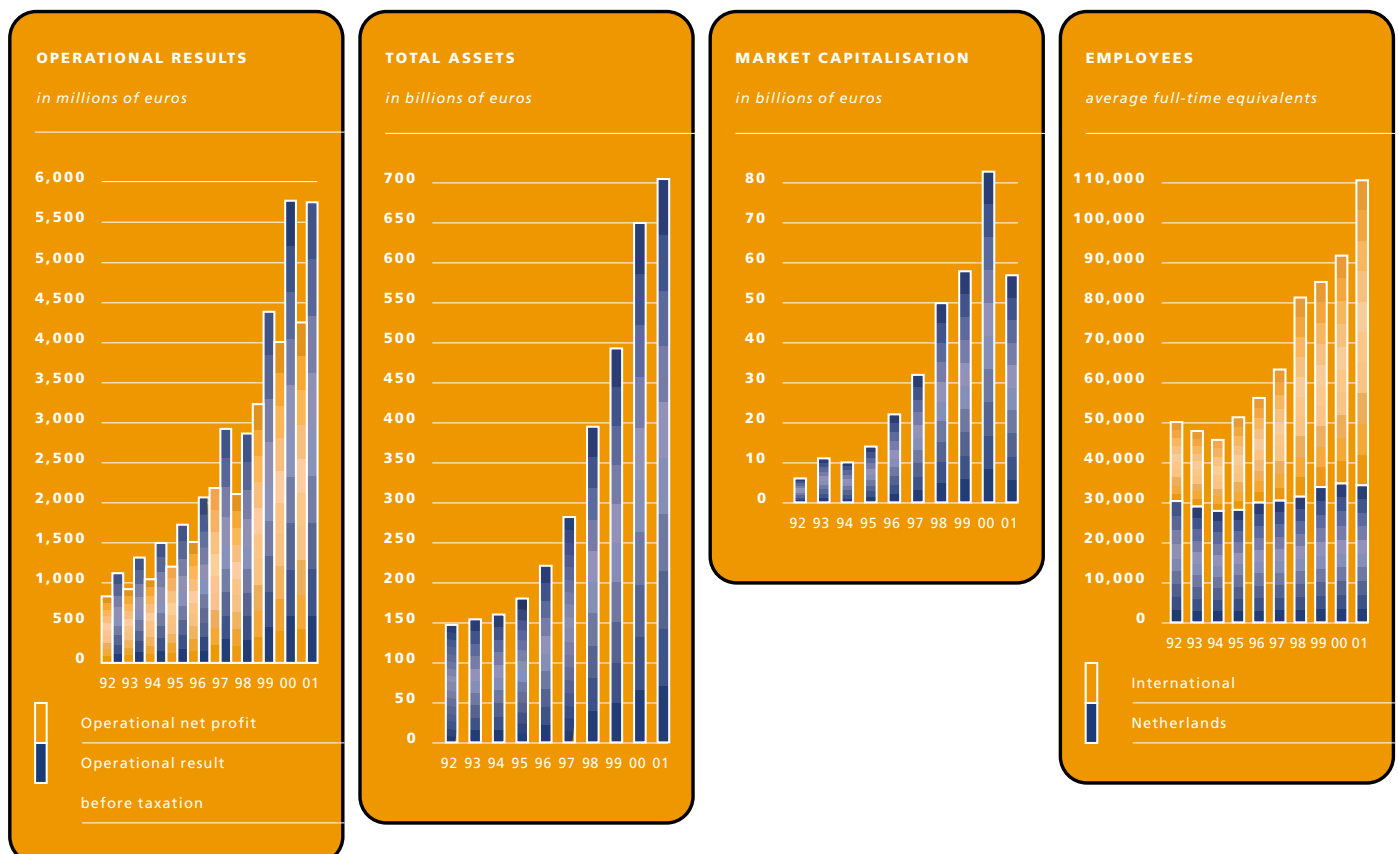
Cor Herkströter (64) *Chairman*  
 Mijndert Ververs (69) *Vice-Chairman*  
 Lutgart van den Berghe (50)  
 Luella Gross Goldberg (65)  
 Paul van der Heijden (52)  
 Aad Jacobs (65)

Godfried van der Lugt (62)  
 Paul Baron de Meester (67)  
 Johan Stekelenburg (60)  
 Hans Tietmeyer (70)  
 Jan Timmer (69)  
 Karel Vuursteen (61)

### EXECUTIVE BOARD

Ewald Kist (58) *Chairman*  
 Michel Tilmant (49) *Vice-Chairman*  
 Fred Hubbell (50)  
 Hessel Lindenberg (58)  
 Cees Maas (54) *Chief Financial Officer*  
 Alexander Rinnooy Kan (52)

## KEY FIGURES



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## ING BUSINESS PRINCIPLES

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### 1. PERSONAL CONDUCT

ING expects the highest levels of personal conduct by all its employees, whatever their position. It is acknowledged that all effective business relationships, inside as well as outside the Group, depend upon honesty, integrity and fairness.

While it is recognised that limited corporate hospitality is given and received as part of building normal business relationships, employees should avoid accepting hospitality or gifts which might appear to place them under an obligation. Bribery of any form is unacceptable. No undeclared offers or payments will be accepted or solicited by ING employees, or made by ING employees to third parties, and employees are required to avoid any contacts that might lead to, or suggest, a conflict of interest between their personal activities and the business of the Group.

ING expects all its employees to respect the rule of law and abide by appropriate regulations. Furthermore, ING employees are expected to avoid doing business with any individual, company or institution if that business is connected with activities which are illegal or which could be regarded as unethical.

All employees are expected to handle information with care. In particular, the confidentiality of all data processing should be safeguarded. Proper and complete records must be made of all transactions on behalf of ING.

ING employees may not enter into – and should avoid the appearance of engaging in – private transactions based upon insider trading.

### 2. EMPLOYEE RELATIONS

Relationships with employees in all parts of ING are based upon respect for the individual. The Group aims to provide all its employees with safe conditions of work, and competitive terms of employment. ING is committed to equal opportunities and the avoidance of discrimination. Sexual or racial harassment is unacceptable. Personal career development will be encouraged through progressive personnel and training arrangements.

### 3. ENVIRONMENT

ING recognises that certain resources are finite and must be used responsibly. Therefore it pursues a two-pronged, internal and external, approach designed to promote environmental protection. Its external policy is aimed at anticipating developments in the environmental field related to commercial services, and the professional management of environmental risks. Internally, the policy is aimed at controlling any environmental burdens caused by ING itself.

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#### 4. INTERNATIONAL OPERATIONS

As an international financial services provider, ING operates within the context of foreign laws and regulations, and with corporate and private customers from a range of backgrounds and cultures. It is important, therefore, that ING respects diverse cultures, while maintaining adherence to these Business Principles.

ING is committed to respecting the rule of law. The prime consideration is that ING is a commercial organisation and its activities are therefore business-orientated. ING does not intervene in political or party political matters. Nor does it make gifts or donations to political parties. However, within the legitimate role of business ING reserves the right – after careful consideration – to speak out on matters that may affect its employees, shareholders or customers.

#### 5. COMMUNICATIONS

Within the bounds of commercial confidentiality, ING places the greatest importance on open and transparent communications with its customers, employees and shareholders, as well as society at large.

#### 6. COMMUNITY RELATIONS

Wherever ING operates, it recognises that good relations with its local communities are fundamental to its long-term success. The Group's community relations policy is founded upon mutual respect and active partnership, aimed at sustaining lasting and trusting relationships between the Group's operations and local communities.

Cultural, sport and environmental activities are a central part of ING's community relations policy, and individual employees are encouraged to play a positive role in community activities.

#### 7. ECONOMIC POLICY

As a commercial organisation, ING believes that it must provide an adequate return for its shareholders. It supports a market economy as the most effective means of achieving the best returns for its customers, investors and employees, as well as for the countries and territories where it operates. Criteria for credit and investment decisions are primarily economic and, while respecting the wishes of clients, also take into account a range of social and environmental considerations.

#### 8. COMPETITION

ING recognises the many benefits of a competitive environment. However, the best markets flourish only within an ethical framework, and no one in ING is permitted to disparage a competitor, or to use unethical means to obtain any advantage for ING.

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**MISSION**

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ING's mission is to be a leading, global, client-focused, innovative and low-cost provider of financial services through the distribution channels of the client's preference in markets where ING can create value.

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**PROFILE**

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ING Group is a global financial institution of Dutch origin offering banking, insurance and asset management to over 50 million private, corporate and institutional clients in 65 countries. With a diverse workforce of over 110,000 people, ING comprises a broad spectrum of prominent companies that increasingly serve their clients under the ING brand.

Key to ING is its distribution philosophy: 'click-call-face'. This is a flexible mix of internet, call centres, intermediaries and branches with which ING can fully deliver what today's clients expect: unlimited access, maximum convenience, immediate and accurate execution, personal advice, tailor-made solutions and competitive rates.

ING's strategy is to achieve stable growth while maintaining healthy profitability. The Group's financial strength, its broad range of products and services, the wide diversity of its profit sources and the good spread of risks form the basis for ING's continuity and growth potential. More than 70% of ING's shares are held by investors outside the Netherlands.

ING seeks a careful balance between the interests of its stakeholders: its customers, shareholders, employees and society at large. It expects all its employees to act in accordance with the Group's Business Principles. These principles are based on ING's core values: responsiveness to the needs of customers, entrepreneurship, professionalism, teamwork and integrity.

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**EXECUTIVE CENTRES**

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**ING EUROPE**

ING is one of the leading financial institutions in Europe, delivering banking, insurance and asset management services to retail, corporate and institutional clients via a multi-distribution approach. The core countries in Western Europe are the Netherlands, Belgium, Luxembourg, Germany, France, Switzerland and the United Kingdom; Italy, Spain and Greece in South Europe, as well as Poland, the Czech Republic and Hungary in Central Europe. The responsibility for the global ING Direct formula, private banking and the global wholesale banking activities also lies with ING Europe.

**ING AMERICAS**

North America has always been one of ING's most important international markets. ING is concentrating on selling life insurance, pension and investment products. After the acquisition of Equitable of Iowa in 1997 and ReliaStar and Aetna Financial Services in 2000, ING became one of the top-5 life insurers in the US. In Canada, ING is the largest non-life insurer. The privatisation of the pension system in various Latin American countries offers new opportunities for ING. The core countries are the United States, Canada, Mexico, Argentina, Brazil and Chile.

**ING ASIA/PACIFIC**

ING was the first European company to start a life insurance company in Japan, Taiwan and South Korea. Meanwhile, the ING companies have built up good market positions in these countries, further strengthened by the acquisition of Aetna International in 2000. In Australia ING enjoys a strong position in life insurance, non-life insurance and mutual funds. Banking products for the retail and small and medium-sized enterprises have been added over the years. The core countries are Australia, China, Japan, Korea, Malaysia and Taiwan.

**ING ASSET MANAGEMENT**

Asset management is ING's third core activity, alongside insurance and banking. The activities, which are organised on a worldwide basis, comprise the asset management of ING's insurance companies, the management of ING's mutual funds, asset and relationship management for institutional investors, real estate, private equity and venture capital activities. The business units of ING Asset Management are ING Investment Management, Baring Asset Management, ING Real Estate, Parcom Ventures, Baring Private Equity Partners, ING Aeltus and ING Trust.

# ING'S VIEW ON CORPORATE SOCIAL RESPONSIBILITY

Financial institutions play a central role in business and society. ING aims to fulfil this role in a responsible manner. Within the limits and opportunities of its function as a financial services provider, ING wants to stimulate its stakeholders in different ways towards sustainable development.

## BUSINESS PRINCIPLE: INTERNATIONAL OPERATIONS

*... As an international financial services provider, ING operates within the context of foreign laws and regulations and with corporate and private customers from a range of backgrounds and cultures. It is important, therefore, that ING respects diverse cultures, while maintaining adherence to the Business Principles ...*

## THE ROLE OF ING IN SOCIETY

ING wants to make an active contribution to sustainable development by designing and offering sustainable products, such as sustainable/ethical investment funds. This allows ING to reach both its institutional and private clients. Compared to ten or fifteen years ago, ING sees an important difference in the attention clients pay to socially responsible business practices and sustainable development.

## SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Sustainable development and corporate social responsibility are terms that can be defined in many different ways. ING is using the following internationally recognised terminology: sustainable development is 'a dynamic process which enables all people to realise their potential and to improve their quality of life in ways which simultaneously protect the Earth's life support systems'. Sustainability is the final goal of this process. Companies can make a contribution to sustainable development through corporate social responsibility. This means 'open and transparent business practices that are based on ethical values and respect for all stakeholders.'

ING stimulates parties that actively fulfil their social role as a business, and which contribute, directly or indirectly, to stimulating sustainable development, for instance by investing in sustainable energy generation or assisting in the development of emerging markets.

By deterring those lagging behind and stimulating those at the forefront, ING wants to make a contribution to the further shift in the direction of sustainable entrepreneurship. This means, in addition to financial criteria, that ING takes social and environmental criteria into consideration in dealing with clients and partners. This could even imply that, based on these criteria, ING may discontinue a transaction, an investment or a relationship with a client.

ING also has a role in encouraging the development and exchange of knowledge in the field of sustainable development. Examples of this include funding academic chairs, taking part in research projects, providing advice to public authorities in the field of social security and teaching school children about finances.

## CORE VALUES AND BUSINESS PRINCIPLES

To fulfil ING's role in society, all its employees need to actively put corporate social responsibility into practice. For this reason, ING has developed core values and Business Principles,



**SIR GEOFFREY CHANDLER, FOUNDER-CHAIR AMNESTY INTERNATIONAL UK BUSINESS GROUP 1991-2001 AND FORMER SENIOR EXECUTIVE ROYAL DUTCH/SHELL GROUP, LONDON**

“ING’s recognition of the company’s responsibility for the human rights impact of its operations is greatly to be welcomed. It will now require implementation in practice through the application of detailed human rights principles to all its operations, its loans and investments. It will also require, in today’s sceptical

world which is unwilling to rely simply on corporate statements of intent, disclosure and reporting of that application. ING has embarked on a challenging but necessary path which will be vital to its reputation in the 21st century.”

which are endorsed by all ING staff members. ING’s core values include responsiveness, entrepreneurship, professionalism, teamwork and integrity. The Business Principles were established in 1999. The core values and the Business Principles work as a framework for all ING companies, all employees in all cultures and for all aspects of business practice, providing sufficient room for specific local and cultural differences.

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#### THE ROLE OF STAKEHOLDERS

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We value the opinion of our stakeholders in the way we apply our values and business principles in practice. Our main stakeholders are our clients, our shareholders and our employees. Society as a whole is also an important stakeholder, which is represented by parties such as government bodies, non-governmental organisations and the local communities in which ING operates.

ING recognises the diversity of these stakeholders and involves the various parties in its vision, policy and product development. We are

convinced that finding an optimal balance in responding to the interests of all stakeholders will benefit each individual stakeholder.

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#### BUSINESS PRINCIPLE: COMMUNICATIONS

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*... Within the bounds of commercial confidentiality, ING places the greatest importance on open and transparent communications with its customers, shareholders and employees as well as society at large ...*

To demonstrate the principle that ING gives priority to providing added value to all its stakeholders, the company’s mission statement was modified in 2001. Our mission is to add value to *all* stakeholders. For ING, this also means: making a contribution to sustainable development through socially responsible business practices.

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#### ACCOUNTABILITY AND TRANSPARENCY

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ING wishes to clearly present the role it plays in society and account for this to all its stake-

holders. ING does this by means of a dialogue with these parties as well as through diverse forms of communication, including this report. ING continues to expand the dialogue with its stakeholders, for instance by the new web page on ING in Society ([www.ing.com](http://www.ing.com)). This is in line

#### REVIEW OF THE ING BUSINESS PRINCIPLES

ING has gained several years of experience with the implementation and functioning of the Business Principles. Based on this experience and having learnt from new experiences, dilemmas and opportunities in the field of sustainable development, ING concluded at the end of 2001 that the Business Principles needed to be updated according to the latest developments and insights. Two issues were not yet fully addressed in the Business Principles: Sustainability and Human Rights. By incorporating sustainability in our Business Principles it will be clear to everyone that it is part of our companies' philosophy to do business in a responsible way. We will also start discussions about adding a Business Principle on Human Rights in 2002. This will include a consultation process with internal and external parties.

with ING's business vision: building up sustainable relationships with stakeholders based on mutual trust. This is a continuous process. The norms and standards of today will not necessarily be the norms and standards of tomorrow. This requires a constant dialogue with our stakeholders. In addition to external transparency, it is essential to involve our employees in focusing on results and best practices with regard to sustainable development.

ING realises that communicating its commitment to corporate social responsibility alone is not enough. This commitment has to become part of the daily practices for all ING's business units worldwide in a steady, continuous process. In the coming years, much attention will be paid to improve internal and external information provision, along with measurement and registration systems.



**JOHN DRUMMOND, DIRECTOR INTEGRITY WORKS, EDINBURGH**

“ING communicated its Business Principles across the Group so successfully that its approach has since been copied by other leading companies. In addition, ING has kept the scope of its Business Principles under constant review and, as a result, plans to add a Human Rights principle to its Statement. However,

ING's challenge is that this enviable record needs to be matched by a similar commitment to compliance. This is essential to ensure actions are in line with rhetoric, thus avoiding exposure to unacceptable levels of reputational risk.”

# MEETING CLIENT EXPECTATIONS

ING has more than 50 million clients. They form the basis for our existence, which is why client focus is one of the core values at ING. ING's Client Relationship Management systems, its click-call-face strategy and the shift to one global ING brand all support this customer-centric approach. At the same time, ING wants to maintain the highest standards of integrity towards its clients and respect to client data and privacy. Client satisfaction is actively monitored. ING aims to address the individual concerns of its clients and also regards addressing more general concerns like accessibility of services and social exclusion as part of its responsibility. Furthermore, ING stimulates its customers to use sustainable products and services by developing products such as its Social Responsible Investment funds.

## CLIENT FOCUS

Client relationship management (CRM) has been defined as one of the key areas where the client can be served best. CRM creates a complete picture of the customer, allowing us to tailor products to clearly identified customer needs at the appropriate time. The already available customer data can help ING present 'one face' to the customer across business lines and distribution channels.

## CLICK-CALL-FACE

ING has opted for the click-call-face approach to serve clients through the distribution channel of their choice. They often prefer the Internet (click)

or the telephone (call) for basic products as a travel insurance or a savings deposit, while they seek professional, personal advice (face) for more complex products such as a mortgage or a pension plan.

## STIMULATING CLIENT FOCUS

ING keeps abreast of new developments and opportunities to be able to offer products and services clients want. An incentive to stimulate ING staff to develop products tailored to the needs of the clients is the ING Customer Focus Award. Its aim is to inspire staff to exchange and share innovative ideas. Submissions for the award are published on the Intranet, making ideas and projects available for application within the entire Group.



**HESSEL LINDENBERGH**  
**ING EXECUTIVE BOARD**

In the last years, our wholesale clients increasingly ask for information about our social and environmental policies. I also see that many companies we do business with adopt sustainable policies and show their responsibility towards society.

## BUSINESS PRINCIPLE: PERSONAL CONDUCT

*... All employees are expected to handle information with care. In particular, the confidentiality of all data processing should be safeguarded. Proper and complete records must be made of all transactions on behalf of ING...*

**TELEPERFORMANCE PRIZE FOR ING DIRECT CANADA**

ING Direct Canada has been honoured with the Teleperformance 2001 International Grand Prix Diamond Award for Outstanding Customer Service. Out of a maximum score of 20, ING Direct scored 19.9 on e-mail (compared to a Financial Services average of 10.2) and 19.5 on telephone (compared to a Financial Services average of 16.8) for an overall Multimedia Score of 19.6, being number one in Canada.

**ING ANTAI IN TAIWAN AGAIN THE 'MOST ADMIRABLE INSURANCE COMPANY' IN 2001**

In the annual survey about the reputation of the best 1,000 companies in Taiwan, ING Antai won the prize for the 'most admired insurance company' for the fourth consecutive year. The survey is funded and published by Common Wealth Magazine, a leading business magazine with more than 100,000 readers in Taiwan.

**INTEGRITY AND CONFIDENTIALITY**

In addition to providing high quality products and services, ING wants to build relationships that are based on trust. ING is committed to integrity and high ethical standards of conduct. Our internal regulations and Business Principles set the standard for integrity in the contacts with our customers.

In sharing client information, ING wants to make sure that it respects the privacy of clients and conforms with local regulations regarding client data. In the Netherlands, for instance, the direct marketing organisation of Postbank, a retail bank with 7 million account holders, works closely together with the tied agency organisation of insurer RVS. Postbank approached some of its clients to find out whether they are interested to be contacted by an RVS intermediary. In Belgium, in line with the integration of the insurance operations and the conversion of the Belgian operations to the ING brand, clients were informed about the closer co-operation and given an outline of the benefits of this co-operation for them. Clients were asked if they would object that their data would be shared with other ING units in Belgium.

**OMBUDSSERVICE IN BELGIUM**

De Vaderlandsche, a Belgian insurance company, established the Ombudsservice in 2001. All brokers doing business with de Vaderlandsche can contact this person if they have complaints or comments about the service level.

**MONITORING CLIENT SATISFACTION**

ING regularly monitors whether clients are satisfied with the services delivered. By requesting feedback and by involving clients in product development, ING wants to ensure the best possible response to clients' wishes. An internal questionnaire showed that 65% of the respondents monitors client satisfaction by using client surveys, 46% uses interviews and 39% uses client panels, depending on the type of clients. Different instruments are used at the same time. Of the respondents, around 10% did not measure client satisfaction in 2001, because they have no direct relation with clients, conduct it every two years, or just started business. However, of this group approximately 80% planned to develop instruments in the near future. Some ING business units, including Postbank in the Netherlands and ING Direct, pay much attention to client satisfaction. As part of the move toward one global brand, extensive research has been done to measure the reputation of ING among its clients.

One of the parameters for client satisfaction is the average duration of the relationship of a business unit with its clients. An internal survey conducted in 2001 showed that approximately 70% of ING's companies have an average client relationship of less than 10 years and about 30% have relationships longer than 10 years. The average duration turned out to be 11 years. With 73 years, ING Bank Romania reported the longest client relationship.

**TAKING CARE OF COMPLAINTS**

Business units not only monitor client satisfaction, but they also receive feedback from their clients on their products and services in the form of questions, comments and complaints. By nature of their business, the operations of ING Direct and Postbank are in frequent contact with their clients via call centres, e-mail, regular mail and internet cafés. Questions, complaints, as well as compliments are received from existing and potential clients via these channels. The nature of

these client questions/complaints varies greatly and depends on the type of product. The direct contact with clients offers good insight into the needs and satisfaction of clients.

ING aims to solve a complaint quickly and adequately in consultation with the client concerned. If a claim cannot be settled in mutual agreement we will show the various alternatives to settle (e.g. Ombudsman, industry dispute committees, court). The business units use various instruments to monitor complaints. Data on total number and settlement of complaints are not registered centrally within ING, but by the separate business units. The different registration systems within the business units make it difficult to provide reliable data. For the coming years, ING will improve its reporting on the way complaints are handled by the business units.

#### ACCESSIBILITY OF FINANCIAL SERVICES

More and more people conduct their banking business via the Internet or via special computer software introduced by banks for their clients. In addition to the computer, banking is also possible via mobile phones. A visit to a branch office of a bank is no longer required for withdrawing money because of the 24-hour accessibility of automatic teller machines (ATMs). Partly as a result of these developments, more and more banks are taking a critical look at the size of their branch network. Operating a branch office is expensive because of the staffing,

accommodation and security costs. For ING, these developments particularly affect the activities of its branch network in the Netherlands and in Belgium.

Many people do not like or find it difficult to deal with electronic services. Besides, people sometimes feel unsafe withdrawing money in the street. This has led to a public discussion in the Netherlands about the accessibility of banking services. In mid-2001, Dutch pressure groups for elderly and disabled people held a national information day about the service and PIN policy of banks. In response, the Netherlands Bankers' Association (NVB) published a report in 2002 with recommendations concerning minimum criteria for the accessibility of funds transfer services.

#### SERVICE FOR ELDERLY AND DISABLED PEOPLE

For elderly and disabled people who no longer have access to a cashier service, ING Bank offers supervision to learn how to use PIN services. A pilot project has also been set up with ING Bank Bestelservice (order service). This is an experiment, where clients have their money delivered at home by mailing service. This service is specifically aimed at people who are unable to use electronic cash points. In addition, ING Bank ensures that its branches remain easily accessible for elderly and disabled people. There are special parking facilities, and cashpoints have a ramp for wheelchair access, where required. For people who have problems remembering their

#### FINANCIAL SERVICES FOR TURKISH PEOPLE IN THE NETHERLANDS

RVS, a Dutch insurance company of ING, launched a website in the Turkish language in November 2001. This has lowered the threshold for Turkish people to obtain financial information. Turkish clients can use their own language to make an appointment via e-mail to see a Turkish RVS advisor, request brochures and ask questions online. Issues are also dealt with from their own cultural angle: for Turkish people, the issue of pensions is not approached from an 'early retirement' perspective, but from a 'return to Turkey' perspective. Thus, Turkish clients can obtain information about how to organise their financial affairs if they wish to return to Turkey in the future.

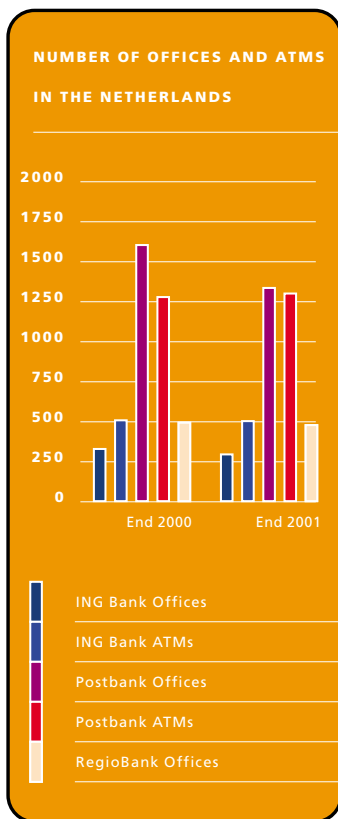


**MICHEL TILMANT**

#### ING EXECUTIVE BOARD

As a financial services provider our commitment to integrity is fundamental. In the financial sector trust is what it is all about.





**NO EXCLUSION OF PROSTITUTES**

Last year, De Rode Draad, a pressure group for prostitutes in the Netherlands, reported ING to the Equal Opportunities Commission for refusing to provide loans to people and companies working in the sex industry. Pursuant to its policy, ING had not done any business with the sex industry up to that point. However, following the introduction of new legislation legalising prostitution in October 2000, a new situation was created in the Netherlands. The case was settled, because ING concluded to adapt its policy concerning loans to sex businesses based in the Netherlands. If the operations are legal, there is no reason for categorically excluding this sector from financial services.

personal identification number Postbank offers PIN exemption. Cards are issued with a special service or teller pass without a PIN, which they can use for withdrawing money.

**BRANCH NETWORK**

Another point is accessibility with respect to distance. The number of branch offices is decreasing, especially in smaller communities. Banks

are being reminded of their social responsibility. However, the increased downscaling of services in thinly populated areas is a widespread social phenomenon.

In the Netherlands, Postbank and ING Bank are reducing the number of post-office outlets and ING Bank branches. RegioBank is, however, well represented in rural areas and small communities. All in all, ING still maintains the



**SIETSKA ALTINK, POLICY ADVISOR DE RODE DRAAD, AMSTERDAM**

“In October 2000, prostitution became a legal industry in the Netherlands. Nevertheless, self-employed prostitutes could not deposit their ‘white’ earnings in an account until recently. This resulted in a complaint filed with the Equal Opportunities Commission by De Rode Draad. Fortunately, De Rode Draad could drop its complaint since ING implemented a new policy as a result of which the sex industry would be treated similarly as other sectors.”

most dense and extensive network in the Netherlands.

BBL in Belgium has 883 branches, as well as 838 electronic Self\*Bank offices that are open seven days a week from 6 a.m. to 11 p.m. As opposed to the Netherlands, the accessibility of banking services in Belgium is not a discussion topic. The presence of BBL is very visible. Through its pricing policy, BBL also encourages its electronic services. BBL charges very little or nothing for electronic transactions and offers free-of-charge alternatives (including electronic) to manual transactions.

#### ACCEPTANCE POLICY

ING wishes to remain a low-threshold service provider for individuals, without differentiation or exclusion. On the other hand, ethical, sustainability or legal issues can result in people or companies being turned down as client on the basis of unethical conduct or unacceptable social, environmental or financial risks.

The banking or insurance business units individually determine the policy with respect to the acceptance of clients. An exception to this for banks is the Covenant covering a package of primary payment services signed by six large Dutch banks, including ING Bank and Postbank, in September 2001. The aim of this Covenant is to guarantee a low threshold to funds transfer services for all Dutch residents of 18 years and older. This concerns a package of primary payment services for private individuals who do not yet have a bank account, such as homeless and socially disadvantaged people. By signing this Covenant, ING recognises the importance of offering as many people as possible access to low-threshold funds transfer services. In Belgium, a similar basic banking service has been available for some time. BBL applies the existing charter of the Belgian Association of Banks (BVB). This means that BBL does not refuse basic banking services if the client satisfies specific conditions set out in the charter.

#### ING X-PERT GROUP SUSTAINABILITY

In 2001, the X-pert group Sustainability was established. X-pert groups are cooperative efforts within ING that handle innovation and synergy in areas selected by the management. The X-pert group sustainability includes representatives of the largest Dutch ING labels (Postbank, Nationale-Nederlanden, RVS, IIM and ING Bank). The participants aim to initiate and stimulate sustainable financial services and client concepts. The various business units will actively exchange experiences and views in order to translate them into new products and services.

#### INVESTIGATION INTO NOX TRADING PLATFORM

The emission of nitrogen oxides (NOx) is a major and persistent environmental problem. The emission of NOx contributes to acidification and therefore to the pollution of our environment. The introduction of an emission trading system can contribute significantly to reducing emission and also to minimising the necessary investment costs for industry. As an independent party and an expert in the financial markets, ING is researching what role it can play in this development. Consequently, in 2001 ING participated in a working committee that has investigated the feasibility of an NOx trading platform. Based on this investigation, the joint industries decided early in 2002 to order the development of a business plan. The industries involved will use this plan to ascertain whether a trading platform is feasible. The objective of the trading platform is to make a cost-effective contribution to realising the NOx emission target in the Netherlands.

#### SUSTAINABLE PRODUCTS AND SERVICES

The interest in sustainable products and services is increasing, especially with regard to investments. Clients who invest in sustainable resources expect a good return in the broader sense of the

#### BUSINESS PRINCIPLE: ENVIRONMENT

*... ING's external policy is aimed at anticipating developments in the environmental field related to commercial services, and the professional management of environmental risks...*

word. They invest their money in companies aiming for profit in a way that demonstrates respect for people and the environment. In May 2001, ING Bank and ING Investment Manage-



**KARINA A. LITVACK, DIRECTOR, HEAD OF GOVERNANCE & SOCIALLY RESPONSIBLE INVESTMENT FRIENDS IVORY & SIME PLC, LONDON**

“ING Group recognised early on that sustainability and finance worked hand in hand. In this regard, it belongs to a small, if growing, minority of far-sighted financial institutions, and its record is a wake-up call to its peers to rise up to the challenges of sustainable capitalism. ING Group also has the integrity to be both transparent about its failings, and candid about the challenge it still must overcome - namely that of lofty policy goals into the everyday practice of running its business. And yet, for a “global

financial institution of Dutch origin” that has so ably transcended its Dutchness to serve a far-flung stakeholder base, ING Group has been singularly unable to address its failings in the area of corporate governance. As shareholders, we commend ING Group for its innovative practices, but also invite the company to respect universal principles of shareholder democracy and allow its business performance to speak for itself in the court of shareholder opinion.”

ment organised a conference in Amsterdam on Sustainable Investment for their clients and other interested parties. The interest in sustainable products differs per region, mostly in the US, Western Europe and Australia. According to the internal ING questionnaire around 30% of the business units have received a demand from clients for socially responsible investment (SRI) products.

#### **POSTBANK GROEN**

In 2001, ING Bank and Postbank offered their private clients the opportunity to benefit from the tax advantages related to the Green Investment Scheme. The Scheme exempts ‘green’ investments up to a

certain amount from capital gains tax.

The issuing of green savings certificates at the end of 2000 and the beginning of 2001 was very successful. All green funds were inundated with subscriptions. The private clients of Postbank and ING Bank invested EUR 290 million (EUR 250 million in 2000 and EUR 40 million in 2001). As a result of this large investment, Postbank Groen could no longer satisfy the criterion of the Scheme to invest 70% of the total amount in environmentally friendly projects. The Ministry of Finance, however, temporarily eased the criteria for the Scheme. As of 1 October 2001, Postbank Groen has had no

problem satisfying the criteria again. In 2001, a record gross amount in green loans (EUR 145 million) was invested in numerous environmentally friendly projects.

Financing of green-label greenhouses showed the strongest growth in the past year. A colourful range of crops, such as tomatoes, peppers, roses and chrysanthemums are cultivated in these energy-efficient greenhouses. A total of EUR 32 million was invested in sustainable construction projects in 2001. At present, durable renovations are also covered by the scope of the Green Scheme. Postbank Groen, for example, funded the renovation of an antiquated care institution in the Netherlands, which was transformed from 275 care units to 146 durable care apartments.

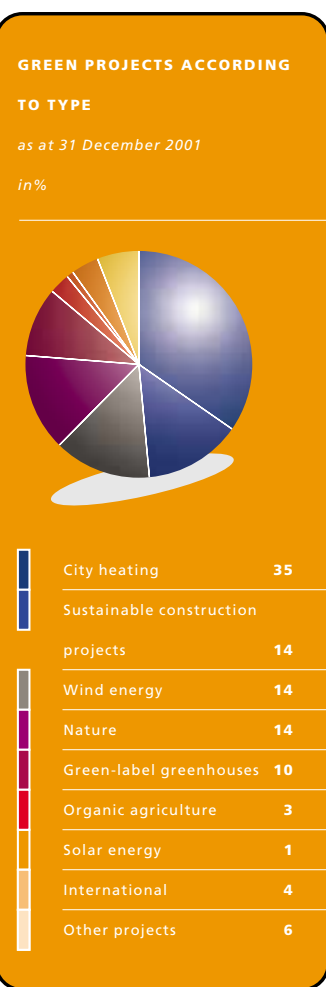
The growth of international green projects in 2001 is caused by the financing of a hurricane resistant pier in St. Martin harbour in the Netherlands Antilles. Aside from the economic aspects, the installation of the pier will benefit the preservation of underwater flora and fauna.

**SUSTAINABLE FUND MANAGEMENT**

ING Investment Management manages different sustainable funds. In addition to the three sustainable funds launched in the Benelux in 2000, in 2001 ING Australia launched the ING Investments Global Share Trust and in the Netherlands Postbank launched the Sustainable Equity Fund. In 2001 ING's Sustainable Growth Fund has also been introduced in the European International

Fund range and has been actively distributed in France, Italy and Luxembourg. In the US, the investment operations have contracts with external firms that manage socially responsible funds such as Calvert, Pax World and Citizens. These funds invest in companies with responsible waste management plans and those that comply with appropriate regulatory bodies. They also focus on labour relations, equal employment opportunity, workplace safety, community relations and human rights. In addition, the US investment operations have also made presentations of the ING Sustainable Growth Fund to institutional investors.

These funds (both the funds for the private investor and the fund for institutional investors) are based on criteria seeking the best balance between economic, environmental and social interests. The fund managers rank companies in each industry sector on their economic, environmental and social performances and invest only in the best-in-class companies. ING Investment Management co-operates with worldwide independent research networks. In addition, it has its own fund management teams that carry out analyses. In 2001, being a bad year for the stock market, funds that invested at a global level, including the ING sustainable funds, suffered less than traditional securities funds. The average performance of the sustainable funds came out at -13.3%, clearly better than the -17% of the traditional funds, which only use economic indicators.

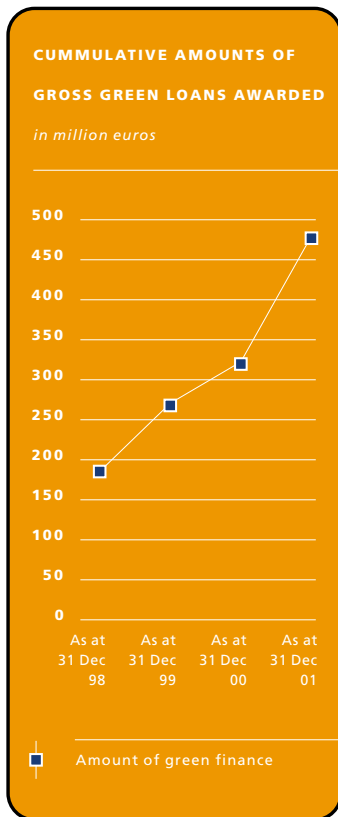


**MONEY INVESTED IN SUSTAINABLE ING FUNDS**

year-end 2001

(in millions of euros)

ING Duurzaam Rendement Fonds	254
BBL Invest Sustainable Growth (Luxembourg)	25
ING Sustainable Investments Global Share Trust	11
Postbank Duurzaam Aandelenfonds	10
<b>Total</b>	<b>300</b>



**GEOGRAPHICAL DISTRIBUTION OF SUSTAINABLE PRODUCTS AND SERVICES**  
year-end 2001

Products	Business Unit	Country
Green Financing	Postbank Groen	Netherlands
	RVS	
Environmental risk insurances	Nationale-Nederlanden	Netherlands
Green building mortgages	ING Bank	Netherlands
Sustainable mutual funds/ Socially Responsible	ING Investment Management	Europe/Australia
Investment funds	ING Bank	Netherlands
	Postbank	Netherlands
	BBL	Belgium/Luxembourg/France
	Aeltus	US
Consulting/advising on environmental/ sustainability issues	ING Bank	Netherlands
	Baring Asset Management	UK
Innovative environmental- related projects	ING Structured Finance	Netherlands
	ING Real Estate	Netherlands

**ALEXANDER RINNOOY KAN**  
ING EXECUTIVE BOARD

Sustainable investments increasingly become part of our product range. We offer various sustainable investment funds and in doing so help clients put together the sustainable investment portfolio of their choice. That is what our clients expect from us.

**ADVICE SERVICES**

In the fall of 2001, ING Bank recruited a project manager sustainable development to initiate and stimulate sustainable financial services and client concepts for both private and corporate clients in addition to the existing sustainable financial services. In 2002, this is to lead to the development and roll-out of several new sustainable products.

**ASSET MANAGEMENT**

In 2001, ING Bank Securities/SRI has expanded its customer base and asset management and consultancy services. During 2001 an indicator (NFI or Non-Financial Indicator) has been developed which measures the quality of the management of sustainability issues by large listed companies. This indicator has been released to all ING Bank's securities clients. The department has started to act as adviser and information provider to non-ING portfolio managers who currently manage in excess of EUR 0.5 billion based on the tailor-made sustainable criteria chosen after advise from ING. ING Bank provides consulting on choosing these tailor-made criteria, helping the stakeholders of the

institutions - the asset managers, the Board or client panel of these institutions - to balance their respective views on risks, returns and sustainability issues. For this purpose, ING Bank has developed Performance Back-Tracking tools and several versatile databases filled with both in-house and external ethical research.

Baring Asset Management also develops product and investment approaches to meet client demand, recognising that socially responsible investing is an increasingly important issue for Pension Funds in the UK.

# ADDING SHAREHOLDER VALUE

Shareholders are primarily focused on profitability, but there is a growing general belief that profitability cannot be seen apart from sustainability. ING aims to balance the short-term focus on profits and long-term healthy growth and sustainability. That is most important, looking at our international shareholder base, the role of investors with regard to the governance of the company and the global attention for transparency and open communication.

## INTERNATIONAL SHAREHOLDER BASE

The shareholders constitute a very important stakeholder group. ING has a large number of private investors but the majority of shares is held by institutional investors. Investors outside the Netherlands hold more than 70% of the shares. The institutional shareholders not only comprise pension funds but also various types of mutual funds, including traditional country and regional funds as well as sector, index and sustainable funds that include the ING share in their portfolio of investments. Closely related to investors are financial analysts and rating agencies. Financial analysts of securities houses assess the activities and the results of ING to advise their private and professional clients about ING's performance. Rating agencies such as Moody's and Standard and Poor's assess ING in terms of creditworthiness.

Over the years, the shareholder base of ING has undergone increasing internationalisation. The majority of the shareholders are found in the Netherlands, the United States and the United Kingdom. A wide distribution of the share-ownership is important to ensure the liquidity of the share and as a result a sound price development for ING shares. Moreover, an international distribution does justice to ING's status as an international company and gives the Group

access to the capital markets on more advantageous terms.

## BUSINESS PRINCIPLE: ECONOMIC POLICY

*... As a commercial organisation, ING believes that it must provide an adequate return for its shareholders. It supports a market economy as the most effective means of achieving the best returns for its customers, investors and employees, as well as for the countries and territories where it operates...*

## SHAREHOLDER VALUE

ING is committed to meeting its shareholders' expectations by generating shareholder value and stable growth in combination with good profitability. In this connection the company has set tangible long-term financial targets, namely: an average annual growth of operational net profit per share of at least 12%, an average annual operational net return on shareholders' equity of at least 18% and improving efficiency ratios.

## MORE ATTENTION FOR SUSTAINABLE PERFORMANCE

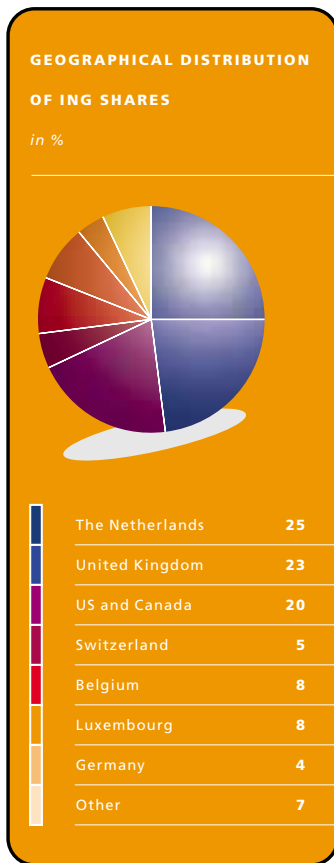
Apart from financial performance, a growing number of investors is looking at the sustainability of companies, where the consequences of entrepreneurial behaviour for the environment and society are taken into account in investment



**CEES MAAS**

## ING EXECUTIVE BOARD

To achieve long-term profitability in a responsible and sustainable manner is one of the major challenges for ING in the 21st century.



decisions. Companies, in turn, are increasingly recognising that their responsibility stretches beyond the creation of financial profit alone. This also applies to ING, as is evident from the fact that in 2001 ING was named 'sustainability leader in the financial services sector' in the Dow Jones Sustainability World Indexes, a group of 18 stock indexes that track the prices of sustainable European companies.

ING has also been included in the FTSE4Good index, another index of companies based on sustainability performance which was launched in 2001. Thanks to the rankings in these indexes, many sustainable investment funds have included ING in their share portfolio.

The results of sustainable investment funds and indexes show that there should not be a conflict between socially responsible entrepreneurship and good financial performance. A study of the Limburg Institute of Financial Economics has shown that the financial-economical perfor-

mance of sustainable companies need not be lower than that of other companies. Efficient use of raw materials, reduction or re-use of waste materials and energy saving measures help companies to operate more cost-efficiently. Neglect of the human and environmental dimension, by contrast, puts the company's reputation in jeopardy and makes it more vulnerable to legal claims. Results from the first trend surveys suggest that sustainability does not by definition cost money. Sustainable companies are sometimes able to negotiate lower financing costs than non-sustainable companies, partly because a sustainable approach reduces a company's risk profile on certain important points.

**CORPORATE GOVERNANCE**

Corporate governance is receiving growing attention around the world, particularly among institutional investors. The increased international diversification of shareholdings, the growth of companies and the ongoing globalisation have contributed towards this. Other factors also play a role, such as the greater influence of the international capital market, the worldwide diversification of investment portfolios and greater shareholder involvement in the way in which the company is organised.

There are various corporate governance models. The most important two are the Anglo-Saxon model and the Rhineland model. The Anglo-Saxon model is prevalent in the United States and the United Kingdom. This entails that the board of a company, existing of executives and non-executives, focuses primarily on the creation of value for its shareholders and subordinates the interests of the other stakeholders. The Rhineland model is mainly found in continental Europe. This model seeks to balance the interests of all stakeholders, both inside and outside the company. In this model the company often has a two-tier board structure: one (executive) management board which is responsible for running the company and a (non-executive) supervisory

**ING AUSTRALIA AND THE GOOD REPUTATION INDEX**

ING Australia ranked tenth among the top 100 corporations on the 2001 Sydney Morning Herald/Age (Melbourne) Good Reputation Index. The Good Reputation Index is the most extensive and authoritative survey held among the largest corporations of Australia. These are judged on their environmental and social impact, financial performance, market position, ethics and employee relations. The corporations that took part in the 2001 survey were assessed by 19 different organisations, including Greenpeace, the Australian Quality Council, the Australian Shareholders' Association, the Institute for Chartered Accountants and the Australian Council of Trade Unions.

**ING'S RANKING IN SUSTAINABILITY INDICES**

Sustainable Index	Ranking 2001
FTSE4Good World Index	25th place
FTSE4Good Europe Index	9th Place
Dow Jones Sustainability Index (World)	Leader sector Financial Services Companies

board which supervises the management. Companies in the Netherlands adhere to the Rhineland model in compliance with the statutory two-tier rules. However, the growing influence of the Anglo-Saxon model, has led to increased attention for shareholder value.

On a European Union level, triggered by recent developments in the United States (such as Enron), which show the possible effects of failing corporate governance systems, interest in corporate governance is rising. At this point in time

there is no single European corporate governance code, but the European Commission studies such a European code.

#### ING AND CORPORATE GOVERNANCE

The corporate governance model of ING and its predecessors is historically rooted in the Rhineland model. ING feels comfortable with this. A company like ING seeks to create long-term value by using this model to strike the right balance between the interests of the various stakeholders. ING believes that balancing the interests of all



**PETER PAUL DE VRIES, DIRECTOR OF THE ASSOCIATION OF SECURITIES HOLDERS (VERENIGING VAN EFFECTENBEZITTERS), THE HAGUE**

“ING’s shares are listed as depositary receipts, which implies that investors have no real say [depositary receipts do not carry voting rights]. The voting rights are still controlled by the Administratiekantoor (the Trustee Office), which - with two Supervisory

Board members - is under the direct influence of the ING top. We believe that it’s not acceptable that investors cannot vote themselves during the Shareholders Meeting and that it’s an unhealthy situation for the ING top to approve indirectly its own proposals.”





**LUTGART VAN DEN BERGHE, EXECUTIVE DIRECTOR OF THE VLERICK LEUVEN GENT MANAGEMENT SCHOOL AND MEMBER OF ING'S SUPERVISORY BOARD, GHENT**

“In the fierce global competition, financial enterprises have to compete for the attention of financiers, experts and customers. Balancing the interests of all the company's stakeholders is more than ever a prerequisite for long-term success. The biggest opportunity for long-term success is likely to be seized by enterprises that not only subscribe to the principle of corporate

social responsibility, but also suit the action to the word. The commitment and role-model function of the top executives is of key importance in this respect. Corporate social responsibility also has pros and cons for the staff, but it might be the only guarantee for a sunny future for us all.”

stakeholders is more appropriate in a time when society is making an urgent appeal to companies to act as socially responsible entrepreneurs who are not exclusively driven by (short-) term profit considerations but weigh the interests of other stakeholders, as well. We feel this is very appropriate in this new century, where businesses are looking for a new role in society. For these reasons, ING is not in favour of changing this careful equilibrium of the shareholders without also paying attention to the other stakeholders: customers, employees and the society at large.

#### **CORPORATE GOVERNANCE: RECENT DEVELOPMENTS**

Corporate governance has the full attention of the ING Executive Board. ING adopted 29 of the 33 recommendations of the Peters Committee of 1998 concerning the workings of corporate governance in the Netherlands.

In May 2001 the articles of association of ING Group were changed to allow all holders of non-voting depositary receipts (both natural and legal persons) to convert their depositary receipts into ordinary or preference shares up to a maximum of

1% of the issued capital. In addition, the Administratiekantoor (the Trustee Office) was empowered to grant voting proxies not only to natural persons but also to legal persons. A further arrangement entails that all holders of depository receipts can now obtain a voting proxy from the Administratiekantoor simply by registering for the shareholders' meeting and actually attending the meeting in person. This means that all attending holders of shares and depository receipts can exercise their voting rights in the general annual meeting of shareholders, albeit that the voting right is limited to 1% of the issued capital. These changes are designed to give the providers of capital a greater involvement in the company's affairs.

In 2001, following an advice from the Dutch Social Economic Council, the Dutch government introduced a legislative initiative to change the so-called structure regime towards more shareholder influence on important decisions, such as appointments to the Supervisory Board and fundamental changes to a company's identity.

With regard to these developments and taking into account the fact that the 73% of its employees work outside the Netherlands, ING initiated a study to bring the structure regime from Group level to the Dutch level and to improve shareholder influence and attendance, including voting by proxy.

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#### TRANSPARENCY AND OPEN COMMUNICATION

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ING is committed to communicate in an open and clear manner about its activities and objectives. As a listed company, ING publishes its annual report and financial statements as well as its quarterly results through detailed press releases. In view of ING's listing on the New York Stock Exchange, the company also publishes 'Form 20-F' based on US GAAP (Generally Accepted Accounting Practices). Apart from these mandatory publications, ING publishes the ING Shareholders' Bulletin and Shareholders' News. These are primarily intended for private shareholders but are also read by analysts and institutional investors all over the world. Shareholders' Bulletin is a publication containing news and backgrounds about ING as well as information on new

developments that matter to ING. The bulletin not only reflects the opinions of ING officers, but also lets outside experts have their say. ING Shareholders' News appears four times a year with a summary of the annual and quarterly figures, whilst special issues cover important events, such as acquisitions.

Apart from written information, ING leaders also provide personal commentary on the ING results and strategy. Every three months the ING management answers questions from investment analysts at conference calls and meetings. Press conferences are held when the annual and half-yearly figures are published, while conference calls, analysts' meetings and press conferences are also organised in the case of important events such as acquisitions. At the Annual Meeting of Shareholders, shareholders have the opportunity to discuss the strategy, policy and results with the Supervisory and Executive Board.

In addition ING organises 'roadshows' at home and abroad. These are meetings for analysts and investors to clarify the results and strategy. Symposiums for investors and analysts are also a regular feature on the calendar. More than 120 financial analysts and investors from twelve countries visited the second Investor Relations Symposium in April 2001.

Finally, all information, press releases and other publications mentioned above are available via the Internet site [www.ing.com](http://www.ing.com). Important presentations are also published on this site. Internet thus plays an important role in ensuring that all shareholders are fully and simultaneously informed.

ING appreciates the contacts with its shareholders highly and is very receptive to points raised at these many occasions. The dialogue, which will be influenced by legal developments in the EU and the US and best practices, will continue.

#### FINANCIAL RESULTS

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ING in Society is a report on the social and environmental dimensions of ING. The financial results for 2001 are extensively described in the ING financial annual report 2001 ([www.ing.com](http://www.ing.com)).

# CARING FOR OUR EMPLOYEES

ING's business success is clearly linked to the well-being, motivation and performance of individual employees. ING considers it a challenge to harness and steer its talent, to articulate ING's vision, values and strategy to all employees and to generate excitement to make these work in practice. Financial Services is people business, and people are able to make the difference.

## BUSINESS PRINCIPLE: EMPLOYEE RELATIONS

*... Relationships with employees in all parts of ING are based upon respect for the individual. The Group aims to provide all its employees with safe working conditions and competitive terms of employment... Personal career development will be encouraged through progressive personnel and training arrangements...*

from one country and continent to another. Since 1996, however, ING has had uniform social policy guidelines in place in order to articulate common values in the area of organisation and employee management. ING's social policy principles emphasise the importance of equality, personal development and open communication and are meant to create an attractive and healthy working environment. ING Group's social policy principles serve as guidelines for local social policy worldwide. The common values are reinforced when new companies are acquired and integrated and therefore included in assimilation activities.

In 2001, ING's general managers reached a worldwide agreement to endorse three common 'people themes' deemed universal to ING's status as a global company. The three themes are Performance Management, Talent Management and Diversity. The business units are responsible

## OUR PEOPLE

ING employs over 113,000 people in 65 countries. Most of the staff is based in the Netherlands (31%), North America (21%) and Belgium (12%). The number of employees outside the Netherlands continues to grow. According to the questionnaire 18% of the employees joined ING and 17% have left ING in 2001.

ING's human resources policies are quite decentralised as the cultural and social contexts vary



**ALEXANDER RINNOOY KAN**  
ING EXECUTIVE BOARD

ING wants to be an attractive employer, with excellent working conditions, with clear values and business principles and, above all, with respect for its worldwide staff.

## SOCIAL POLICY PRINCIPLES

ING strives to:

- acknowledge the individual value and equality of all employees, irrespective of race, gender, nationality, sexual orientation, religion or creed, at all levels of the organisation;
- motivate employees and support their personal development and career advancement;
- provide equal opportunities for all employees within the organisation;
- maintain good labour relations, terms of employment and working conditions;
- balance fairly the interests of the employee and those of the organisation.

for drawing up their own plans to address these topics and to determine what is locally accepted.

#### DIVERSITY

As a multinational corporation, ING believes that the employee base should be a reflection of its customer base and the local communities where ING is active. ING defines diversity as the acceptance and respect for individual differences arising out of the variety in race, ethnicity, gender, age, sexual orientation, socio-economic status, physical abilities, religious beliefs, or other ideologies. Diversity encourages different perspectives and ideas to emerge through the interaction of this medley of people. For ING, this implies that there should be a balance between men and women, young and old, and between different ethnic groups and nationalities. ING also wants to offer a good working environment for part-timers and employees with a disability. The emphasis on each diversity aspect might differ per country or region depending on locally accepted practices.

ING considers the support for diversity to be not only a social responsibility but a long-term business advantage. We like to cherish our diversity. That is why stimulating a diverse employee base at all levels of the organisation is an important theme in ING's human resources policy and a key spearhead in the area of socially responsible entrepreneurship within ING. Diversity is part of ING's corporate culture. Therefore diversity modules have been included in the ING Business School programme to ensure that diversity is treated as a topic for leadership development.

#### ING DIVERSITY COUNCIL

The Executive Board installed a Diversity Council in 2000 in order to raise awareness for diversity issues in the organisation. The Council, composed of senior executives from all continents and various backgrounds, advises the Executive Board on diversity and supports the business units in reaching their own diversity objectives. With the

#### ING AETNA CORPORATION OF THE YEAR

In 2001 the 100 Black Men of America named ING Aetna 'Financial Services Corporation of the Year'. The mission of the 100 Black Men organisation is to improve the quality of life of African-Americans and enhance their educational opportunities through youth mentoring, anti-violence, education and economic development programmes. ING Aetna has supported and participated in the organisation for the last three years.

help of the Council the Executive Board wants to create an environment in which everyone can develop one's talents, can be successful both professionally and personally, is appreciated for the way in which one distinguishes oneself and can find a good balance between work and private life.

#### DIVERSITY PART OF STRATEGIC PLANNING

Since the creation of the Diversity Council, ING has taken concrete steps to make diversity an integrated part of ING's strategy. In 2001 the Executive Board requested that all ING business units include for the first time concrete diversity plans in their medium-term strategic plans (MTP) for the period 2002-2004. The business units incorporated both qualitative and quantitative targets. Examples of qualitative targets include organising workshops that deal with all aspects of diversity, ensuring that women with the required capacities for an executive position are being identified, and by setting up special mentoring and coaching programmes for target groups within their diversity policy. Some business units also named quantitative objectives in order to increase diversity representation, such as increasing the number of women and minorities in executive positions.

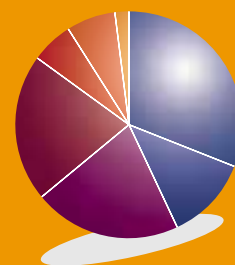
#### BUSINESS PRINCIPLE: EMPLOYEE RELATIONS

*...ING is committed to equal opportunities and the avoidance of discrimination. Sexual or racial harassment is unacceptable...*

In addition to including diversity into overall strategic planning, ING supports including diversity objectives as part of the Performance Management

#### EMPLOYEES

full-time equivalents,  
year-end 2001



The Netherlands 31%	34,463
Belgium 12%	13,685
Rest of Europe 21%	23,402
North America 21%	23,886
South America 6%	6,892
Asia 7%	8,141
Australia 2%	2,600
Other	74
<b>Total</b>	<b>113,143</b>



FRED HUBBELL

## ING EXECUTIVE BOARD

We aim at keeping and attracting good people who are a reflection of the society in which we operate.

System of ING's Top 200 managers. Moreover, nominee lists for key positions should include more diverse candidates.

ING's questionnaire asked to what extent business units have developed guidelines and instruments to achieve their diversity policy. According to this internal research, 40% of the business units have developed one or more diversity guidelines. Of this group, around 80% have formulated policies for women, 55% have formulated a diversity policy for ethnic minorities and approximately 70% are paying explicit attention to the disabled. ING considers the attention to diversity a long-term commitment. ING plans to report on the progress in its diversity policy on a yearly basis.

## PROMOTING CAREER OPPORTUNITIES FOR WOMEN

It is in the utmost interest of an organisation that women have good career opportunities and are able to move into the higher echelons of management. At ING, the percentage of women in the higher levels is rising, but women are still severely under-represented, especially at the executive level. In 2001, of the top-200 managers worldwide 4% is female. Of the managers two levels down from

the Executive Committee 20% is female. In total, around 50% of ING's employees are women. ING will do its utmost to increase the number of woman in a management position, especially among the top executives and managers.

In the second half of 2001, ING Management Development started the Dutch Female Development Programme (FDP) for women in ING Group. This initiative aims to accelerate the process to bring more women into key and executive positions. The FDP is a combination of internal and external coaching, dialogue with ING top managers, training and a well-considered development plan. It gives the participants concrete tools to develop themselves, enhance their network and influence key players within ING Group.

## PERSONAL DEVELOPMENT

ING's success is determined by the quality of its people. Ongoing training is indispensable in order to make sure that the quality is maintained and skills stay up-to-date. According to an internal questionnaire covering 66% of ING employees, the average amount spent on training per employee in 2001 was 1,162 euro. Approximately 20% of the employees received a technical training and around 45% received a non-technical training. During the year, approximately 60% of new employees and approximately 30% of existing employees received training on the Business Principles. Within around 40% of the business units it is unknown how many people have been trained or should be trained on the Business Principles.

Providing guidance in one's career development is one of the tools ING uses to promote employability and mobility. In 2001, ING opened its fourth Career Advice Centre in the Netherlands. The Career Advice Centre offers different forms of (individual) career guidance. Employees are free to visit the centre in order to orientate themselves about their career development and inform themselves about opportunities to expand

## LEADERSHIP AWARD

In 2001 ING introduced a new Leadership Award as part of the annual ING Business Awards competition. The ability to demonstrate a commitment to diversity is one of the three pillars in order to win the award. By including diversity in a Leadership Award, ING wants to emphasise that diversity management is an essential part of good leadership and to promote sharing best practices within the company. The award will be attributed for the first time in the summer of 2002.

## LIONESSE TROPHY

In 2001, the Lioness Trophy, initiated by ING's women's network Lioness, was awarded for the first time. The trophy is awarded to a man or woman within ING who excels in the field of career development for women. The trophy was awarded to Paul Roos, head of Job Evaluation at Human Resources Netherlands, during the symposium 'She can do it'.

their own employability. This is especially important now that so many integrations are going on.

#### E-LEARNING

In 2001, a global project team was set up to promote e-learning within the ING Group. E-learning is the collective name for all forms of education and training which can be offered via a browser. The e-learning project team, under the guidance of the ING Business School, is busy with the global implementation of browser-based learning. It will make an inventory of all existing e-learning initiatives in ING and make recommendations for the best joint systems and content.

#### MANAGEMENT DEVELOPMENT

Proper attention to preparing ING's future managers is essential for the long-term continuity and

success of ING. ING consistently evaluates the longer-term career plans of people who have been rated as top talent throughout the organisation. Simultaneously, each individual business unit tracks management talent within its own organisation.

The ING Management Council is the first echelon of management below the Executive Board and consists of 200 senior managers worldwide. Also known as the 'Top 200', these managers are expected to be role models for ING staff and are therefore required to visibly endorse ING's values. During 2001, the entire Top 200 became linked through a common Performance Management Process which recognises and rewards individual Top 200 managers based on measurable results and their commitment to ING shared synergies.



**MALA DHILLON, BARING ASSET MANAGEMENT – GROUP DIRECTOR OF LEGAL & COMPLIANCE, LONDON**

“Within ING Group, providing an environment where there is equality of treatment and opportunities for all employees goes even beyond being an operating principle. It is a core work ethic which recognises that the benefits we gain are because of – and not despite – the differences within our employee base. We, the members

of the Diversity Council and our other senior management colleagues within ING Group, have a shared belief that upholding our commitment to these values plays an important part in the continued success of our business.”

**DUTCH AMBASSADORS' NETWORK HELPING WOMEN TO REACH THE TOP**

In 2001, ING's chairman Ewald Kist was named Chairman of the Dutch Ambassadors' Network for a period of one year. The Dutch Ambassadors' Network was formed in 2001 and is an initiative of the Ministries of Economic Affairs and of Social Affairs and Employment. The goal of the Network is to stimulate the career opportunities of women and help them move into higher and top positions, especially in the business world. Fourteen prominent top executives from the business and academic world are participating in the Ambassadors' network. Furthermore, they make a personal effort to realise the objectives of this network by promising to put the issue on the agenda, both inside and outside their organisations, and by formulating three personal action points. Mr. Kist's personal action points included focusing on specific activities of ING's Diversity Council and creating awareness within the Board of the Dutch employers' association VNO-NCW. Mid 2002 the Network will publish a catalogue of ideas to support women to reach the top.

**TEACHING THE ING CULTURE**

The ING Business School in the Netherlands continues to flourish as a dedicated learning centre for ING leadership. The ING Business School trains managers from the first, second and third echelons worldwide. In 2001 the ING Business School trained over 1,100 managers, while 900 managers were trained in 2000. The overall support for this way of management develop-

**BUSINESS PRINCIPLE: EMPLOYEE RELATIONS**

*... Personal career development will be encouraged through progressive personnel and training arrangements ...*

ment and the appraisal for the content by the participants are high. ING has enlarged the target population to increase the awareness of ING's vision, strategy and values. Therefore,

**TRAINING GUNG HO TEAM BUILDING PROGRAMME TAIWAN**

ING Antai in Taiwan developed a programme focusing on company vision, values, core competences and team building. ING Academy in Taiwan launched the Gung Ho team building training in 2001 and all 2,400 staff members joined this 1.5 day seminar. Due to the success of this program other ING business units in Taiwan will also start the programme.

several satellite programmes of the ING Business School will be delivered in Atlanta and in Asia. The ING Business School already builds social and environmental issues into its teaching programme, including training in corporate values and Business Principles.

**JOB ROTATION AND EXPATRIATE PROGRAMMES**

ING is continually working to maximise the amount of knowledge transfer opportunities made available through ING's acquisitions and global reach. The vast variety of people with different backgrounds and experience is a competitive advantage and job rotation is a powerful tool for exchanging this knowledge and experience. It is enriching for the individual and vital for ING's synergy goals. From the Management Development Centre, people in management positions take part in exchange programmes to become familiar with other cultures and to promote cross-cultural understanding. In 2001, ING employed 432 expatriates working and living outside their home country. Another 188 so-called crossovers were made, whereby managers crossed between disciplines, business industries or locations. ING believes that its top management should gain experience at two or more business units as well as internationally.

**RECRUITMENT**

ING wants to be an attractive employer. Several surveys among students and graduates in and outside Europe revealed excellent results about ING. The way ING has profiled itself, its international scope and its good operating results all help to attract and recruit young talent. In 2002, ING plans to further develop ING's employer brand as the broader company branding initiative occurs. Each separate business of ING has a distinguished reputation as an employer. ING's goal is to maintain that reputation locally while at the same time build on top of that a 'common thread' which tells prospective employees what they can expect by working for ING around the globe.

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## ADDRESSING EMPLOYEE CONCERNS

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ING strives to create a business environment that is free from any kind of workplace violence, discrimination or harassment. Most business units have developed instruments for employees to file complaints. 64% of the respondents have developed instruments on discrimination, 77% on sexual harassment, 79% on remuneration, 79% on labour conditions and 79% on personal safety. The registered complaints mostly concern remuneration and labour conditions. A total number cannot be given because registrations are not yet complete.

## EMPLOYEE SATISFACTION

Next to employee concerns, employee satisfaction is one of the key indicators to monitor employee motivation. In 2001, a questionnaire was sent out throughout ING to evaluate to what extent business units measure employee satisfaction. The questionnaire established that more than 40% of the respondents measured employee satisfaction through own surveys or panels. Approximately 80% of these perform employee satisfaction surveys at least once every two years. Around 70% of the business units did not measure employee satisfaction in 2001. Reasons mentioned included the fact that the company was still in the start-up phase and that the company already performed a survey a year before. Because of the importance of this issue, ING will demand a higher rate.

## SAFETY OF ING PERSONNEL

ING takes the appropriate steps to ensure that its employees worldwide are properly protected. Corporate Security is responsible for the corporate policy for personal security and the development of minimum standards and templates to facilitate ING business units in implementing this policy. Personal security is the complete set of measures taken to protect ING personnel against criminal and environmental threats and from exposure to unsafe situations, such as fire, war, hostage taking, kidnapping, terrorist activities and bank

robberies. Emergency plans regarding evacuation from the office, region or country are part of these measures. The policy is applicable for ING personnel when working at an ING office, conducting activities at an event organised by ING, when travelling abroad for business or when being assigned to a position abroad (expatriates). Additional risk mitigating measures are applicable for high-risk locations.

## HELP THROUGH JOB LOSSES

Due to the economic recession in 2001, ING took several measures including cost reduction to secure its market position. Unfortunately, redundancies were inevitable in that process. ING believes that job reductions are sometimes necessary to keep the company competitive and secure its long-term development. As ING strives to be a good employer, job losses are handled in a proper and professional way. ING's policy is to try to find an alternative job within the company or, if that is not possible, outside the company. ING will always try to do its utmost and, whenever possible, more than is legally required.

## REORGANISATION OF CORPORATE AND

### INVESTMENT BANKING ACTIVITIES

In 2000, reorganisations were announced which would affect ING's corporate and investment banking activities, which resulted in a total reduction from approximately 9,500 to 7,000 employees. At ING Barings in London around 500 jobs were lost as a result of integration and

### E-HRM AWARD BELGIUM

ING's Belgian insurance subsidiary De Vaderlandsche has won the e-HRM Award from HRM Net, the Belgian portal site and communications platform for Human Relations Management professionals. The prize was awarded for De Vaderlandsche's entire HRM programme, which is being offered through the Intranet and supported by various interactive tools. The HRM policy of De Vaderlandsche is focused on creating a company culture in which employees take the initiative for their own development. ING Europe will gradually implement this form of e-working in all its business units in Europe.



**ING GROUP A POPULAR EMPLOYER**

In August 2001, a survey by *Intermediar* – with a circulation of 260,000 the top-selling Dutch magazine for students and graduates – revealed ING to be one of the most popular employers in the Netherlands, taking fourth place overall among the top ten favourite employers. ING was the first choice of economics graduates and was in sixth place among IT specialists.

In February 2002, US business magazine *Fortune* selected ING, out of a list of 75 companies, as one of Europe's '10 great companies to work for'.

the trimming down of activities. Many of the employees affected worked on short-term contracts. Nevertheless, there were approximately 240 redundancies in London that were implemented during the first half of 2001. The people who lost their jobs were offered the possibility to work with an outplacement firm for employment advice, career coaching, the use of external office facilities and psychological counselling, if needed. The financial terms of severance exceeded UK minimum legal requirements and were in line with market practice.

In April 2001, approximately 1,300 US-based ING Barings employees were transferred to ABN AMRO. Nevertheless, there was an additional headcount reduction of about 130 employees. Although there is no legal requirement in the US to pay severance, ING Barings offered salary and benefit continuation for at least four months as well as the use of an outplacement firm. In some instances, employees were placed in other positions within ING Barings or other organisations within ING Group.

**WORKFORCE REDUCTIONS AT ING AMERICAS**

At the end of 2001, ING Americas had to announce a workforce reduction involving approximately 1,600 positions, which represents 15% of ING Americas' US workforce. This action, effected in early 2002, was necessary to adapt to the new situation of bad expectations and stock markets and to help ING Americas get back on track towards recovery from the economic downturn in 2001. ING Americas is integrating ING's insurance activities in the US with those of Aetna and ReliaStar to build one customer-focused US company.

**REORGANISATIONS IN THE NETHERLANDS**

The Dutch business units are also affected by the developments in the financial markets. In the next few years, ING will work on a large number of reorganisations, which will result in the necessary cost savings. To limit the consequences for employees, ING has drawn up a new Social Plan, agreed with the trade unions in May 2001. The centrepiece of the Social Plan is the employability policy. The goal is to keep the employability of the staff at the highest possible level. The Social Plan also provides for financial arrangements and provisions for employees whose functions disappear. For a three-year period, ING will do its utmost to support employees in their search for another job. For this, ING will make use of retraining and refreshing training, and outsourcing. The arrangements also provide ING employees with the opportunity to choose an exit scheme in case of a voluntary leave. The plan also provides for a financial safety net if attempts to find another position are not successful.

**NEW REGULATIONS UNWANTED BEHAVIOUR**

ING in the Netherlands developed new Regulations regarding unwanted behaviour which became effective as from 1 January 2002. Unwanted behaviour includes sexual harassment, aggression and violence, discrimination, bullying and tormenting. The regulations provide guidelines about how an employee can file a complaint or call in the help of a trusted counsellor.



**SABINE DIEHL, PRESIDENT OF THE ING EUROPEAN WORKS COUNCIL, FRANKFURT**

“With respect to all entrepreneurial decisions within ING Group I am of the opinion that the most important asset of ING Group - the employees - requires special attention. Especially in times of permanent restructurings and changes, it is very difficult to

measure up to this requirement. With the Social Framework we want to emphasise the importance of each single employee and we have started to pinpoint some basic principles and rules which describe a minimum standard valid throughout the Group.”

#### **EMPLOYEE PARTICIPATION AND COMMUNICATION**

Cooperation between the management and employee representatives is a very important factor for the success of the execution of the strategies taken within ING as well as in connection with the motivation of the employees, customer satisfaction and profitability and social responsibility.

#### **EUROPEAN WORKS COUNCIL**

In addition to the existing Central and national Works Councils, ING established its own European Works Council (EWC) in 1996. The

EWC currently has 27 members from 14 European countries and meets twice a year. The EWC is regularly informed about restructuring and changes within the different sectors of ING. In 2001, the EWC successfully worked on an agreement between the EWC and ING about a Social Framework concerning integrations and restructurings. The Social Framework ensures that certain principles concerning legislation, the involvement of a general manager, the terms of employment and the consequences of the intended plans are applied in case of integrations and restructurings. The EWC has decided to continue

**EMPLOYEES SURVEY US**

In the US three financial services organisations were integrated into one ING organisation. To measure employees' views on how ING is integrating in the US and what it is like to work at ING, in 2001 the company conducted an enterprise-wide employee survey for the new US organisation. The results indicate that the company is on the right track to achieving its goals and that its 12,000 employees have a high level of confidence in ING's strategic direction in the US.

the dialogue with the management concerning further aspects of social policy as equal opportunities/treatment, diversity, harassment and Business Principles.

**INTERNAL CONSULTATION AND COMMUNICATION**

In 2001, the Subcommittee on Environmental, Health and Safety Issues of the ING Central Works Council gave feedback and discussed the first ING in Society report. In general, the Subcommittee's comments were very positive and were taken into account in compiling the present report. However, the Subcommittee mostly focused on the Dutch topics covered in the report. Besides the Subcommittee's comments, the individual employees also gave their opinion on the ING in Society report. The fact that the majority

of all comments received on the report came from ING employees reflects a strong employee interest in sustainable issues.

To make sure that sustainability is supported by an increasingly larger group of employees, ING Bank in the Netherlands decided in 2001 to establish a Focus Group Sustainable Entrepreneurship. The members of the group will take concrete actions in their own working place and/or their own areas of attention.

**SURVEY ON ACCESS TO ING NEWS**

ING attaches high importance to uniform, consistent and timely communication to its staff all over the world. ING News Journal, the staff magazine of ING Group, is a two-weekly publication with a circulation of over 100,000 copies. It is distributed worldwide among all staff in three languages: English, Dutch and French. On the Intranet version, the ING News Web, internal news items are published every day in English and Dutch. At the end of 2001, a readership survey was held among 8,000 ING staff in six languages. The survey showed that over 80% of the Polish-speaking employees and over 70% of the Spanish-speaking employees are unable to acquire this information due to the language barrier. ING wants every employee to have simultaneous access to the same internal information and therefore decided in 2002 to develop a Spanish and a Polish-language version of ING News. Other notable findings of the survey were the high general appreciation for ING News Journal (with more than 50% of the surveyed employees reading at least half of the articles) and the disappointing access to the ING News Web. At the time of the survey, only 56% of ING staff worldwide was able to visit this internal news site on the ING Intranet. Similar internal readership surveys will be repeated every two years.

# RESPECT TOWARDS SOCIETY

The society at large is different from the other stakeholders discussed in this report. While customers, shareholders and employees are groups with well-defined interests, the interests of ‘society’ are less clear-cut. Closer examination of ING’s relationship with ‘global society’ reveals a complex tapestry of numerous ‘sub-stakeholders’. More or less, each of these sub-stakeholders represents a specific interest from a very wide range of interests. They include hundreds of non-profit and non-governmental organisations worldwide and dozens of national governments, national and international regulatory authorities, industry and trade groups, national and multilateral institutions like the UN and World Bank, regional development agencies, consumer organisations, universities and many more.

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## BUSINESS PRINCIPLE: COMMUNITY RELATIONS

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*... Wherever ING operates, it recognises that good relations with its local communities are fundamental to its long-term success. The Group’s community relations policy is founded upon mutual respect and partnership, aimed at sustaining lasting and trusting relationships between the Group’s operations and local communities...*

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## CORPORATE CITIZENSHIP

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ING is active in 65 countries, but the number of communities where its influence can be felt is much higher. The number of villages, towns and cities where ING does business, where its clients do business and where its employees live is virtually infinite.

In all the communities where ING is present, ING strives to contribute to the economic and social welfare of these communities. ING understands corporate citizenship as going above and beyond the basic requirement to comply with local laws and regulations. Corporate citizenship means being a responsible company and investing resources (financial and non-financial) to improve social and economic conditions in the community. Corporate citizenship reflects ING’s belief that the sustainable development of the

Group’s financial services businesses in a certain area is directly related to the well-being of the local population and the country’s overall economic conditions.

The day-to-day behaviour of ING as corporate citizen varies from country to country, depending on the needs and values of the local community and the country’s state of economic development. In countries with well-developed financial markets (such as the OECD countries), ING’s role is less on building and strengthening the financial sector and more on promoting effective cooperation between government, civil society and the private sector in areas like social security, wealth protection and infrastructure. Due to the developed state of the economy, the business mix in mature markets is attuned to wealth accumulation, wealth management and financial



**FRED HUBBELL**

### ING EXECUTIVE BOARD

We think it is important to show responsibility to the communities we are active in. We want to be involved through donations and sponsoring, but also by non-financial means such as advice or by supporting the involvement of staff in voluntary work.

protection. In the developing markets ING sees its role more in actively participating in domestic financial sector development and helping to build sustainable systems of social protection. Instead of wealth accumulation and wealth management, ING increasingly finds that its core business in the developing markets contributes to the build-up of 'civil trust' through financial sector development.

#### **COMMUNITY-BASED RELATIONS AND LONG-TERM PARTNERSHIPS**

Building community relations is the concrete and practical application of ING's corporate citizenship. ING views community relations as building long-term relationships. ING's relation with a community can take many different forms: it includes ING's role as a local employer, investor and advisor. It includes the value ING can add by investing in local enterprises which, in turn, generate employment and income. And it includes sponsoring, charitable donations and volunteer work.

Community relations also include sharing expertise with governments to help them build the domestic financial sector as well as sharing know-how with local enterprises of new business development or performance improvement. Furthermore, ING's products and services have an economic and social impact. In many developing markets,

#### **ING'S ROLE IN MOBILISING DOMESTIC SAVINGS**

ING is responding to the need for social investments by helping to build sustainable systems of social protection. ING mobilises domestic resources through its insurance, banking and asset management activities. ING is one of the few financial institutions to offer all three of the financial disciplines, and all three are needed to efficiently channel domestic savings towards productive investment. The more a country can invest from its own domestic savings, the less dependent it is on often volatile external capital flows. As an emerging markets specialist, ING has built insurance companies and banking businesses from scratch. In countries like Poland, Hungary, the Czech Republic, Mexico and China, ING is managing pension funds and advising governments on pension reform.

for example, ING is among the first providers of products and services that mobilise domestic savings which are then reinvested in the local economy.

#### **INSTITUTIONAL AND GOVERNMENT ADVISORY SERVICES**

In addition to the impact of ING's actual business activities in strengthening the financial sector and mobilising domestic savings, ING also provides advisory services to governments, regulatory authorities and public and private financial institutions, helping them to initiate and/or respond to changes in the financial sector. ING believes that such advisory services constitute one of the most important types of development aid. ING is involved as advisor in many projects set up by international institutions like the World Bank and the IMF. Major projects during 2001 included advice to Lippobank (Indonesia), Siam Commercial Bank (Thailand) and CEC National Savings Bank (Romania).

#### **COMMUNITY RELATIONS**

Good corporate citizenship also leads to various forms of engagement like sponsoring, charitable donations and volunteer work. The focus and form of ING's efforts in this respect can vary from business unit to business unit and from country to country, based on differences in culture, the needs of the local community and the preferences of ING's local staff and management. ING's internal research has shown that definitions of sponsoring vary widely between cultures. While fully recognising cultural differences, ING is developing a corporate policy for sponsoring activities. The aim is to provide a framework for sponsoring decisions by our business units that respects these differences. Of the respondents 91% have developed a procedure for charitable donations, 71% have procedures for sponsoring, 45% for voluntary work and 21% for a stakeholder dialogue. Around 20% of the business units intend to develop procedures in 2002 or 2003.

**SPONSORING**

Sponsoring provides a win-win situation. It is a commercial decision as the relationship with the sponsored organisation, activity or event is expected to yield a return in terms of marketing and public relations. But ING sees sponsoring also as a tool to build a long-term relationship with the community and a means to show that ING is a caring and involved company. 71% of the respondents to the questionnaire have developed procedures on sponsoring. 'Think global, act local' is the leading principle of ING's international sponsoring policy. All projects must be in line with ING's brand values and business principles. ING's sponsoring projects focus on three areas: culture, nature and sports. For example, ING Poland (Warsaw) sponsors cultural events and ING Group is the main sponsor of the Royal Concertgebouw Orchestra in Amsterdam. In the Netherlands, ING is the main sponsor of the Dutch Association for the Conservation of Nature (Natuurmonumenten). ING Australia has been a

**PENSION REFORM**

Social security experts of ING Employee Benefits are advising governments on pension reform. In most developing markets, the focus is on the creation of a private pension system in addition to state schemes. ING also advises about tax incentives and legislative reforms that would best suit the objectives and resources of a country with respect to pension reform. During 2001, ING organised pension reform seminars in Slovakia, Poland, Chile, Hong Kong and the Czech Republic. ING also participated in pension seminars organized by other countries, for example Ukraine. In 2002, seminars are planned in Romania, China, India and Poland. In addition to providing assistance in individual countries, ING regularly receives foreign delegations in the Netherlands to give advice about pensions and disability schemes. In 2001, delegations from Brazil, Sweden, Norway, the Czech Republic, Kazakhstan, China and Romania visited ING. The delegations usually include representatives from both the private and the public sector.

long-time sponsor of a one-day national cricket series. ING Direct France sponsors the Lille football team, while ING Direct US focuses its sponsoring efforts on educating young people



**SHELTON G. STANFILL, PRESIDENT AND CEO WOODRUFF ARTS CENTER, ATLANTA**

"Since 1996, ING has committed over 160 thousand dollars to the Woodruff Arts Center and its Divisions. ING's support as a community partner has been crucial in the presentation and the preser-

vation of the arts in Atlanta. We continually applaud our corporate citizens for their commitment to keeping the arts alive and recognizing the importance of the arts in the daily lives of our community."

about savings. Finally, Nationale-Nederlanden sponsors the Dutch national soccer team.

#### CHARITABLE DONATIONS

Next to the sponsoring activities, ING supports the community and stimulates sustainable activities through charitable donations. Approximately 90% of the respondents to the questionnaire have developed procedures for making donations. ING distinguishes two types of charitable donations. The first are gifts to organisations (such as health care institutions or nature organisations) with a charitable cause and reflect ING's wish to assume social responsibility. The second kind of donations are those given to an organisation of which an ING employee is a member or sup-

porter and for which the employee has asked a donation. By making donations to these organisations, ING is able to support the fundraising activities of its employees for charity and show employees the importance the company attaches to its employees being involved in community activities. In the Netherlands there is a personnel donation fund. ING also gives charitable donations in kind. For example, in 2001 the call centres of Postbank handled incoming donations for fundraising effort to benefit the Netherlands' National Rheumatism Fund.

It is ING's intention not to make donations to organisations or projects that conflict with ING's values, principles or corporate culture. It also carefully considers the impact the donation to a specific charity can have on public opinion. The responsibilities for making charitable donations are embedded at corporate, regional and local level. Furthermore, ING always looks for opportunities to involve employees in charity, reinforcing its aim to be a caring and involved company.

#### 10 YEARS ING

The year 2001 marked the 10th anniversary of ING Group. To mark this milestone, the Executive Board made EUR 1 million available for donations of EUR 100,000 each to ten different charities. ING employees were asked to select the charitable goals that would best fit the theme 'investing in the future.' More than 10,000 employees worldwide cast their vote for one of the 24 charities that were included in the shortlist. The World Wildlife Fund was the top charity selected by ING's employees; WWF will use ING's donation for conservation of the Amazon rain forest in Brazil and to protect coral reefs and sea turtles in Australia.

#### DONATIONS BY THE GROUP AFTER SEPTEMBER 11

##### 2001

Shortly after September 11 ING Group donated USD 1 million to help the victims of the World Trade Center disaster. Half of the donation went



**GARY ULICNY, CEO OF THE SHEPHERD CENTER (REHABILITATION FACILITY FOR PERSONS WITH SPINAL INJURIES), ATLANTA**

"ING is a company that cares about its community, set apart by their willingness to take action. While they certainly have been philanthropic, ING also sent an important message to their employees; 'get involved'. While giving money is important, it can never replace the experience of rolling up your sleeves and giving your time to help others."

to the September 11 Fund. The New York Fire Fighters and the Police Officers' Emergency Fund, the American Red Cross and the Foundation SaveKidsNow, established by ING Direct USA, also received donations. In addition, ING Americas also made several donations after September 11. These included a USD 50,000 gift to the September 11 Fund, New York Fire Fighters and Police Officer Emergency Fund and USD 100,000 to the American Red Cross. Moreover, ING Americas donated all its planned advertising time in the period after September 11 to the Red Cross. The donated 30-second spots represented a value of USD 750,000.

#### **VOLUNTEER WORK**

While charitable donations involve gifts of money, volunteer work involves the gift of time and talent. The skills and knowledge of ING's employees can be of great benefit elsewhere in the community. ING views volunteer work as an opportunity for its employees to contribute to society as well as to their own personal development. ING's policy is that the initiative to do volunteer work is a personal decision of the employee, but ING is committed to supporting these initiatives. ING wants to be a partner for employees who do volunteer work and facilitate them as much as possible. Business units representing 45% of the employees have developed procedures on voluntary work and stimulate voluntary work by their employees.

Within ING there are various levels of volunteer work. In some countries, such as the US and Australia, volunteer work is used as an instrument for team building in the organisation. In these countries a certain amount of charity work is often allowed during working hours and staff is often encouraged to participate. As an example, staff from ING Australia play a major role in organising events and raising money for causes supported by the ING Australia Foundation. Some of the best examples of ING volunteer efforts are: New York Cares (US), Habitat for Humanity, Sterrekind (NL), ING Volunteer

#### **ING EMPLOYEES IN HONG KONG GIVE A DAY OF 'SUNSHINE LEAVE'**

An example of how ING business units encourage their staff to participate directly in making donations, is the Sunshine Day Initiative of ING in Hong Kong. The Sunshine Day Initiative allows employees to purchase one extra day of 'sunshine leave'. The funds raised are then donated to local charities. In 2001, the funds raised by the Sunshine Day Initiative were donated to Community Chest of Hong Kong, a private organisation that raises funds for social welfare organisations in Hong Kong. In the year 2001, 37% of total staff purchased a Sunshine Day in aid of Community Chest. In total USD 18,300 was raised. The Community Chest also awarded ING with the Gold Award in their Employee Contribution Category.

Matching Gifts Guidelines (US) and ING Volunteer Time Away Programme (US).

ING also facilitates volunteer activities by providing incentives and giving the employee time off to perform the volunteer work. For instance, employees are given time off during work to do mentoring at schools. In the aftermath of September 11, employees from ING in New York were given one day off to assist at one of the Red Cross Respite Centers near Ground Zero that provided food, comfort, counseling and supplies.

#### **ING PERSONNEL DONATION FUND**

Since 1998, ING Netherlands has maintained a special donation fund to support organisations for which its employees do volunteer work, thus further stimulating this volunteer work. Each

#### **SPONSORING ORGAN DONATION PROGRAMME KOREA**

In September 2001, ING Life Korea developed a new type of sponsorship tool in the country. The innovation consists of using insurance plans to support charities. ING Life Korea set up a non-governmental organisation called the Korean Organ & Tissue Donor Programme that leads an organ donation programme. Anyone wishing to support the programme can buy an insurance plan by paying a monthly premium for a fixed period. Upon death the accrued benefits are donated to the programme. Although such plans are common in the West, they are new for Korea. So far, there are 60 customers who have joined, with aggregated death benefits of nearly EUR 600,000.



**TOP TEN CHARITIES SELECTED  
BY THE EMPLOYEES FOR THE  
10TH ANNIVERSARY OF ING**

- 1 World Wildlife Fund  
(Australia, Brazil)
- 2 Unicef
- 3 Stop Aids Now
- 4 SOS Villages for Children
- 5 Habitat for Humanity
- 6 Einstein Programme  
(Sao Paulo)
- 7 Mappa Mondo  
(Netherlands)
- 8 Dutch Red Cross
- 9 Child Line
- 10 Nelson Mandela  
Children's Fund

current or retired employee of ING in the Netherlands can apply for a donation of EUR 500 to an organisation, project or foundation in which the employee is actively involved.

In 2001 – the International Year of the Volunteer – the ING Personnel Donation Fund made gifts totalling EUR 160,000. The fund received 600 applications, of which 172 received a donation. Eight employees received double the standard amount of EUR 500 donation due to the quality of their projects.

Thousands of ING employees around the world are donating their time and skills in their communities both during and outside office hours. The names of all these employees and the kind of volunteer work they do are too numerous to list in this report. Nevertheless, the Executive Board greatly appreciates the voluntary work done by employees worldwide, whether under the ING banner or on an individual basis.

#### **FOUNDATIONS**

In addition to numerous activities in the area of sponsoring, charitable donations and volunteer work, several foundations exist within ING Group that combine these three forms of community relations. Each of these foundations has its history and policies, often to some extent determined by the local tax regime. ING is currently studying the creation of an ING Foundation at ING Group level. There are already large foundations in the US, Germany and Australia. In 2001, the ING US Foundation, formerly known as the ReliaStar Foundation US, was created. ING US Foundation

contributions and sponsorships amounted to USD 4.8 million, including USD 3.4 million in sponsorships and USD 160,000 in voluntary work matching. The ING US Foundation does not fund religious organisations or organisations of which the chief purpose is to influence legislation or participate in political campaigns. ING US Foundation only funds organisations within the United States.

The BHF-BANK Foundation was founded in 1999 with a current endowment of EUR 20 million. The foundation's activities are in the field of social charitable work (elderly and children), science (socio-political research in connection with its charity efforts) and cultural affairs (contemporary art). The overall goal of the foundation is to initiate and finance new, creative models of perception and organisation for societal issues related to the challenges of the 21st century. All of the projects of the BHF-BANK Foundation's activities are separated from the normal sponsoring activities of the bank, which are focused on potential clients.

The ING Australia Foundation has a total endowment of about AUD 1.3 million (EUR 767,000). The Foundation manages an ongoing programme of grants to charitable causes and cultural institutions. This includes support for the Spastic Center of New South Wales, which has used the donations to establish a Conductive Education Center for children with cerebral palsy. In the last year, volunteer staff organised a charity auction to help raise money for this centre.

#### **SUPPORTING SUSTAINABILITY IN EDUCATION**

In recent years, there has been a greater effort to embed sustainability issues into the curricula of traditional business schools. ING fully supports this trend and incorporated business ethics issues into the teaching programme of the ING Business School. In 2001, ING continued providing financial support to the sustainability programmes at various business schools and educational foundations.

#### **ING LIFE TAIWAN**

During the past year, ING Life Taiwan launched a free medical information system available via the Web for all citizens of Taipei. Working together with the Taipei City Government and the Taipei City Health department, the site features an online medical library, general hospital information, online registration, and health care policies. It also links the print media of Taipei's municipal hospital and clinics to a single online service.

- ING Group supported the research programme of the Dutch foundation 'Sustainable Enterprise' (SVO) with a financial contribution.
- ING Group provided an annual contribution to the foundation 'Society and Enterprise'.
- ING Group decided to sponsor the academic chair 'Management of sustainable development' at Tilburg University in the Netherlands for a period of three years. ING's annual contribution will be EUR 6,800 for a period of three years.
- As per 1 January 2001, ING Bank Netherlands sponsors a part-time academic chair 'Sustainable Investment' at Nyenrode University in the Netherlands, one of the first of its kind in the Netherlands.
- BBL Belgium has had a relationship with the Vlerick Leuven Gent Management School for a long time. In November 2001, this institute

#### ING IN SLOVAKIA

In Slovakia, ING's sponsoring and charitable activities originate from both the insurance and banking activities. ING Bank's charitable activities are initiated by its staff. The aim is to create a network of solidarity between the bank, its employees and the local community. In 2001, ING Bank's charity initiatives included support for a home for disabled children and adults and the renovation of the monastery in Marianka, part of the country's National Cultural Heritage. The focus of ING Nationale-Nederlanden's sponsoring efforts in Slovakia is to help children.

organised an international forum on Business Ethics. The International Vlerick Chair on Business Ethics and Reputation Management was inaugurated at this forum. In order to stimulate the teaching of the subject, BBL made a donation.



**NICOLE KENTLEY, CORPORATE DEVELOPMENT MANAGER FOR MAKE - A - WISH FOUNDATION, SYDNEY**

"ING Australia has kindly provided office space in their head office in Sydney to our Foundation. ING's support and generosity have really helped us in our efforts to

increase the profile of Make-A-Wish here in New South Wales which in turn helps us grant terminally ill children their wishes."

#### ING EMPLOYEE ASSISTS IN REBUILDING THE BOSNIAN ECONOMY

During 2001, several ING employees were granted a special leave to do volunteer work for a project supported by the Dutch employers' association (VNO-NCW) and the Dutch Ministry of Defence to help rebuild the Bosnian economy. The objective of the project was to identify former reserve officers in the Dutch private sector who were willing to go to Bosnia to advise small to medium-sized companies trying to rebuild their businesses in the aftermath of the war. In this way, the project strived to make a modest contribution to economic recovery in the region. From the experience of one of ING's volunteer workers, the project really helped the people in Bosnia. "A lot of the knowledge and skills that we take for granted here are a real eye-opener there. Development aid through giving money can help, but it's a matter of what you do with the money, and how you make a sustainable business from it."

Next to ING's donations to promote sustainability programmes at various business schools and educational foundations in the Netherlands, ING also took steps in 2001 to expand its relationships with leading universities outside the Netherlands. In November 2001, CEO Ewald Kist held a speech for MBA students of the Georgetown University Business Ethics Institute in Washington, DC in the United States on 'Transparency in a Complex Society' (available at [www.ing.com](http://www.ing.com)). ING also decided to be the major sponsor of the Transatlantic Business Ethics Conference, which will be held at Georgetown University in September 2002.

ING assisted in two studies conducted at Nyenrode University by sharing its knowledge and experience in the field of sustainability and on codes of conducts. ING also regularly provides information to research institutes and individual students on this issue.

#### CSR NETWORK IN THE NETHERLANDS

In 2001, ING Bank, became a member of 'Samenleving en Bedrijf' (Community and Business) in 2001, a network for companies and society organisations in the Netherlands which aims to exchange experience in the field of corporate social responsibility (CSR).

#### STAKEHOLDER DIALOGUE

ING's policy is to promote an active and open dialogue with all its (sub)-stakeholders in society. ING is committed to a dialogue based on transparency, consistency, quality and accountability; the Group also expects these qualities from the partners with whom it enters in dialogue. Approximately 20% of the respondents have developed procedures for stakeholder dialogue. The relatively low score reflects the fact that due to the issues involved, the consultation process often takes place at Group level and dialogue has not been formalised.

From a sustainability point of view, stakeholder dialogue is a valuable source of information for ING on current and future views on relevant issues in different segments of society. Stakeholder dialogue is necessary to identify the relevant parties involved in the key issues of debate. Stakeholder debate is necessary to know how individuals and groups perceive ING and what they expect from ING.

ING invites all individuals and groups with a legitimate interest, comment or question to enter into a dialogue with the Group. Of the many organisations and groups that ING is in contact with, the Group also looks to see whether the group or individual is representative for that stakeholder group. The general rule is that in order for ING to accommodate stakeholders, ING needs to know what their needs are. Stakeholder dialogue, therefore, does not stop at discussion, but involves actively trying to find out what those needs and expectations are and fulfil them if and when reasonably possible. ING's stakeholder dialogue is therefore proactive as well as reactive.

ING conducts stakeholder dialogue in different ways. With some stakeholders, ING is in regular discussion. With other organisations contacts may be sporadic or on a case-by-case basis in response to an incident or current issue. Some stakeholders approach ING at Group level, while

other stakeholders address themselves to ING's local business units.

A key form of stakeholder dialogue is communication. Stakeholders may respond to statements made by ING. They may form an opinion and ask ING to respond or request information.

However, other stakeholders want more than just information. They may want to change something within ING. On any given issue, ING will carefully consider all opinions, determine whether they are relevant and see if a mutually satisfactory solution can be found. In some cases, such a solution may not be found, in which case ING and a particular stakeholder may come to 'agreeing to disagree'. 'Agreeing to disagree', however, is not the beginning, but the end of a process of trying to come to agreement. While ING may disagree with the opinions of certain groups, a policy of openness and transparency obliges ING to explain the reasons why. Where disagreement occurs, ING does not favour ceasing dialogue. On the contrary, ING believes it is important to continue the dialogue with its partners in society to continue to learn from each other.

#### DIALOGUE WITH PEERS IN INTERNATIONAL PLATFORMS

Another form of ING's stakeholder dialogue is participating in different working groups (such as World Business Council for Sustainable Development (WBCSD), International Chamber of Commerce (ICC)), in international conferences on sustainability and in discussions (either formal or informal) with government leaders, foreign policy makers or politicians to inform them on ING's activities in their country.

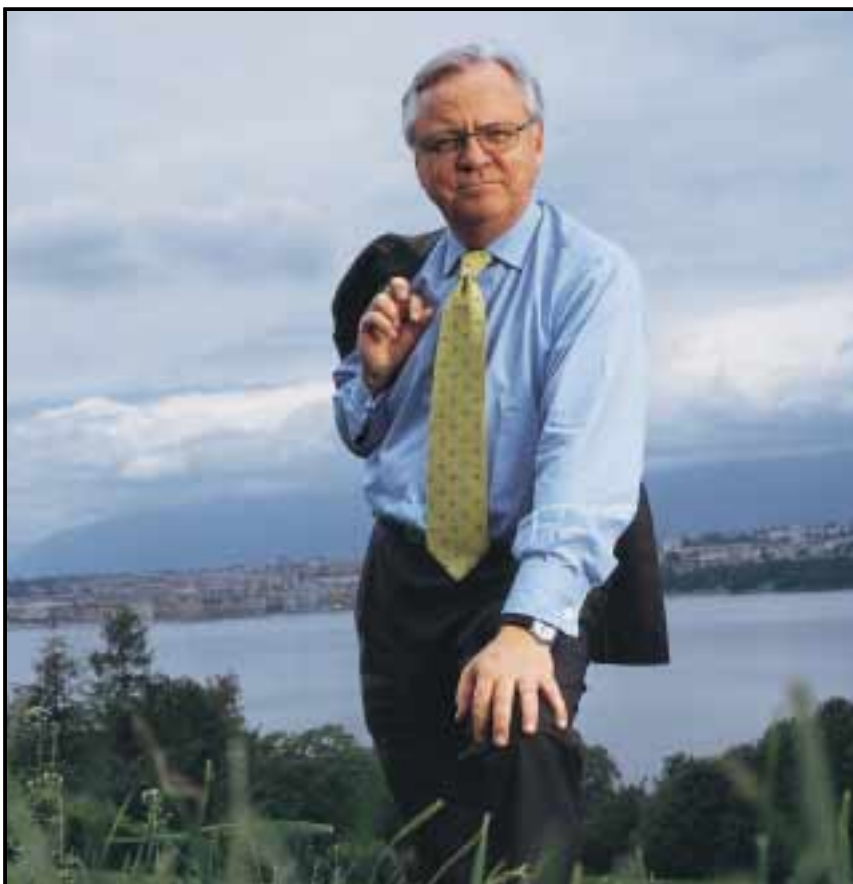
#### INTERNATIONAL WORKING GROUPS

ING also engages in dialogue with its peers by participating in various international platforms. As a member of the Paris-based ICC Commission on Business in Society, ING endorsed the document prepared by the Commission in 2001

### BUSINESS PRINCIPLE: INTERNATIONAL OPERATIONS

*... ING is committed to respecting the rule of law. The prime consideration is that ING is a commercial organisation and its activities are therefore business-orientated. ING does not intervene in political or party political matters. Nor does it make gifts or donations to political parties. However, within the legitimate role of business ING reserves the right – after careful consideration – to speak out on matters that may affect its employees, shareholders or customers ...*

called 'Business in Society: making a positive and responsible contribution.' The paper seeks to make practical suggestions to companies on how to approach corporate responsibility issues and to explain to those outside business how companies approach these issues.



**BJÖRN STIGSON, PRESIDENT, WORLD BUSINESS COUNCIL FOR SUSTAINABLE DEVELOPMENT (WBCSD), GENEVA**

"ING has established a tradition of environmental reporting. With this report, ING is clearly positioning itself as a leader in driving the sustainable development agenda within the financial sector. I would like to commend the company's efforts upon this achievement, and hope it will encourage others to follow suit."

# OPERATIONS AND PERFORMANCE

In view of the diverse regulatory environment of ING's international activities, operations and procedures are addressed at both the Group and business unit levels. This provides the flexibility to address the local regulatory framework within each specific cultural environment. Risk management, integrity and compliance are issues that are dealt with at Group level and apply to all business units. Performance of environmental management differs per country and business activity. Although it is the first time that international figures for use of electricity and water are provided, the figures and parameters are not complete.



**CEES MAAS**

**ING EXECUTIVE BOARD**

ING highly values good risk management. This does not only involve risks in the financial field, but also risks regarding the environment, society and reputation.

## RISK MANAGEMENT

Risk management is one of the key areas a financial institution has to focus on. Both external risks (reliability of clients) and internal risks (behaviour of employees) can influence the financial position and the reputation of ING. Therefore, ING is very much concerned that its name will not be associated with any activity or business that can lead to negative sentiments in the public opinion.

Risk management goes beyond financial risks. ING is as active in managing the environmental, social and reputation risks inherent to the company's activities, as in continuously protecting itself against unforeseen changes in interest rates. To draw a line between financial and non-financial risks is not an easy task. A system failure that leads to a service interruption, or an employee committing fraud and thus harming a client, not only leads to unforeseen costs but can also damage a good reputation. A damaged reputation in turn also has a financial side when it affects the willingness of people to do business with ING. Risk management within ING, therefore, has an integrated character.

ING is aware of the importance of implementing and improving internal procedures to manage and monitor these risks. Of the respondents to the questionnaire, approximately 65% developed one or more procedures for risk management on social and environmental issues.

## CORPORATE SOCIAL RESPONSIBILITY STATEMENTS

In 2001, risk management at ING was dominated by the development of Corporate Social Responsibility Statements, the Group-wide introduction of Operational Risk Management and the further implementation of the ING Group Business Principles, amongst others in all credit risk manuals that are used within ING.

ING is in the process of developing a formalised set of Group-wide Corporate Social Responsibility (CSR) statements. CSR statements are a set of guidelines for dealing with non-financial risks such as environmental, social and reputation risks. The CSR statements fit in the framework of the ING Business Principles. While the Business Principles are of a general nature, the CSR statements will be more specific. They will address ING's business relations with specific

industry sectors that are known for their potential environmental, social and/or reputation risks. These risks are generally called non-financial risks. This, however, does not mean that they have no financial impact. Involvement in other business activities that are unsustainable from an environmental, social or ethical perspective can damage ING's reputation and influence public opinion just as well. This, in turn, will reduce the willingness of the public to do business with ING. Moreover, lenders to or investors in such unsustainable activities can potentially face financial claims relating to the damages caused by these activities.

The ING Group-wide CSR statements will bring together and extend the guidelines for dealing with the risks that already exist on a business unit level. Comparable guidelines have actually been effective in several of ING's banking units for many years. The industry sectors that will be covered in the CSR statements will, for example, include agribusiness, defence, environmental finance, gambling, genetic engineering, natural resources and electricity generation.

#### CONCENTRATION RISK

After the attacks on the World Trade Center in New York on September 11, 2001, insurance companies renewed their attention on the phenomenon of concentration risk. That also goes for ING. Prior to that date, ING sold reinsurance contracts with catastrophe cover to many different companies assuming that as a result the risk diversified itself. However, after September 11, ING experienced that many employees of companies, insured with insurers, it had sold reinsurance to, were concentrated within a small geographical area. ING is now undertaking a study regarding the concentration risk of its portfolios. This was especially performed for ING's non-life coverage to determine the exposure to natural perils and storms. The aim of this new study is to identify what the catastrophic losses on life and health insurance portfolios might look like and how to calculate and mitigate those risks, similar to what ING does with its non-life business.

#### OPERATIONAL RISK MANAGEMENT

Business processes, systems and procedures can show failures or be temporarily out of order due to malfunction. Employees can accidentally make mistakes but also knowingly harm the company through theft or fraud. ING might become a target of criminal practices by outsiders. Natural disasters and fire for instance can cause severe damage to the company. These situations can harm the reputation of the company and will in all cases lead to financial damage and threaten the continuity of ING. Including reputation risk, all these types of risks are referred to as operational risk. The common characteristic of these risks is that they are primarily related to a process and not directly connected to transactions as is the case with credit risk, market risk and insurance risk.

More than these risk categories, operational risk is on the borderline between financial and non-financial aspects. Regarding the financial aspects, operational risk in the financial sector has been in the centre of attention over the past few years, due to the decision of the banking supervisors worldwide to have the solvency requirements of banks be dependent on the quality of operational risk management as from 2006. The non-financial aspects of operational risk are related to the major interests that are involved in maintaining a strong and ethical company culture which might prevent human mistakes and violations of rules, whether or not deliberately. Another non-financial aspect

#### OIL PALM PLANTATIONS

In 2001, a number of cases were revealed regarding illegal deforesting of tropical rain forests for the development of oil palm plantations. As a result of this, ING has sharpened its credit conditions for companies or projects that can possibly damage the tropical rain forests. ING will lay down the conditions that there can be no connection between deforesting and a new plantation, that the local environment, social and labour-law-related regulations are observed and that the project meets the regulations of the World Bank's Forest Policy.

Either through its own research or through research by third parties, ING will check the environmental effects and the antecedents of the company applying for a credit when it comes to respecting the rights of the local population.

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## BUSINESS PRINCIPLE: PERSONAL CONDUCT

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*...ING expects the highest levels of personal conduct by all its employees, whatever their position. It is acknowledged that all effective business relationships, inside as well as outside the Group, depend upon honesty, integrity and fairness. While it is recognised that limited corporate hospitality is given and received as part of building normal business relationships, employees should avoid accepting hospitality or gifts which might appear to place them under an obligation. Bribery of any form is unacceptable. No undeclared offers or payments will be accepted or solicited by ING employees, or made by ING employees to third parties, and employees are required to avoid any contacts that might lead to, or suggest, a conflict of interest between their personal activities and the business of the Group...*

is the social importance of continuity of service in case a company is afflicted by system and process failures. After all, whether or not reputation damage is a non-financial risk, it is an operational risk that is difficult to value in terms of money.

As is the case with all main risk categories, managing the operational risks is primarily the responsibility of the line manager. In line with the earlier established staff organisations for credit risk, market risk and underwriting risk, ING decided in 2000 to establish a specialised staff organisation for operational risk to support, stimulate and monitor the line management. In 2001, management rules regarding operational risks that are applicable to the entire ING Group have been introduced. In line with the basic assumption that line management is primarily responsible, Operational Risk Committees (ORC)

### ISO CERTIFICATION 9002

In December 2001, the BBL Corporate Audit Service (CAS) was granted the ISO 9002 certification 1. This is the highest ranking quality standard on a worldwide level. CAS was the first European banking internal audit department to receive this certification. A quality manual has been written, which details the cultural and management values of CAS in various areas: people management, competence, performance, coaching and interaction of different people.

have been established at Executive Committee level. Meanwhile, the first ORC has become operational within ING Europe. Almost all business units have appointed specialised Operational Risk Management officers, who make up the ORM network together with the central staff.

Now that the ORM network has almost been completed, more attention can be paid to refining the arsenal of control mechanisms and measuring instruments, to establishing the bench marks and procedures and to increasing risk awareness of management and employees of the entire ING.

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## INTEGRITY

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Integrity within ING is enhanced by the implementation and application of compliance and security policies. These policies concern the integrity of all ING employees, the integrity of the ING organisation and the integrity of the way in which ING undertakes its business activities e.g. interacts with its many different relations, including clients.

With regard to the integrity of its employees, ING among other things takes into account the antecedents of new employees. The policy to enhance the integrity of the organisation is geared to prevent fraud and abuse within ING, for example through introducing and implementing a separation of authorities, specific authorisation regulations and transaction monitoring systems. When it comes to the integrity of ING in relation to its clients, ING introduced regulations in the area of customer due diligence.

ING aims to enhance and preserve the integrity of its organisation. ING's various compliance and security policies also play a role in the development of means to monitor its customer base for criminal transactions, persons and organisations. This also enables ING to meet its various obligations on the basis of UN and EU sanction regulations.

ING has acquired much experience, especially in the Netherlands, with remedial responses to inci-

dents. Currently, ING is investigating whether similar procedures, with a good balance between the interests of the company and of the employees, can be implemented in the ING organisation worldwide.

#### COMPLIANCE

ING has to deal with a large number of different laws, regulations and values. As any citizen, ING and its employees must comply with the laws and regulations and the ethical codes of conduct in the markets where they are active. ING employees further must comply with the ING Business Principles. Management is responsible for enhancing and monitoring such compliance. It goes without saying that the members of the management have an exemplary function to show how integrity is given shape in daily practice.

ING's compliance organisation monitors risks in the field of reputation and integrity. The compliance department also functions as the information centre for the Group and advises management. The compliance departments receive many questions regarding ethics, for example whether or not a transaction should be financed or how to handle a transaction. ING has approximately 500 Compliance Officers to support and advise business units, management and employees.

#### BUSINESS PRINCIPLES

In 2000, the worldwide implementation of the ING Business Principles took place. The translation of the Business Principles into day-to-day practice will continue to receive full attention in the next few years so that they become more recognisable for employees. The Compliance Officers can play a supportive role here. A report about all types of incidents within the Group, which will be implemented for the first time, will also include the violations of the Business Principles.

#### PREVENTIVE ANTI-MONEY LAUNDERING POLICY

ING pays much attention to combatting economic crimes, such as money laundering. The Group wants no involvement whatsoever in money laun-

#### PREVENTION OF DISHONEST AND PUNISHABLE BEHAVIOUR

In 2001, Corporate Security developed an instrument to determine the 'self-cleaning capacity' of business units. Criminological and psychological investigation has shown that a combination of factors, such as the extent of corrective measures by management and colleagues, high commercial pressure, low level of satisfaction, a certain management style and the lack of transparency can increase the possibility that theft, fraud or other behaviour that transgresses moral standards are not dealt with. On the basis of these insights, a short questionnaire has been developed which measures the chance that this is taking place. This provides a good point of departure for further research and measures for improvement. The questionnaire will now be further refined as an instrument for worldwide use within ING.

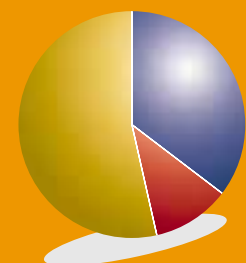
dering activities. ING aims at preventing that the funds transfer services of the company are being misused to that end. In 2001, a pilot was held, in co-operation with a Dutch software company, with a transaction monitoring system that gives an indication of frauds and of deviations in transactions of current accounts. These deviations might be an indication for money laundering. This system is being tested at several places within ING, such as C&E Bankiers and Postbank in the Netherlands. In this way, experience is gained regarding on the way the system works both in a private banking and in a retail environment. Outside the Netherlands as well (e.g. in Romania) the system is being tested. When the system operates satisfactorily it will be introduced on a larger scale within ING. With this system for transaction monitoring, ING is in the lead compared to other financial institutions. The compliance department has also started to develop a special training programme for anti-money laundering for employees. This training is available through the Intranet.

#### ENVIRONMENTAL MANAGEMENT

Monitoring of performance at an operational level is essential to achieve aims defined in the ING environmental policy and the Business Principles. Structured internal control and monitoring, accompanied by increasing global awareness of

#### INTERNATIONAL PRESENCE OF ENVIRONMENTAL POLICIES IN ING BUSINESS UNITS (1)

in %



Yes	35
No, planned	11
No	53



## BUSINESS PRINCIPLE: ENVIRONMENT

*... ING recognises that certain resources are finite and must be used responsibly. Therefore it pursues a two-pronged, internal and external, approach designed to promote environmental protection. Its external policy is aimed at anticipating developments in the environmental field related to commercial services, and the professional management of environmental risks. Internally, the policy is aimed at controlling any environmental burdens caused by ING itself. . .*

environmental issues by ING employees support the ING Business Principles. In 2001, ING examined the international status of environmental management to be able to define improvements and goals for the future on a corporate level. For the coming years, ING will focus on harmonising and developing global reporting and information systems.

### ENVIRONMENTAL POLICIES AND MANAGEMENT SYSTEMS

ING formulated a corporate environmental policy in 1995, which distinguishes between internal and external environmental management. The external environmental policy is covered in the chapter Clients and in the paragraph on risk management. This paragraph covers the internal environmental policy.

In 1999, the environmental policy became part of the ING Business Principles. In order to make an inventory of the application of the environmental Business Principle, ING requested its business units worldwide to complete an Environmental Questionnaire. The business unit that completed

the environmental questionnaire represent 74% of ING's employees working in 21 of ING's 25 core countries. 35% of the respondents to the questionnaire employ an environmental policy based on the ING environmental Business Principle, while 65% do not. Between 2002 and 2007 11% plans to develop a policy. Reasons why business units do not apply an environmental policy are the small size of the office, lack of funding, adherence to existing central policies and frequently the fact that office space is leased or rented from a third party.

The adopted environmental policies focus on reduction of paper use, disposal of office supplies, compliance, working towards ISO 14001 and increasing environmental awareness amongst employees.

The business units in the Netherlands, ING Greece, ING Life Insurance Korea and BBL Belgium all reported having an Environmental Management System in place. The Antwerp office of BBL in Belgium is certified according to the ISO 14001 standard and ING Korea intends to certify its system. Of the respondents who do not have an environmental management system, approximately 10% plan to develop one between 2003 and 2007.

### MONITORING OF INTERNATIONAL ENVIRONMENTAL PERFORMANCE

ING's internal business activities mainly concern office work. ING is aware of the environmental impact this can have. In order to tackle this with adequate management systems, the current status of environmental monitoring and control needs to be examined. Following this, internationally applicable policies can be defined for energy and water consumption, waste production and transport. ING's aim is to improve its environmental performance worldwide. To be able to gain insight into the international status of environmental monitoring and control, the environmental questionnaire also covered questions on energy use (i.e. electricity and district heating), gas, water

#### ENVIRONMENTAL POLICY ING AUSTRALIA

ING Australia adopted an environmental management policy in 2000 featuring three focal areas: minimising paper use, other recycling strategies and reducing energy consumption and CO<sub>2</sub> emissions. The use of the Intranet is promoted as a means of internal communication. Automation of other processes including IT procurement, asset management and payroll information has also reduced paper use. In 2001 energy-efficient fluorescent light tubes were installed while the old fluorescent lamps are being recycled.

consumption, waste production and the use of (public) transportation. In addition to showing the current status of environmental parameters, the results indicate that there are areas that can be improved. It is likely that improvements in the short-term will be focused on the measurement systems, that in turn will enable the organisation in the longer term to focus on improving environmental performance.

At present, around 75% of the respondents to the questionnaire measure one or more environmental parameters mentioned in the questionnaire, namely energy (electricity and district heating) gas, waste, water and/or transportation.

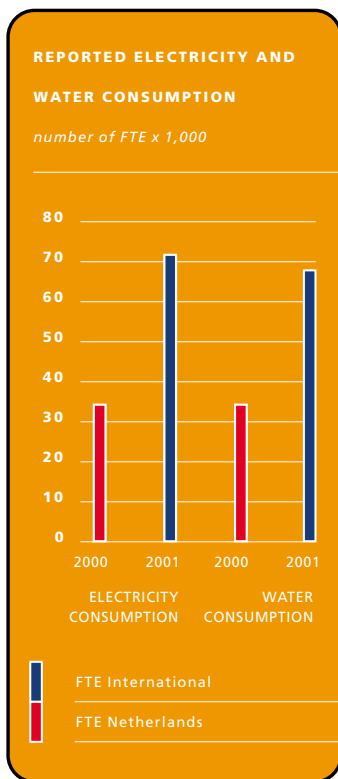
Water and electricity data were reported most frequently. The values reported for these parameters were generally based on systems involving meter readings and invoices. The answers provided for the other parameters (oil and gas consumption, waste and transport) were not considered complete enough to mention in this report.

Few respondents to the questionnaire reported on waste and transport data. Transport and the energy use will be a focal area for ING in the future, especially in light of the increased importance of CO<sub>2</sub>-emission reporting.

Since 1995 ING has reported on environmental parameters in the Netherlands where reporting of



ING HOUSE, THE NEW HEAD OFFICE OF ING GROUP IN AMSTERDAM, WILL BE COMPLETED IN THE SUMMER OF 2002.



environmental data is part of standard business monitoring procedures. Last year's edition of the ING in Society report, which was the first international report, included an appendix with Dutch environmental data. This year, the data is not included in an appendix but will be supplied on the new webpage of ING in Society, [www.ing.com](http://www.ing.com).

This year, aided by the results from the questionnaires, ING is able to report electricity and water data over an increased percentage of the total number of employees. Based on approximately 70,000 ftes of ING the average electricity consumption per fte was 22 Giga Joules in 2001. Based on around 66,000 ftes of ING the average water consumption in 2001 per fte was 15 m<sup>3</sup>.

The Dutch associations of insurers (1996) and banks (1995) made an agreement with the Dutch government 'Long-term energy agreement' to reduce energy consumption by 25% by the end of 2006. Until 2000 it was unclear how the Energy Efficiency Index should be calculated, though ING showed an increase in efficiency over the past years. In 2000, ING contributed with an efficiency of 3%. This figure is based on gross floor area.

#### ING HOUSE

The construction of the new head office of ING Group in Amsterdam called ING House, will be completed in the summer of 2002. A number of measures have been incorporated in the building to reduce energy consumption, so that the calculated energy performance standard for the building is in accordance with the norm set by the Dutch government for office buildings.

Features include the use of recyclable building materials such as glass, steel and aluminium. The use of wood has been minimised and limited to wood with an internationally recognised environmental quality mark (Forestry Stewardship Council). Energy savings will take place through the application of a double outer wall, sun awnings, warmth wheels and electricity sensors that respond to daylight. Furthermore, when

opening a window for natural ventilation, the internal air conditioning system will shut off automatically.

#### GREEN PROCUREMENT

In 1996, ING established an Environmental Quality Mark in the Netherlands to stimulate employees to order environmentally friendly office supplies. The number of office supplies that comply with the requirements of the Environmental Quality Mark increased significantly in the past year. An environmentally focused purchasing policy is also applied in Belgium, Australia, Canada, Hong Kong, Italy and Poland.

In the General Provisions of ING worldwide stipulations were added in 2001 regarding the compliance of the suppliers with relevant environmental, health and safety laws. The stipulations include requirements for the supplier to minimise the environmental impact of its operations.

# VERIFIERS' REPORT

## KPMG Sustainability

### INTRODUCTION

We have been asked by the Executive Board of ING to verify the ING in Society Report 2001 of the ING Groep N.V. (also referred to as The Report). The ING in Society Report 2001 is the responsibility of the Executive Board of ING Groep N.V. It is our responsibility to provide an opinion on The Report based on our verification.

### CONTEXT AND SCOPE

The ING in Society Report 2001 deals with the implementation of ING's Business Principles in relation to its four main stakeholder groups – clients, shareholders, employees and society at large. This year the ING in Society Report has extended the global coverage of the information (text, case studies and data) in The Report.

Our verification focused on whether:

- the overall picture of ING's global business and its approach to sustainability presented in the ING in Society Report 2001 is supported by documentary evidence at corporate and business unit level;
- the reported performance information (text, data and case studies) for 2001 is consistent with the underlying documentation and data at corporate level and the information from the business units.

### ACTIVITIES UNDERTAKEN

Our verification, planned and conducted by a multidisciplinary team, was based on the International Standard for Assurance Engagements of the International Federation of Accountants. This verification, an investigation on a test basis, provides a moderate level of assurance.

Our verification, which was conducted at the corporate head offices in The Netherlands, comprised:

- checking the text, data and case studies in the ING in Society Report for consistency with underlying internal documentation;
- checking the reported performance data for 2001 for consistency with the data in the administration systems at corporate level;
- reviewing the contents of The Report for consistency with externally published information such as the annual financial report;
- a review of the ING in Society Report 2001 to ensure consistency with our findings and our knowledge of the company.

We did not undertake local audits at the Business Units to verify the implementation of the policies and principles in the organisation.

### OPINION

During our verification we did not find any evidence to indicate that the following statements are not correct:

- the overall picture of ING's global business and its approach to sustainability presented in the ING in Society Report 2001 is supported by documentary evidence at corporate and business unit level;
- the reported 2001 performance information (text, data and case studies) is consistent with the underlying documentation and data at corporate level and the information from the business units, and should be read in conjunction with the section 'information' on page 3 of The Report.

### ADDITIONAL COMMENTS

We welcome the extension of the ING in Society Report to cover ING's global operations. We support the commitment ING makes to further develop global monitoring and reporting systems to enable reporting of complete and comparable performance information in future reports.

Amsterdam, 12 June, 2002

**KPMG BUSINESS ADVISORY SERVICES B.V.**

**PROF. DR. GEORGE C. MOLENKAMP** (*Director*)

**ING PUBLICATIONS**

- Annual Report ING in Society, in Dutch and English
- Summary Annual Report, in Dutch, English, French and German
- Annual Report, in Dutch and English
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