



# Human Rights Report 2018



# Foreword

Societies can only flourish when human rights are respected, upheld and advanced. As a global bank, we operate and serve clients in more than 40 countries and, as such, ING deals with topics that can potentially have an effect on human rights. In all that we do, we need to be sensitive to these effects.

In meeting our obligation to respect human rights, ING, as a bank and as part of the wider business community, is taking on a challenge. We are cognisant of our own limitations, especially in areas where we are exposed to human rights risks through our clients and their value chains, and the value chains of other global businesses. We are taking steps to meet this challenge.

Looking ahead, we will continue to develop our human rights client due-diligence framework and support the development of global approaches for addressing human rights.

In October 2016, we signed the Dutch Banking Sector Agreement on international responsible business conduct regarding human rights (DBA). This has offered us a platform for constructive engagement with peers, NGOs, trade unions and the Dutch government on the topic of human rights. We are especially looking forward to the outcomes from the DBA's Value Chain Analysis for cocoa, palm oil and gold and we will evaluate how we can benefit from this systematic exercise in engagement with a selected number of corporate clients. We will build further on this work and engage actively in respect of human rights to ensure that we succeed in our DBA commitment.

We have been advancing our work on human rights through the DBA, but also via platforms like the Equator Principles, OECD Working Group and Thun Group of Banks. This has allowed us to understand in greater detail the full scale of the task ahead for the banking sector. We are confronted, mainly through our lending portfolio, with some complex issues, including impacts on Indigenous communities, land rights, harmful child labour and forced labour.

Given the developments described above, we have chosen to issue a report dedicated to human rights. This allows us to share insights more clearly and obtain feedback from others on how we can further improve as we seek to embed the promotion of human rights into the fabric of our business.

We are following the United Nations Guiding Principles Reporting Framework in this report. This has led to a better understanding of our most severe human rights risks, both in our own operations and in those of our clients.

The report documents human rights processes. It tells stories that explain our own human rights journey and shows progress is possible.

I invite you to join us on our journey,

**Koos Timmermans**  
vice chairman ING



# About this report

This report represents a landmark in the way we communicate our approach to managing human rights. We hope that, through its publication, our clients, peers and other businesses may benefit from our insights and lessons we have learned. By sharing it, we also seek to encourage dialogue so we can learn from others and drive improvement in our own processes and outlook. This report should not be deemed to provide any legal or other advice.

The report uses the with the United Nations Guiding Principles (UNGP) Reporting Framework. It demonstrates our commitment to disclose:

- our efforts to embed respect for human rights into the fabric of our business;
- the salient issues we face in two of our operating roles: as an employer and as a corporate lender;
- our dilemmas and challenges;
- the views and opinions of our stakeholders and how they may be acted upon;
- our future priorities.

We have been a member of the Dutch Banking Sector Agreement on human rights (DBA) since 2016. The agreement focuses on corporate loans and project finance activities. One of many deliverables under this agreement is the preparation of a UNGP report. Through our involvement with the DBA, we have focused on human rights due diligence in our role as a corporate lender. The severity of the risks we take on through our financing activities makes examining the salient issues we face in this role a priority for human rights due diligence.



At the same time, we want to learn about the risks our employees face, since they are integral to everything we do as a business.

Shift, the leading centre of expertise on the UN Guiding Principles on Business and Human Rights, provided feedback and recommendations on this report, as well as offering insights into how we could strengthen our processes for identifying salient human rights issues.

ING aims to continue to be transparent with respect to our management of human rights issues in our roles as an employer and lender and will use this first report as a starting point to issue future disclosures on our human rights performance.

> About this report

In 2016, at any given time, an estimated

**40.3 million**

people were trapped in modern slavery.

Source: ILO

**Hundreds of millions of people**

suffer from discrimination in the world of work. This not only violates a basic human right, but has wider social and economic consequences.

Source: ILO

Every year, there are

**250 million**

accidents that result in absence from work, the equivalent of **685,000** accidents every day, **475** every minute, **8** every second.

Source: ILO

**18**

**treaties and optional protocols**

advancing human rights have been agreed since 1948.

Source: United Nations

Out of the

**24.9 million**

people trapped in forced labour, **16 million** are exploited in private sector activities, such as domestic work, construction or agriculture.

Source: SILO

Only

**30%**

of land rights are registered or recorded worldwide, land is at the centre of development challenges.

Source: World Bank

Indigenous people make up just **5% percent** of the world's population, but account for

**15%**

of its poor.

Source: FAO



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# Introduction

- ING at a glance
- ING's human rights journey
- Our challenge and ambition





# ING at a glance

## Who we are and what we do

**Before examining the human rights responsibilities of our business it is useful to provide an overview of who ING is and what we do as an organisation. Our purpose is to empower people to stay a step ahead in life and in business. This is founded on our belief that we are a trusted partner to our clients, providing responsible financial services that enable growth and economic progress. We are a global financial institution with a strong European base. Our customers are at the heart of what we do.**

### We operate in several contexts:

**Market Leaders** are our businesses in mature markets in the Benelux where we have strong market positions in retail and wholesale banking. We're implementing an operational integration of Belgium and the Netherlands as part of our strategy to provide a uniform customer experience based on a digital-first model, enhance operational excellence and create greater cost efficiency.

**Challengers** are our businesses in markets where we aim to build a full banking relationship digitally distributed at low cost via platforms like Model Bank, which we are developing for several European banking markets, and Welcome, in Germany. We are also using our direct banking experience to grow the lending business at low cost in areas like consumer and SME lending. And we are using our strong savings franchises to fund expansion of Wholesale Banking in these markets.

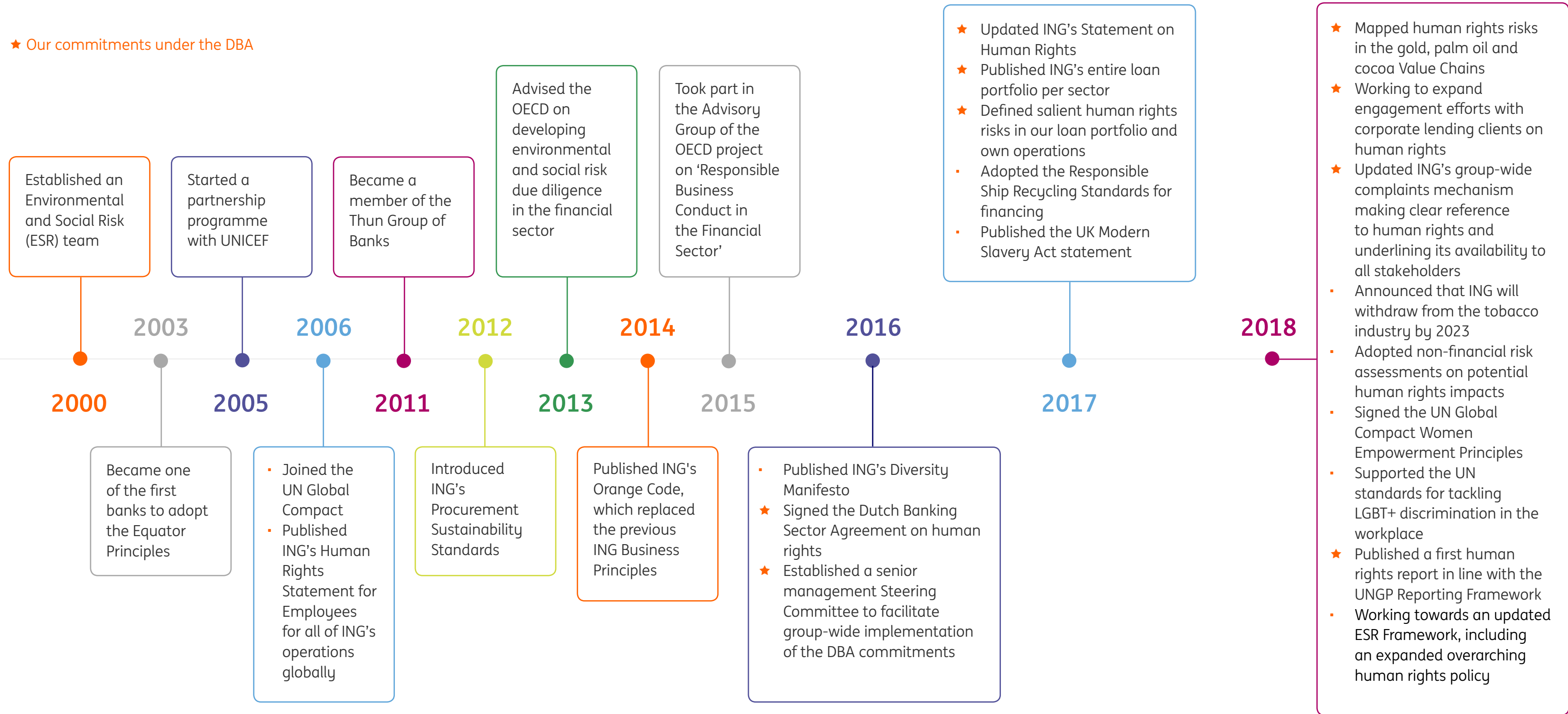
**Growth Markets** are businesses with a full range of retail and wholesale banking services in markets with expanding economies and strong growth potential. We're investing to achieve sustainable franchises and will focus on digital leadership by converging to the digital-first model and prioritising innovation.

We are engaged in activities which connect us to millions of people and businesses across the globe. We protect people's savings and offer them loans to help them make purchases – from everyday transactions to buying a home – that improve the quality of their lives. We advise people on how to invest for future needs and help them buy securities, such as stocks and bonds. We work with companies to optimise their daily operations, whether they need working capital to make payroll or export their goods overseas. We provide financing and support to governments so they can build infrastructure, such as housing, transportation, schools and other vital public works, that enhance their economies and the living standards of their people. By lending to clients large and small, we help them grow, creating jobs and economic value at home and in communities around the world. In our own operations we purchase goods and services from thousands of suppliers around the world.



# ING's human rights journey

★ Our commitments under the DBA





# Our challenge and ambition

## Embedding respect for human rights across our business activities

**When it comes to our human rights commitments, what is the scale of the challenge that we take on?** As a global bank, ING and its clients have the potential to impact human rights through their operations across sectors and geographies. Global interconnectedness is broadening accountability for human rights. Over the past decade we have seen this extend both up and down the value chain, as companies use their leverage to promote international business ethics, environmental and human rights standards. Companies can strive to influence, support and educate their business partners to better respect human rights.

While human rights is not new as a topic in business, developments in recent years, including the adoption of the UNGPs in 2011, have provided additional clarity on the role of business.

On the one hand, businesses can help advance human rights in a number of different ways, including by offering access to decent work, creating higher living standards, protecting children's rights and procuring goods in a responsible manner. On the other hand, businesses can also hinder human rights, as evidenced by reports around the world of unsafe working conditions, migrant worker exploitation and harm done to communities.

As a bank, our impact is on different levels and in the various roles that we have:

- Our workplace (as an employer)
- Our supply chain (as a procurer of goods and services)
- Our clients and business partners (as a provider of financial, advisory and other products and services)
- As an industry leader, helping to shape industry standards through multiple engagement platforms and working groups.

It is our ambition to use our leverage in our own operations and through our business relations to identify, manage and mitigate risks to human rights. Throughout this report the reader will gain insight into how we follow up and use our leverage within each of these roles. We also aim to highlight where there is room for growth and clarify our future ambitions.



# Human rights governance

- Policies and statements
- Partnerships





# Human rights governance

## Dedicated Steering Committee

**Accountability from the top sets the tone that all areas of the organisation utilise to embed respect for human rights.** In 2016, we established a Group-level Steering Committee (SteerCo) to oversee and take responsibility for the implementation of the Dutch Banking Sector Agreement on human rights (DBA). The SteerCo includes: ING's CFO and Management Board Banking member; the head of Regulatory and International Affairs; the global head of Sustainability; the global head of Corporate Communications; the Wholesale Banking chief risk officer; the Wholesale Banking chief operations officer; and the Wholesale Banking head of Sectors. The SteerCo meets every quarter to monitor the progress of our DBA commitments.

SteerCo members contribute expertise that facilitate the determination of best practices and strategies which improve the way ING manages potential human rights risks in our portfolio and our own operations. As an illustration, in the last year, the SteerCo has discussed and approved a dedicated approach to proactive client engagement with a selected number of clients on the salient human rights issues discussed in this report.



We set up the governance structure to facilitate group-wide implementation of the DBA agreement by establishing an internal working group with a ING Steering Committee made up of senior management representatives of client-facing, lending and risk teams. Having this multidisciplinary Steering Committee has resulted in meaningful discussions on best ways to take forward measures to respect human rights in our business and setting the tone from the top.”

– Arnaud Cohen Stuart, head of ethics ING & deputy member of the Steering Committee DBA







## Internal working group

In 2016, in addition to the creation of the SteerCo, we established a multi-disciplinary working group comprising management and staff from various departments, including Environmental and Social Risk, Human Resources, Group Compliance, Wholesale Banking client-facing teams, Wholesale Banking Operations and Global Sustainability. This group is responsible for the day-to-day implementation of the DBA requirements, providing project overview, content and programme implementation, and preparing decisions for the SteerCo. The group has worked to:

Amongst others, the group worked to:

- deliver a revised [whistleblower policy](#) and [complaint mechanism](#);
- set up a programme for proactive engagement on (salient) human rights risks with selected corporate clients; and
- share lessons from human rights client assessments.

Working group members convene bi-weekly at an agile Way of Working in-person meeting.



# Policies and statements

Our policies help us set clear expectations for ourselves and all others associated with our business.

We have multiple policies and statements which come together to guide our own actions and how we expect those we reach through our business relationships to act. These are the backbone of doing business responsibly.

ING's [Statement on Human Rights](#) provides a full overview of our means of embedding human rights in our business conduct. It outlines our responsibility to respect the internationally recognised human rights of our employees, suppliers, clients, business partners and other stakeholders. It refers to our underlying policies and expectations and provides guidance to our business. While our Statement on Human Rights provides the roadmap for our approach to human rights, our due diligence with respect thereto is also embedded in other policies and commitments.

The policies, statements and commitments that are helping to embed respect for human rights throughout our business are summarised here, according to ING's various roles:

## ING values and behaviours

Our business is built on trust. We can only maintain our stakeholders' confidence and preserve our company's reputation by acting with professionalism and integrity. All ING representatives must abide by these values and behaviours.

### The Orange Code

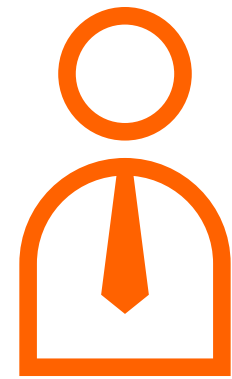
ING's Orange Code applies to all of our business conduct. It outlines the standards of ethics and professional behaviour expected of employees. The Orange Code guides representatives



of ING when dealing with clients, colleagues, shareholders, communities and each other. Individuals performing services for ING may also be subject to the Orange Code by contract or agreement.

All ING employees are required to complete Orange Code training. This includes e-learning and discussing hypothetical work-related ethical scenarios with their respective managers.





## ING as an employer

We commit to respect all human rights, but there are some rights we consider particularly relevant and fundamental for our workforce. These include freedom of association, having a healthy and safe workplace, collective bargaining, and freedom from discrimination based on ethnicity, sex, religion, political opinion and national and social origin.

### Human Rights Statement for Employees

ING has had a Human Rights Statement for Employees since 2006, expressing our commitment to support international core labour rights standards. We value our employees and seek to be a good employer.

### Diversity Manifesto

Our Diversity Manifesto, *Success through difference*, was published in January 2016 and applies to all employees worldwide. This sets out what diversity means at ING, why it is important, and what employees and managers can do to foster inclusion.

### Complaint procedures and whistleblower policy

We have adopted a whistleblower policy, which allows our employees to safely and confidentially air any concerns, in the event they arise.



## ING as a procurer of goods and services

### ING Procurement Sustainability Standards

ING spends billions of euros per year procuring external goods and services. We can make a difference by making sure that money goes to suppliers that value sustainability as we do—protect human rights, prohibit the use forced or harmful child labour, and prohibit discrimination, bribery and corruption. We expect our suppliers have solid governance in place and show they can act responsibly. For this reason, sustainability aspects are integrated into ING’s supplier qualification process “Know Your Supplier” (KYS).

The ING Procurement Sustainability Standards are based on the ten UN Global Compact principles. They are a global outline of how we expect our suppliers to embrace sustainability. The following is an example of our procurement process vis a vis these standards.

## Our approach to global procurement

With more than €4.4 billion in global procurement spend and 25,000 suppliers worldwide, we have a real opportunity to drive our sustainability ambitions through our supply chain. By having a process in place that encourages suppliers to act responsibly, we believe we can have a significant impact.

Our global Know Your Supplier (KYS) process helps us determine the levels of social, environmental and financial risks associated with a supplier. Within this process, suppliers with a spend above a yearly threshold are taken through different levels of due diligence, each level having various dependencies. Suppliers that successfully complete this process and attain “Qualified” status; they are ready to become potential ING suppliers.

As part of the KYS process, suppliers are screened for ESR and sustainability risks and performance. Suppliers for whom further due diligence is needed must agree sustainability, environmental and social risk policies that incorporate the UN Global

Compact's ten principles. By confirming these, they acknowledge and agree that they will and do comply with the stated principles on human rights, forced labour, child labour, fair labour standards, environmental protection and anti-corruption.

While we are proud of the sustainability criteria already in place in our KYS process, we are also aware this is an ongoing process that requires constant attention. This is an evolving area. We need to ensure we continue to comply with current and new developments.

In order to have confidence not only that our suppliers respect the rights of their own employees, but also that ING acts in a responsible way, all of ING's suppliers have access to our complaints procedure. The [complaints procedure](#) provides suppliers with a channel for reporting suspected or actual criminal conduct, unethical conduct or other misconduct by or within ING.



**Additional statements and commitments publicly available:**

[Zero Tolerance Bribery Statement](#)

[The Tobacco-Free Finance Pledge](#)

[Financial and Economic Crime Statement](#)

[Responsible Ship Recycling Standards](#)

[ING's approach to the UK Modern Slavery Act](#)

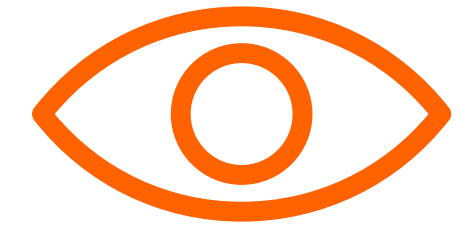
In addition, our stance on a number of detailed environmental and social issues can be found [here](#).

## ING as a service provider

### Environmental and Social Risk (ESR) Framework

This section highlights the ESR Framework and how it works in practice. We elaborate on this policy in more detail than the policies on the preceding pages because we recognise that we are exposed to what are potentially severe human rights risks through our clients and their supply chains.

The ESR Framework describes our proactive approach to assessing risks, and is not the full extent of our due diligence. The framework informs the assessment of environmental, social and human rights issues related to financing a client's business activities. It highlights where clients may be exposed to severe human rights



impacts and provides guidance on how we can manage these impacts together. The ESR Framework is reviewed every three years to ensure it continues to reflect current risks and changes in sector risks. It is approved by the Global Credit Committee, which includes ING Board members.

**The ESR Framework incorporates assessment tools that are used in ING's mainstream processes and systems. It is therefore fully integrated into regular client and transaction reviews.**

Human rights are captured in an overarching human rights policy which applies to all industry sectors. In addition, human rights risks and

> Policies and statements

standards are included in specific ESR sector policies for sectors with known particular human rights-related issues, such as: agriculture, chemicals, defence, forestry, mining and metals, energy, and manufacturing. We use our ESR Framework to assess and manage risks consistently and evaluate clients and transactions against industry-specific environmental and social standards. We check Wholesale Banking transactions and corporate clients against our ESR Framework. If prospective clients don't meet our standards, and aren't willing to work towards improvements, we do not engage with them.



Banks face a massive challenge when it comes to ensuring respect for human rights in their corporate lending portfolios. Their exposure to potentially severe human rights risks is enormous - with thousands of corporate clients, each with complex extended global value chains, spread across a range of sectors and geographies.

Banks therefore have to make hard choices about where to focus their due diligence, in order to ensure that they are focusing in the right places - where the risk of severe impacts on people is greatest. Being clear about the criteria used to guide these hard choices is one of the most important steps a bank can take in support of greater transparency and accountability.”

- David Kovick, senior advisor, Shift

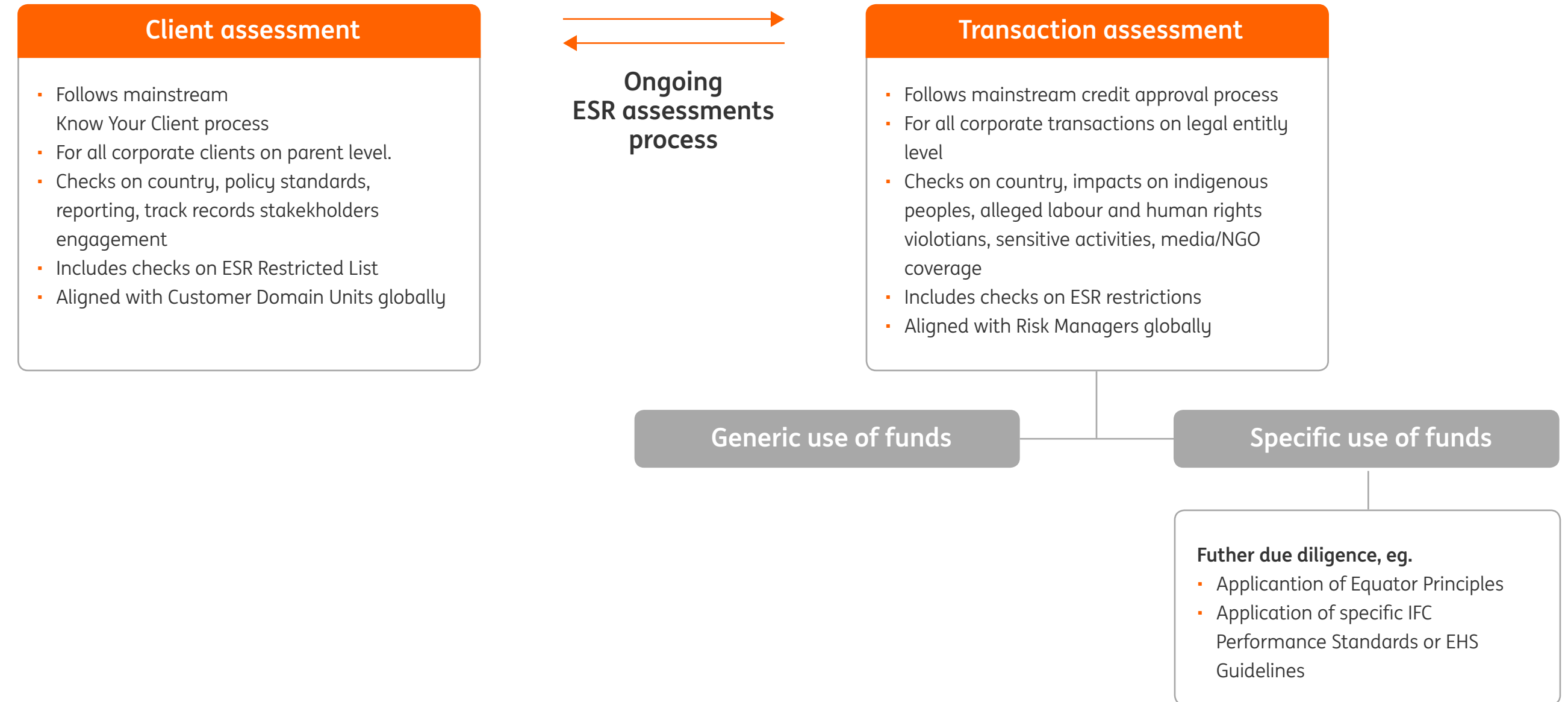


> Policies and statements

The ESR Framework is applied in two different processes: the ESR Client Assessment and the ESR Transaction Assessment. For specific types of project financing we apply a third process, the Equator Principles (EP), to assess and manage environmental and social risks. The EP framework helps financial institutions define, among other things, processes and standards for stakeholder engagement, including mechanisms for affected communities to address grievances proactively with project sponsors.

The first two processes are explained below, while the third is explained in depth on the [Equator Principles](#) website.

**The snapshot of ING's ESR framework is as follows:**



> Policies and statements

## Process 1

**ESR Client Assessment** is part of the client on-boarding procedure in our Know Your Customer (KYC) process. For existing clients, assessment updates take place during regular client reviews; more frequently for a high-risk ESR profile. Our client assessment consists of a) ESR general questions and b) ESR sector-specific questions. More specifically, our KYC process covers human rights by assessing our clients on their:

- Human rights policy and its scope of application
- Revenue derived from high-risk countries, based on social and environmental risk criteria
- Public reporting on social performance
- Certification based on international social standards

- Availability of a stakeholder engagement strategy and/or a grievance mechanism to address concerns raised by affected stakeholders
- Track record of negative social impacts
- Management response to concerns raised by NGOs, media and other stakeholders.

Apart from these overall ESR client questions, ING applies sector-specific ESR policies. An overview of these sector policies is publicly available [online](#).

The outcome of the ESR Client Assessment informs our understanding of a client’s track record and its capacity and commitment to managing and mitigating environmental and human rights impacts. Based on the answers provided the client is categorised as: ‘Low Risk’, ‘Normal Risk’, ‘Increased Risk’, or ‘Unacceptable’.

Following KYC procedures, clients categorized for ESR as ‘Low’ or ‘Normal risk’ are reviewed on a three year basis. Clients categorized as ‘Increased risk’ are reviewed on a yearly basis. Clients where the ESR outcome is ‘Increased risk’ are reviewed on a yearly basis. Furthermore, ad hoc revision might be triggered by a major change in the strategy of the company or in case of a material social or environmental incident.

The policy and application guidelines are available to staff on the ING employee intranet. Colleagues tasked with applying the framework are trained regularly, either in person or through webinars by the global ESR team.

## Process 2

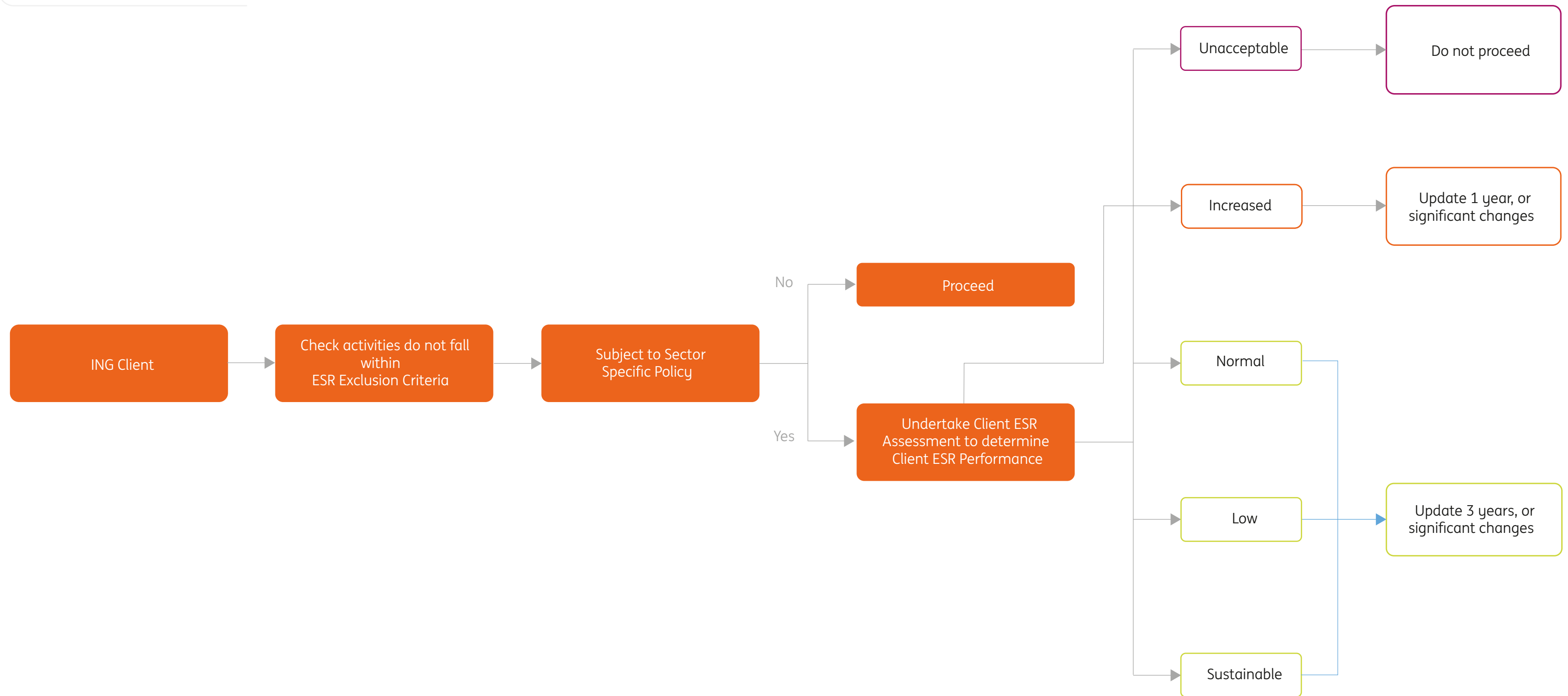
**ESR Transaction Assessment** happens when ING engages in a lending activity with a Wholesale Banking client. A transaction assessment is performed to understand the environmental and social risks associated with the transaction. The nature of the engagement determines the depth of the ESR due diligence for that specific transaction. The ESR transaction assessments include the following:

- Country where ING funds will be used (high-risk countries);
- Impacts on critical natural habitats, critical cultural heritage sites and/or Indigenous peoples;
- Alleged human rights violations;
- Nature of activities related to the transaction (e.g. large infrastructure projects, trade flows of soft commodities); and
- International (negative) media coverage, NGO scrutiny and/or general public concern.



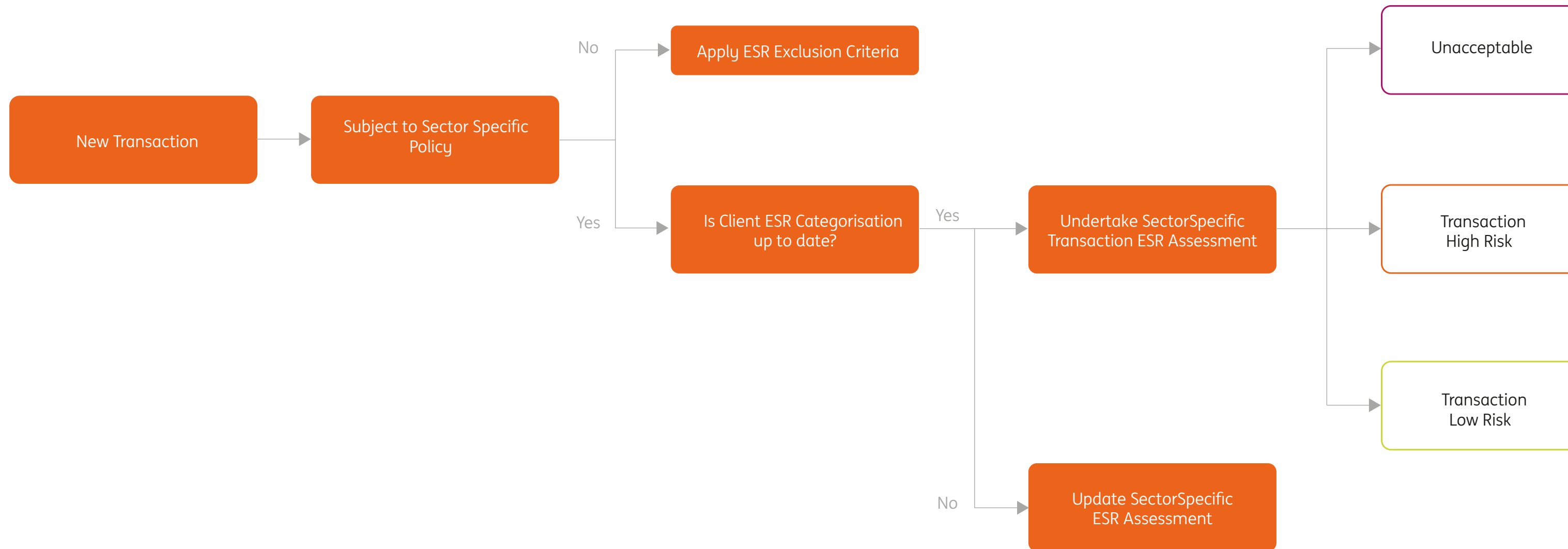
> Policies and statements

## ESR Client Assessment



> Policies and statements

## ESR Transaction Assessment





> Policies and statements

## How our client and transaction assessments work together:

**ESR client and transaction assessments are combined to provide the overall ESR profile associated with the business engagement.** For high-risk engagements, where a prospective client or project falls short of meeting our requirements, ING's dedicated ESR team writes an ESR advice which sets out under which conditions financing would be allowed. This advice is usually drafted based on interaction with the client through ING's Front Office on the specific environmental and social issues at hand. The advice will address steps and measures to be undertaken by the client to improve the situation if needed. If the client fails to deliver on the agreed remedial measures within a mutually agreed time-frame, we may need to consider potential consequences for the client relationship. The ESR team will also in certain cases have face-to-face meetings with clients and request site visits.

### Lessons in the past year

Evaluating human rights risks related to our business engagements is not a static process and requires regular monitoring, as client's operations or community sentiments evolve. For example, in the past year, through various platforms, we have a better understanding of how society's expectations have moved on when it comes to the human rights responsibilities of corporates

and financial institutions. As a result, we have updated our due-diligence questionnaires for corporate clients. Our environmental and social risk evaluation includes a clearer emphasis on human rights, explicitly taking account of whether a company has a human rights policy and if it is associated with (severe and systemic) human rights and other social risks.

## Partnerships

Banks have an important role that extends beyond mitigating risks. Through collaborative platforms, banks can address common challenges and shape strong industry standards on human rights.

We at ING know we can't do it alone, so we engage with clients, business partners, financial institutions, government organisations and other stakeholders. Our goal is to advance our collective thinking—and actions—on issues including human rights. Why? This input helps us to address issues in an informed way and improve our business. It is an opportunity for us to learn, identify our shortcomings, and share our best practices for others to learn from. What we learn from external engagements feeds back into our risk framework, and ultimately shapes how we conduct human rights due diligence.

### Thun Group of banks

Convened by UBS, the Thun Group is a think tank formed by a group of bank representatives that work together with the primary purpose of 1) furthering understanding of the UN Guiding Principles on Business and Human Rights (UNGPs) within the context of banking and 2) considering how these may be applied across the range of different banking activities. The Thun Group's focus is on sharing expertise and experience to support the integration of the UN Guiding Principles on Business and

Human Rights into the policies and practices of banking institutions. ING is an active participant in Thun Group meetings.

The Group published a discussion paper in January 2017 on banks' due diligence in terms of potential human rights violations. This builds on the first discussion paper and Group statement published in 2013 on the implications of the UN Guiding Principles for banks in retail and private banking, corporate and investment banking, and asset management. The Group has had various discussions with stakeholders, such as NGOs and former UN Special Representative for Business and Human Rights John Ruggie, about the January 2017 paper and after thorough consideration published a revised [discussion paper](#) in December 2017. The Group continues discussions on how to embed human rights due diligence effectively in the financial sector.

### Equator Principles (EP)

ING was an early adopter of the EP in 2003 and chair of the Steering Committee from 2012 – 2014, where we played a key role in finalising the committee's second review update. We actively advocate for and enforce the EP, as we recognise their positive contribution to society.

We are an active member of the EP Social working group, which discusses the social and human rights challenges when applying the EP for its more than 90 current financial institution members. ING is currently coordinating the EP4 review where human rights are a key part of the discussion.



## Why we have partners

As a large bank, with a global client base, we continue to face human rights dilemmas that defy easy answers. Addressing them is possible only in collaboration with our peers, business partners and other stakeholders. Stakeholders may have differing opinions on how best to address a specific dilemma. While we may not always agree with our critics, we are committed to listening to their concerns and learning from their ideas.

To improve our own practices and to advance business respect for human rights generally, we are committed to sharing our successes, failures and programme features.

We have formed, joined and led initiatives and working groups focused on dialogue and mutual learning. Examples include the Thun Group, the Equator Principles and the UN Global Compact. We actively try to advance human rights in the business community through these platforms by learning from others and sharing our experience.

Through multi-stakeholder initiatives such as the Dutch Banking Sector Agreement on human rights we work to advance respect for human rights both in our own operations and among the broader business community.

## OECD advisory group

In 2015, ING was formally invited to participate in the financial sector advisory group to the OECD Working Party on Responsible Business Conduct. The group is formed by 40 individuals representing governments, industry players, stock exchanges (e.g. Nasdaq), international organisations, trade unions and NGOs.

As part of this advisory group we provide guidance on the correct interpretation and application of the OECD guidelines for the financial industry and the UN Guiding Principles. Since the OECD guidelines can be implemented globally they can help achieve a global industry shift toward socially responsible business conduct.

This is the second time we've been asked to participate in an OECD advisory group. The first was in 2013 when we supported the study '[Environmental and Social Risk Due Diligence in the Financial Sector](#)', commissioned by the Dutch Ministry of Foreign Affairs on behalf of the OECD Working Party on Responsible Business Conduct. At that time, as we were the only bank invited to participate, we advised the OECD to include more banks to make it a true cross-industry stakeholder group.

ING has also joined the Business and Industry Advisory Committee (BIAC), which formally represents all business associations at the OECD. BIAC is providing feedback on the OECD Due Diligence Guidance for Responsible Business Conduct. This is particularly important, as it gives ING the opportunity to engage corporates in all sectors on their views and concerns related to applying the OECD Guidelines for Multinational Enterprises.





## UN Global Compact

The United Nations plays a key role in encouraging sustainable progress. ING has partnered with the UN since we signed the UN Global Compact in 2006. Our annual Communication on Progress (COP) submissions are available [here](#). We were committed to the former Millennium Development Goals and are now also supporting the Sustainable Development Goals with a dedicated [SDG strategy](#).

## UNICEF

Respecting and supporting children's rights requires business both to prevent harm and to advocate for children's interests. The Children's Rights and Business Principles (CRBPs) were developed by UNICEF, Save the Children and the United Nations Global Compact in close cooperation with the business community and children. ING was the only bank involved in the consultation process and hosted the launch of the [Children's Rights and Business Principles](#) in the Netherlands.

ING and UNICEF have a long history of working together to empower the next generation. There are 1.2 billion adolescents (aged 10–19) worldwide, nearly 60 percent of whom live in developing countries. With the Power for Youth partnership, ING and UNICEF aim to give adolescents the 21st century skills they need to improve their futures and the future of those around them.



## Our organisation

From the preceding pages we hope the reader has gained an understanding of our methods of approaching and managing human rights. In practice, we recognise that respect for human rights must be shared across all functions.

**Each function has a role to play in the support of our broader commitment, for example:**

**Human Resources** is making progress in creating a diverse and inclusive workforce, through our dedicated Diversity and Inclusion team.

The **Compliance** team's revision of our whistleblower procedure clarifies how the personal conduct of employees can compromise our corporate values. Furthermore, our Complaints

mechanism, open to all stakeholders, now makes explicit reference to human rights.

**Corporate Communications** is in the lead of letting the world know what we are doing and why.

Our **Procurement** team has the responsibility to implement the fundamental principles of our ING Procurement Sustainability Standards.

Our **Investor Relations teams** are leading dialogues with responsible investors.

Our **Environmental and Social Risk** team is examining the wider set of human rights issues related to our

business engagements with clients.

**Front Office** is engaging clients on their human rights track record and following up on any agreed improvement plans.

The **Sustainability department** advises ING management with respect to the bank's sustainability strategy. As such, they analyse sustainability trends in relation to ING's business conduct. They also advise on all business conduct that may pose a conflict of interest to civil society and act as a point of contact for engagement with external stakeholder groups.

# Saliencies

- Salient human rights issues
- Salient human right risks - our role as employer
- Salient human right risks - our role as lender





## Salient human rights issues

In accordance with our commitment under the Dutch Banking Sector Agreement, we are issuing a human rights report based on the UNGP Reporting Framework. Our starting point in implementing the UNGP Reporting Framework has been the identification of salient human rights issues. While we consider all internationally recognised human rights, we recognise the value of the UNGP focus on identifying and managing salient human rights issues, being those rights most at risk of severe negative impact through our activities and business relationships. The degree of severity is based on the scale and scope of these impacts and the extent to which they can be remedied.

**By focusing on salience, ING can prioritise those issues with the biggest adverse impact on people.**

Identifying salient issues is a pragmatic way to report on human rights risks that allows us to start managing our most severe risks first. Through prioritisation, ING can focus its efforts and resources to engage more meaningfully with employees and other stakeholders (which in turn reinforces the due diligence process) to amend policies, engage clients on their risks, and track the effectiveness of human rights management measures.

The salience lens uses the concept of risk to people not risk to business.



> Salient human rights issues

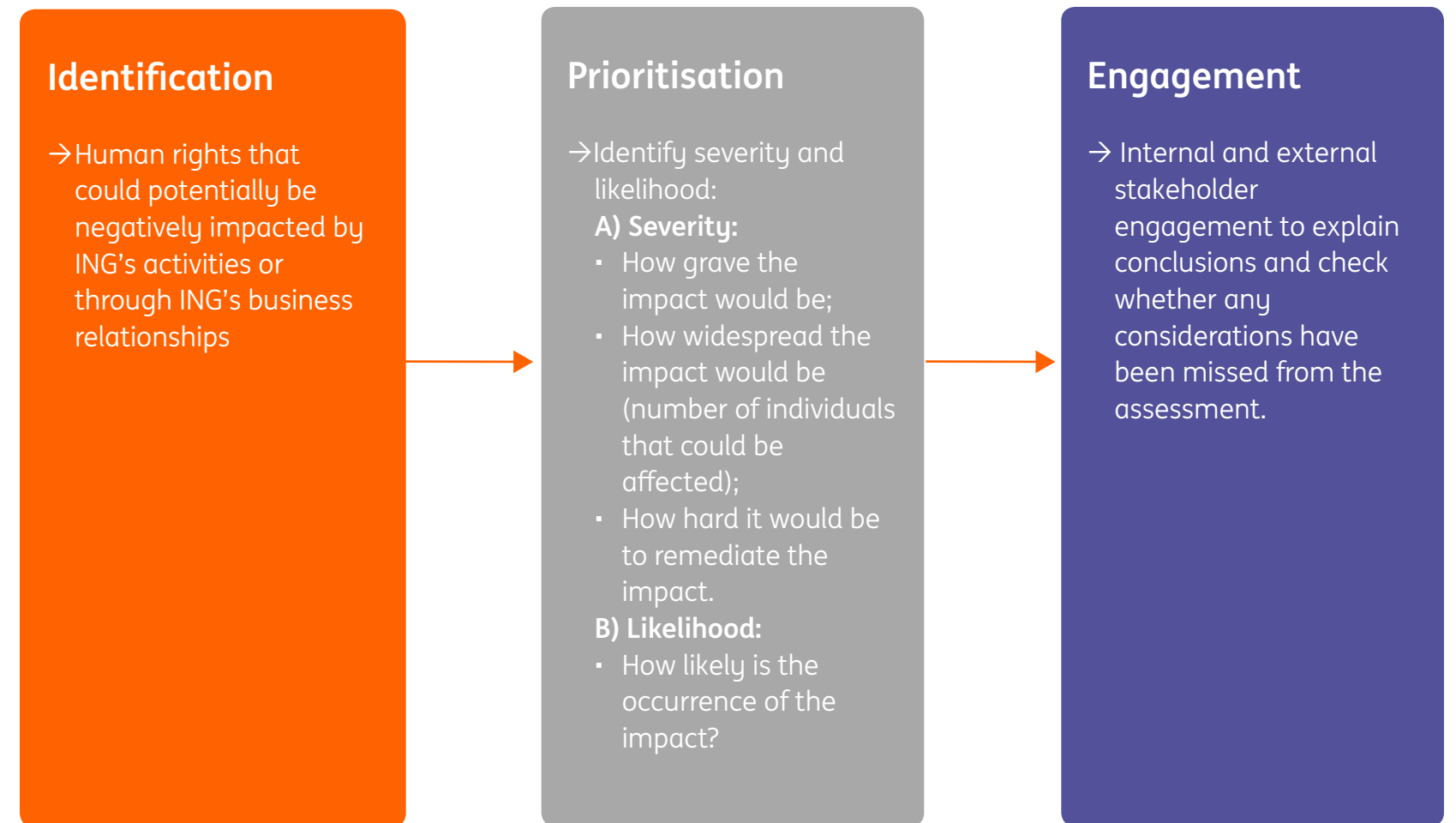
## How ING identified its salient human rights issues

We began our process by applying two approaches to mapping salient human rights issues. These two approaches were needed as the nature of the risks in each of our roles assessed are not synonomous. As explained in the “About this report” section, we have chosen to look at these two roles as a starting point.

As a corporate lender, we are exposed to severe human rights risks across the globe and as an employer we are exposed to risks that impact the people closest to our business, our staff. In this report, we address salience in our roles as:

- An employer
- A corporate Lender

### We applied three steps to identify our salient issues



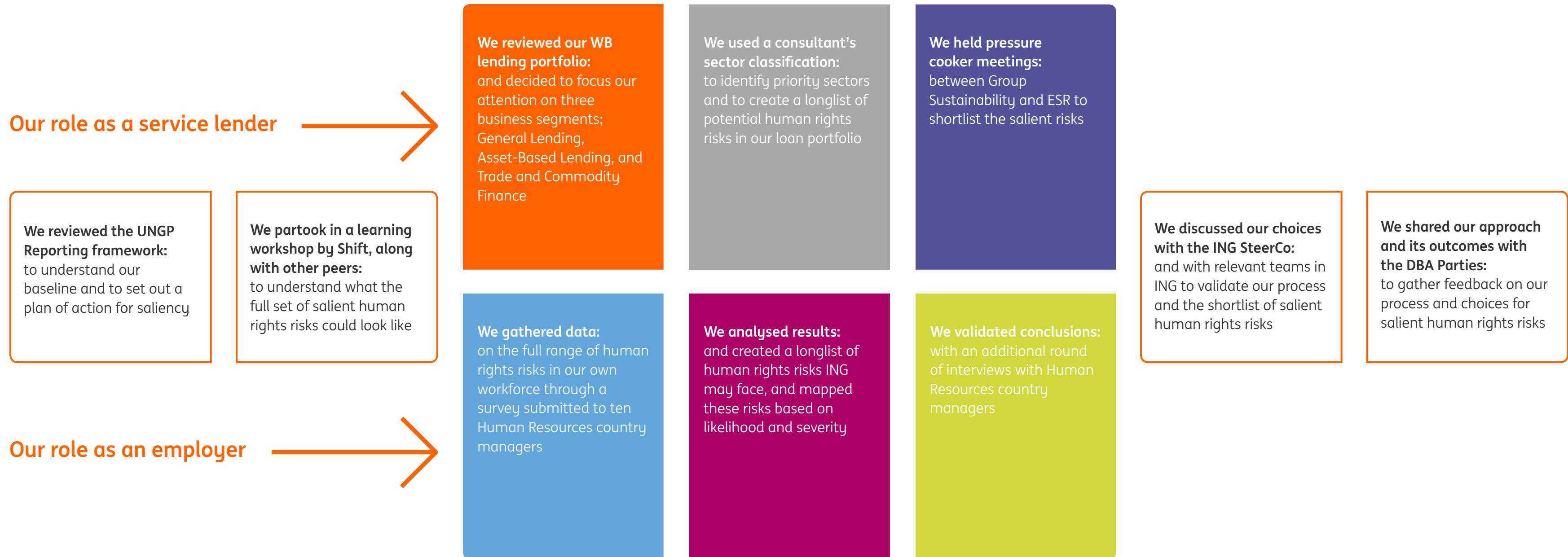
Engagement informed the entire salience process. Each expert involved was equipped with knowledge based on prior stakeholder engagement on human rights.





> Salient human rights issues

**We discovered that there is not a single approach that fits both roles**



> Salient human rights issues

## Stakeholder consultation in the process of identifying our salient issues

**In May 2018, we discussed our salient human rights issues and underlying approaches with external stakeholders.** We invited representatives from NGOs, trade unions and the Dutch government to check our conclusions and any possible missed considerations.

Overall, feedback from these stakeholders was positive. The engagement was also very helpful, suggesting further improvements, including:

- Reaching out to stakeholders earlier in the process;
- Adding topics for consideration regarding potential saliencies, based on the views of the stakeholders present at the consultation.

Our process for prioritising salient human rights risks was complex, and generated significant internal debate about what is considered most salient. We appreciate the input of our stakeholders in helping us to advance the topic. We will take the lessons learned forward as we continue our human rights journey through the identification and prioritisation of salient risks.



Involving stakeholders and inviting others to comment on ING’s human rights due diligence shows meaningful commitment to the topic and contributes to the high level of transparency on human rights to which the Dutch banking sector has committed itself.”

– Maryse Hazelzet,  
advisory sustainability, NVB



Stakeholder engagement is a crucial part of human rights due diligence. Banks should engage with potentially affected individuals and groups in order to truly understand their interests and concerns. By consulting stakeholders and experts earlier in the process, banks will be better equipped to deal with any negative impacts that are linked to their operations, to prevent or mitigate and remediate them.”

– Thijs van Brussel, program leader  
natural resources, conflict & human rights, Pax for Peace



## Salient human rights risks – our role as an employer

As an employer, worldwide we impact the lives of over 54,000 employees and their families, including children, and their rights to leisure, play, family environment and education. Healthy employees contribute to healthy families and communities.

ING's management of our staff is based on our Group-wide policies but also reflects local conditions and norms. As outlined in the image on page (30), to understand the differences in policies that inform our risks we sent a questionnaire to Human Resource directors in a selection of countries where ING has either significant operations, a sizeable workforce, or where the operational context for ING is known to be challenging from a human rights perspective.

Recap:  
Our Salience  
Process





> Salient human rights risks - our role as an employer



We asked Human Resource directors in these countries for their views on the workings of complaint mechanisms for employees, and the type of complaints typically filed. We also asked them to share their views on typical human rights issues they might be confronted with, such as:

- workplace discrimination
- freedom of association and collective bargaining
- freedom of expression
- decent working conditions
- work-related pressure, stress and work-life balance.

**Analysing their responses led to the identification of two distinct salient human rights issues:**

- **Workplace discrimination, and**
- **Work-related stress**

We followed up this survey with in-depth conversations with Human Resources staff in these countries. This provided an opportunity to explore issues not always captured through a written survey.



> Salient human rights risks - our role as an employer

## Discrimination

Discrimination can affect a person's physical and mental health, sense of belonging, sense of agency and sense of personal value. It can even escalate to an employee feeling unsafe at work. Discrimination can also lead to loss of income and development opportunities. It can have a negative effect on well-being and socio-economic opportunities.

In addition to being a risk to people, ING also recognises this as a risk to our business. Discriminatory hiring practices can result in a homogeneous workplace, which is damaging for business innovation as well as employees.

**Rights holders impacted:** Potentially affected persons are all employees, dependent on age, background, gender, sexual orientation, physical ability, religious and political beliefs.

**How our role as an employer impacts rights holders:** Discrimination is a risk in all of our countries of operation. It can occur in any location and facet of employment, including in hiring, discharge, promotion and referral.

### How we address these potential impacts?

1) By having sound policies in place:

- [The Orange Code: our Values and Behaviours](#)
- [Human Rights Statement for Employees](#)
- [Diversity Manifesto](#)

2) By proactively promoting a diverse and inclusive workplace:

- [A Diversity and Inclusion approach](#)
- Uplifting and awareness-building diversity and inclusion programmes
- Overcoming unconscious bias workshops
- Diversity employee networks

3) By creating channels for employees to raise concerns

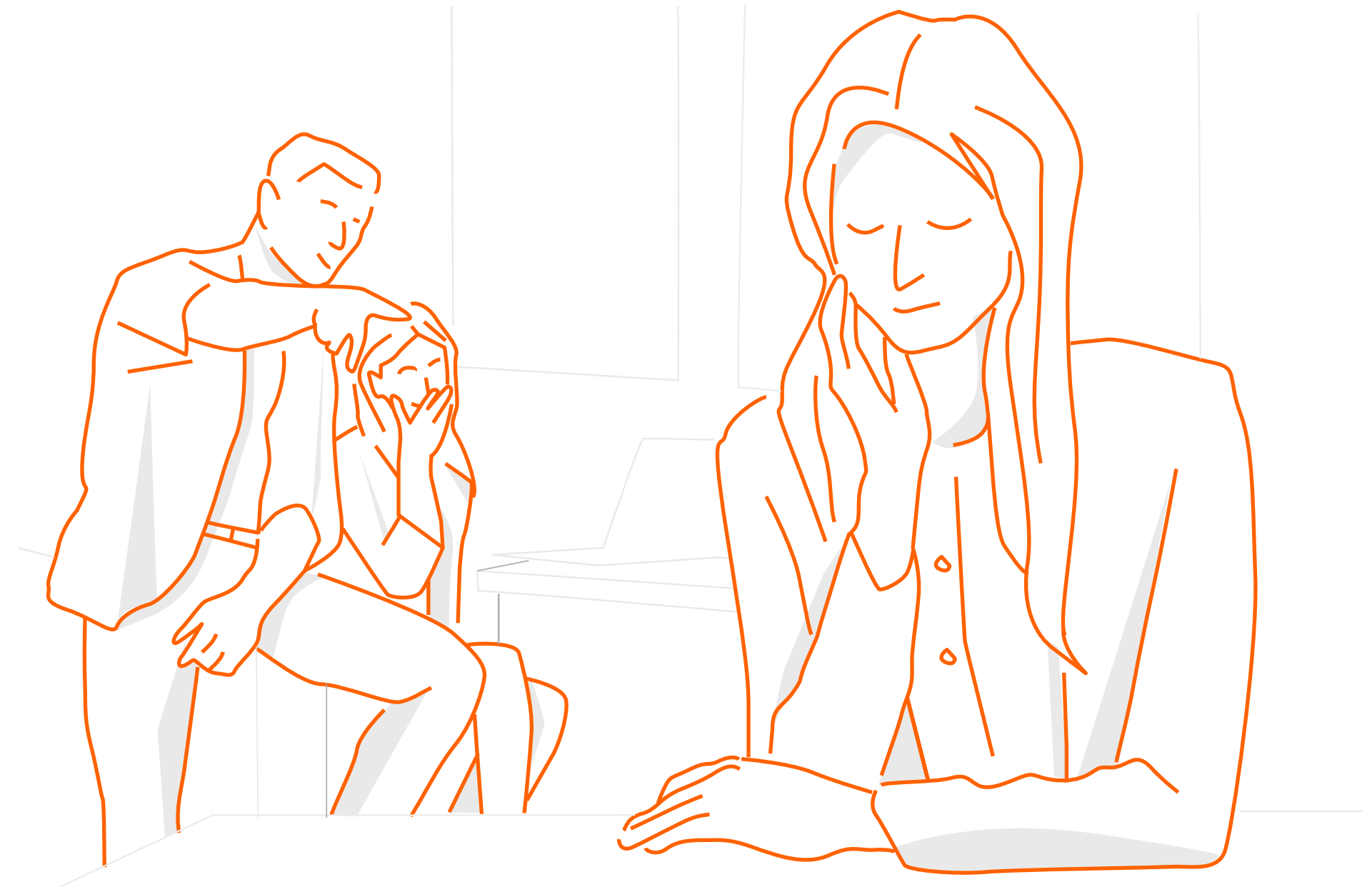
- [Complaint procedures and whistleblower policy](#)

> Salient human rights risks - our role as an employer

We learned in our salience mapping and in discussions on discrimination that we have room to grow in assessing discrimination as a risk. ING cannot aggregate local data into one global figure on instances of discrimination complaints, due to confidentiality requirements. This makes it difficult to establish the global scale of discrimination through our whistleblower policy.

Although we do categorise complaints and report them publicly, underlying diversity-related topics are not tracked. In order to fully assess our risk, we may consider, for example, a way to track specific diversity and inclusion categories of employee grievances (via alternate complaints channels) to see the exact number of complaints touching on discrimination.

Although definite instances of discrimination are difficult to assess, Human Resources country managers recognised discrimination as a salient human rights risk even though it was not specifically tracked and not always formally reported. This perception was based on their local knowledge of informal complaints.





> Salient human rights risks - our role as an employer

This conclusion was further informed by an understanding of the scale of the impact, the scope of the impact and how difficult it is to remedy. Conclusions were ultimately based on several factors present in ING workplaces, for example:

- Alleged gender bias in career advancement
- National legislation criminalising same-sex relationships or national law limiting the rights of LGBT+ persons.
- Access to workplace facilities for differently abled employees.

Our due diligence uncovered the policies and procedures that inform the way this salient risk is managed. In conversations with human resource managers we learned that managers point to the Orange Code and ING’s Diversity Manifesto as the measures which provide guidance on how to manage the risk of discrimination.

- ING’s Orange Code applies to all of our business conduct and lays out our standards of ethics and the professional behaviour expected of employees. ING’s employees are required to complete the Orange Code training, which involves completing an online learning programme and discussing hypothetical, work-related ethical scenarios with their manager. The Orange Code is also integrated into employee review processes, which happen formally twice per year.

- ING’s Diversity manifesto, “Success through difference” is based on our conviction that discrimination has no place in our workplace, and driven by a belief that diversity benefits our business. Introduced in January 2016, this official bank statement applies to all employees worldwide. It sets out what diversity means at ING, why it is important, and what employees can do.

We are taking further steps to combat discrimination in addition to these two measures. Senior leadership commitment and support is essential in driving D&I through any organisation including ING. It is about more than just speaking about D&I, but being held accountable for taking meaningful action.

We are now finalising an approach following an assessment of the diversity needs at ING, and we expect that the ambitions included in this approach will be a powerful tool against any forms of discrimination in our workplace.

It is intended that this approach will be monitored by Human Resources management, working in partnership with the Management Board Banking members to drive diversity and inclusion throughout the organisation. Each business area will be tasked with monitoring progress while the Global Diversity and Inclusion team will monitor progress globally. We are also identifying opportunities to integrate D&I principles into global processes and practices, like recruitment. Through this more inclusive approach, we invite all ING employees to be part of our D&I journey.

> Salient human rights risks - our role as an employer



There's countless research to prove that diversity and inclusion makes a difference to business performance. But it's not just about the figures, diversity really starts with inclusion and having a positive, open, collaborative environment where everyone feels comfortable to be their real selves and is able to perform at their best. That's why it's not only diversity but also inclusion that's a priority within ING."

- Shaheen Akram, global head of Diversity and Inclusion, ING

ING participates each year in the Workplace Pride Global Benchmark which tracks our performance on a range of workplace inclusion-related indicators. The benchmark tracks policy communication, inclusion and engagement, support and benefits, and others. In 2017, we performed strongly on inclusion and engagement, but our below-average score on expertise and monitoring indicates there is room for growth.

We have tried to address our gaps, learn and take action where we have room to grow. In 2017, the HR management team approved the Rainbow Families Project. The project aims to support all employees including LGBT+ employees, by providing equal access to opportunities and benefits wherever possible. The roll-out of the project began with a questionnaire addressed to local HR managers in a sample of ING countries. Our global HR team is analysing the responses and looking at what steps we need to take to achieve equal access to benefits.

We work with HR analytics teams to compile benchmarks every year that help us understand how we are doing on diversity and inclusion internally compared to our peers. This data helps us to identify areas of attention and improvement.



> Salient human rights risks - our role as an employer



We also encourage employee-led initiatives that inform the way we manage our salient risk of discrimination. In ING NL we have six diversity-focused employee networks, where employees come together to discuss diversity issues, promote diversity at ING and create an inclusive culture in the workplace. Our networks include:

**Crossing** - focused on cultural diversity.

**Lioness** - focused on women at ING, igniting talent to help women realise their ambitions.

**Gala** - focused on LGBT+ inclusion.

**Ring** - focused on young ING employees up to 36 years of age.

**Experience** - focused on senior employees.

**Enable** - focused on employees who experience disability.

Apart from our practices and policies, we have a number of external commitments and partnerships which guide our understanding of this salient risk. For example, in 2018 ING has committed to the UN [Global Compact's Women Empowerment Principles](#). We also support the [Standards of Conduct for Business Tackling Discrimination against Lesbian, Gay, Bi, Trans, and Intersex People](#), coming from the UN Human Rights Office of the High Commissioner. Our support of these standards will continue to guide our due diligence and be a source of learning for our own practices to combat discrimination and promote diversity and inclusion.

> Salient human rights risks - our role as an employer

## Work-related stress

Stress at work can have a host of negative effects. It can result in a skewed work-life balance. In the long term, if not managed correctly it can lead to illness, absence at work and potentially loss of income. Specifically, in human rights language, work stress can interfere with a person’s right to rest and leisure, as the effects of stress spill beyond life at work.

**Rights holders impacted:** Potentially affected persons are all employees.

**How our role as an employee impacts rights holders:** Work stress is a risk in all of our countries of operation. Our employees have the right to a workplace where they feel healthy and where they can pursue a good work-life balance. ING’s work culture, policies to mitigate stress, and preventative programming are all areas where our performance and care can affect the psychosocial health of our employees.

### How we address these potential impacts:

- 1) By having sound measures in place:
  - Having every local ING entity track sick leave
  - Promoting a healthy work culture, and analysing how we are doing through employee surveys
  
- 2) By providing additional, locally tailored support for our employees:
  - In every ING business unit there is a Health and Safety department that promotes the wellbeing of the workforce, including providing stress-management information and programming.



> Salient human rights risks - our role as an employer

In our salience mapping we learned that work-related stress is acknowledged as an issue by HR departments. HR country managers recognised this as a salient human rights risk, based on the principles of scale, scope and remediability.

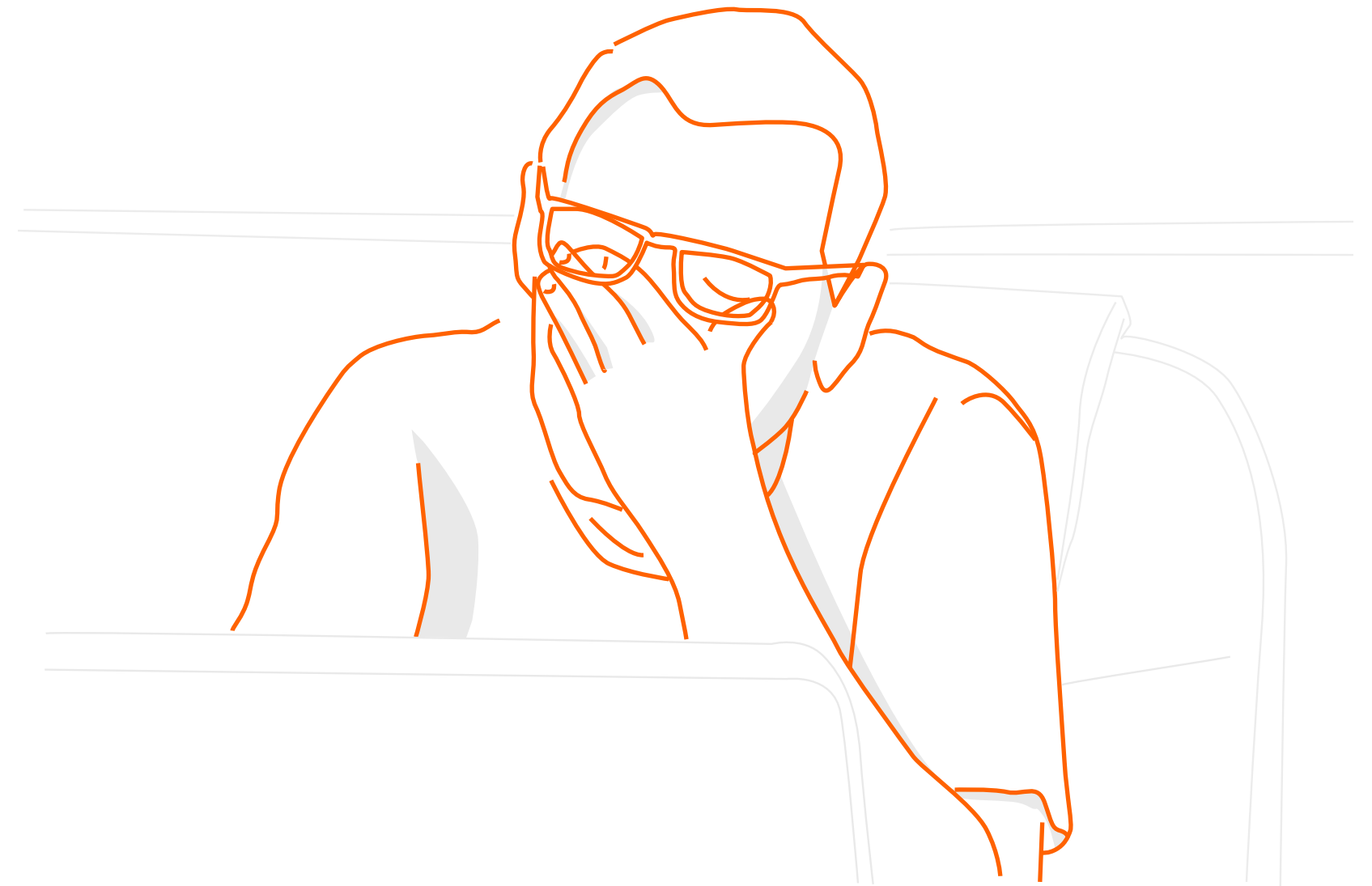
Some specific issues raised by employees as contributing to the salience of stress at work were identified through conversations with Human Resources and various analyses of employee health (e.g employee surveys):

- **Work pressure:** when employees felt pressure from within their teams and from their superiors.
- **Work load:** country managers stated that work load is a known issue for employees. This can result in work stress.
- **Work hours:** some countries listed non-flexible work arrival and leave times as a source of work stress in their locations. Working overtime was also identified as a risk.

Beyond the issues highlighted in the surveys and conversations, there are other indications that work stress is a risk for our employees. Specifically:

- At a Group level, lost working days due to sickness have been rising since 2014. While we do not have specific statistics for stress, sick leave is defined as absenteeism due to illness, accidents, injuries and/or stress.

There are specific hurdles in assessing the causes of employee absenteeism and its links to stress. At a global level, we cannot track sickness leave rates, except on an aggregated level. The solution is made more complex by the fact that in many countries, local data protection laws prohibit us from managing absence data globally except on an aggregated basis. Local countries have this data available, and act on sickness leave - however there is no global database tracking all ING sickness leave.



> Salient human rights risks - our role as an employer

Nonetheless, in recognising this gap, we are working to understand our growing rate of absenteeism through sick leave. We are looking at questions such as:

- **Which locations are registering the steepest increases in sick leave?**
- **Can we identify causes for sick leave?**
- **What are we doing to improve in this area?**

By measuring sick leave locally, and analysing reasons for sick leave globally, we can learn how to improve our policies and procedures. We take this very seriously. Sick leave can be an indicator of other concerns such as lack of engagement, health issues, or management issues. These questions are at the moment being tracked by our Global Human Resources team, we look forward to disclosing findings in the future.

Currently at ING, in order to manage this salient risk, HR managers lean on local procedures in their countries of operations to deliver resources for employees who experience work-related stress. These resources are provided by Health and Safety departments, available in every ING business unit. These teams strive for the wellbeing of the workforce, including providing stress-management support. Each business unit differs in its work culture and specific employee needs so we provide tailored support in each location to meet the diverse needs of each workforce.

Examples of specific approaches include:

- **The Netherlands:** provides information on how to prevent stress and links to courses, training and contact persons who can help.
- **Belgium:** has additional staff members to coach employees in difficult situations, through a program called Coach & Care.
- **Spain and Portugal:** host internal web pages with specific stress training and offer a psychological advisory service through an employee help programme.
- **In Poland:** there is an internal website discussing the signs of burnout and its prevention. In 2017, Poland also organised a conference that supports employees in their efforts to reduce stress and maintain wellbeing.

It is clear that work stress can have many causes. These are examples of additional global measures we use to support healthy employees and reduce stress:

- ✓ We promote flexible working.
- ✓ We have company counsellors in many of our locations.
- ✓ We provide re-integration support when colleagues have been on extended leave.
- ✓ On our employee intranet we host pages with information on creating a proper work-life balance. We also have pages dedicated to the relationship between work pressure and stress. These pages explain a variety of ways that employees can reduce work pressure. They also include links on ways to escalate concerns and submit formal complaints when needed.



> Salient human rights risks - our role as an employer

Beyond these resources, we try to learn about our workplace culture and organisational health through employee surveys. The Work Energy Scan (WES) is one such survey. In the Netherlands, the WES measures the employee ‘battery’ via questions on vitality, enthusiasm, performance and burn-out symptoms. After completing the questionnaire each respondent immediately receives a personal report with the results and, more importantly, tangible tools and solutions to help improve their personal wellbeing. A team report can also be drawn up in order to assess team health. The individual results are anonymous but the insights gained enable team performance to be improved by safeguarding the team’s wellbeing.

Each country has their own management approaches for workplace surveys. In the Netherlands, WES reports are sent to senior management to discuss the results in their respective management teams and devise action plans based on the results. WES results are also taken into account in employment risk areas, as part of our non-financial risk assessments.

Another workplace survey, sent globally is the Winning Performance Culture (WPC) survey. The WPC is a global internal survey for all employees worldwide (>3 months in service). The WPC measures the engagement of teams, and also focuses on the extent to which employees feel enabled and energised to perform at their best and help ING to succeed. The WPC results help us to measure our progress and determine concrete actions in our ambition to achieve our strategy.

### Case Study: piloting flexible working in the Philippines

In the Philippines, management was concerned about the stress of their employees. One source of employee stress identified was related to an office policy of fixed times for arriving and leaving work. The policy mandated that employees arrive at 9.00 am and remain in the office until 18.00 pm. Particularly in the Manila Branch, this put a lot of pressure on staff as it required them to travel in peak traffic through a dense urban area.

In order to alleviate the burden and stress of traffic, ING in the Philippines

piloted a programme allowing employees to arrive and leave work at times convenient to them. The pilot was successful; there was overwhelmingly positive feedback from business unit heads and employees.

ING in the Philippines hopes to continue the pilot as it helps employees maintain a healthy work-life balance. It can even encourage staff to perform better, as healthy work places have higher performance rates.

> Salient human rights risks - our role as an employer

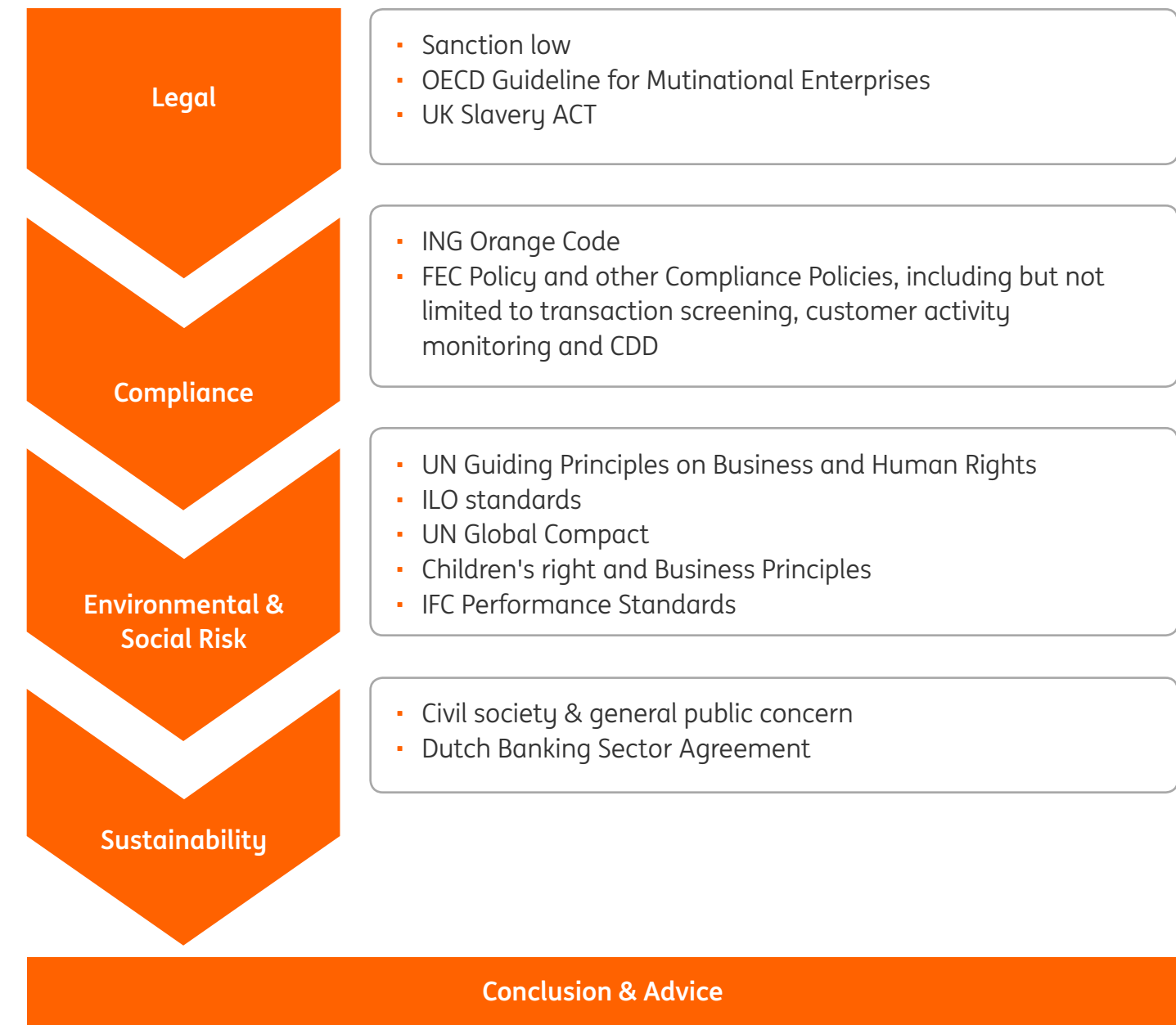
## Non-financial risk assessments for employees in new markets

**ING’s ESR framework guides our financing decisions, but what about decisions on major changes in our own operations, such as where to set up shop or when to outsource work?** In all of our assessments, there is a set of policies and standards we consider, including international labour standards and ING’s Orange Code. But how do we assess whether to move into new markets, especially in locations where there are country-level human or labour rights risks?

This question was brought to ING’s Management Board Banking in 2017, and the framework developed in response was presented to employees, government officials and Amnesty International in February 2018 at a [seminar](#) in Amsterdam, which was organised by ING and our Dutch Central Works Council.

As outlined in the framework, our approach is to look at multiple areas when deciding whether to maintain, expand or to start activities (sourcing or otherwise) in specific countries.

### Our framework





> Salient human rights risks - our role as an employer

We are guided by questions, such as: is it legal? Is it in line with our own behavioural code and policies? Does it adhere to the requirements we expect from clients? Is it in line with our own sustainability policies? What are the reputation risks?

**We will apply the new framework in three cases:**

- when we consider entering and/or expanding in a country;
- in emergency circumstances, such as an earthquake or terrorist attacks, with potential impact on employees; and
- during an annual human rights check for high-risk countries.

## Salient human rights risks- our role as a lender

ING has a lending portfolio combining retail and wholesale lending of over €700 billion. Wholesale Banking, whose lending book totalled €232.4 billion outstandings as of December 2017, provides corporate and financial institutions with specialised lending, tailored corporate finance and debt and equity market solutions. We also offer working capital solutions, payments and cash management and trade and treasury services to help customers achieve their business goals.

Our global franchises serve a wide range of organisations, including multinational corporations, financial institutions, governments and supranational bodies. Identifying our salient issues in these relationships is necessary in order to manage our biggest risks to people.



Recap:  
Our Salience  
Process



> Salient human rights risks - our role as a lender

As outlined in the image on page [30], in May 2017 we conducted a thorough review of our Wholesale Banking lending portfolio for potential human rights risks. We focused on three business segments through which ING serves corporate clients. These were selected because they are engaged in industry lending, are material to our loan book and, in our view, hold the biggest potential concentration of human rights risks. We then worked with a specialist consultant in human rights, who advised us on which sectors in our portfolio qualify as low, medium or high risk from a human rights viewpoint.

**Applying this sector classification showed that the highest number of rights at risk are concentrated in the following sectors in our loan book:**

- Crude petroleum and natural gas
- Mining and quarrying
- Infrastructure
- Construction
- Power generation (i.e. construction of new power plants and associate infrastructure)
- Manufacturing (automotive, electronics)

As part of the salience analysis, we further reviewed past transactions and clients to see where the greatest risks had emerged in practice. We found risks were higher in:

- large energy, infrastructure and extractive projects;
- countries with weak governance; and
- certain manufacturing and commodity supply chains.

Understanding our exposure to human rights risks in these priority sectors and areas led to the identification of a longlist of potential human rights salient issues. We found that most of the sectors and activities associated with this longlist had already been identified under our ESR Framework sector risks. What this salience assessment has allowed us to do is to focus our attention more intently on the most severe human rights risks in terms of scale, scope and remediability, and develop a prioritisation plan. With ever changing risks, we chose the salient issues based on a consideration of how difficult the rights are to remediate, how we are exposed to these risks, and the gravity of their impacts on rights holders. In internal, pressure cooker meetings, the Sustainability department and the ESR team combined their human rights, business ethics, and client data management expertise. Their knowledge was further informed by, among other things, stakeholder views, international human rights best practice, ING business practice and ING’s client base.

> Salient human rights risks - our role as a lender

As a result of our work, we have identified three salient human rights risks for ING's Wholesale Banking lending portfolio:

- Land-related Community Issues
- Child Labour
- Forced Labour

These risks are often found when we finance large or industrial assets in countries with weak governance or through the financing of commodity or manufacturing supply chains in these countries. The identification of these salient issues helps us to focus on managing these saliencies and report accordingly.



ING has had a longstanding concern for human rights. We have spent more than a decade addressing human rights risks related to our business and the activities of our clients that pose the greatest risks to people. Last year we took the step to deepen our approach by assessing our most salient human rights risks and confirmed these to be our employees, and our financing activities where these might impact people in local communities and through forced and child labour. The latter two may be concealed deeper in the value chains of our clients. The



work we have been doing in the DBA by analyzing value chains has challenged us to look beyond the 'client level due diligence' and to focus on the 'entire supply chain'. We will be exploring how to best reflect these insights in our conversations with clients and in our own identification and mitigation policies and procedures."

- Monika Veric, senior human rights advisor, ING



> Salient human rights risks - our role as a lender

## Land-related community issues

Land is the basis of millions of people’s livelihoods, in particular, for many of the world’s poorest people. Failure by a company to secure adequate community consultation, provide an acceptable alternative, or provide compensation could lead to a host of impacts, including conflict over land and water rights.

**Rights holders impacted:** owners, occupiers and (customary) users of land.

### How our lending activities potentially affect rights holders:

Lending activities by ING to the below sectors, especially where activities require land in countries with weak enforcement of land-tenure laws, and in activities affecting Indigenous peoples’ rights:

- Extractive industries
- Infrastructure
- Construction
- Power generation (construction, transmission, distribution)
- Agriculture, aquaculture and forestry
- Commodity trading

### How we address these potential impacts?

By evaluating our business engagements with clients on:

- Their E/S/HR commitment and capacity;
- Standards for acquiring land in the IFC Performance Standards;
- Capacity and approach to stakeholder engagement;
- Availability of grievance mechanisms for affected communities on the project level.

### Standards we are guided by in our due diligence:

- Relevant IFC Performance Standards and Guidance Notes (i.e. Land Acquisition and Involuntary Resettlement, Indigenous Peoples, Cultural Heritage);

> Salient human rights risks - our role as a lender

ING finances clients who seek new operations, new projects, have expansion plans and acquire long-established assets. These activities require land to be acquired or leased and could lead to restrictions on land use. Each of these situations can affect the lives of communities that live on this land or rely on it for their livelihood. Land acquisition refers to outright purchase of 'land property' or acquiring 'access rights to land' through, for example, easement or right of way. Restrictions in land use can be short-term in nature (e.g. for workers' accommodation during construction) or long-term in nature (e.g. land leased for operating a 20-year power plant). Project-related land acquisition or restrictions on land use may cause resettlement of people either through physical displacement or economic displacement brought about by the loss of assets or the loss of access to natural resources or assets that results in a loss of income sources or other means of livelihood.

When a prospective transaction has material impacts on land rights, we assess our client's approach to land acquisition, with extra attention paid in countries where land ownership or land tenure are not well defined or sufficiently protected. We also assess whether our clients have knowledge and experience of the local context and the types of risk they pose to, as well as their impacts on, local communities.





> Salient human rights risks - our role as a lender



When projects require resettlement the discussion should be focused not only on benefits and compensations, but specially on livelihood restoration.”

– Mercedes Sotoca Covaleda, global head, Environmental and Social Risk, ING



Improper land acquisition, even when legal, can lead to land-related conflicts, tensions or disputes with local communities, including over resource use such as water. Large-scale, improper land acquisitions are often called ‘land grabbing’.

The host government often plays a central role in the land acquisition and resettlement process, including in determining compensation, and is therefore an important third party in many situations. Yet the direct involvement of our clients in land-related discussions and social dialogue can result in cost-effective, efficient, and timely implementation of these activities, as well as in the introduction of innovative approaches to improving the livelihoods of those affected by resettlement.

Clients’ involvement in land discussions is additionally important since many nations do not have consultation processes which meet global standards. Some nations with Indigenous peoples within their borders face accusations of violating the rights set out in the United Nations Declaration on the Rights of Indigenous Peoples. Some nations are further accused of failing fully to practice Free, Prior and Informed Consent (FPIC), which protects Indigenous peoples’ right to self-determination and self-governance in national and local government decision-making over projects that concern their lives and resources. We recognise that our clients may be operating in such contexts and because of the complexity of historic Indigenous land dispossession, this group is potentially at risk of severe human rights impacts.

In line with the Equator Principles requirements, when involved in financing projects or operations that require land acquisition or lease or change in land use, we ask our corporate lending clients to:

- ✓ **Conduct an ESIA:** a high quality environmental and social impact assessment (ESIA) is important in establishing a good definition for social baselines, ensuring land governance is covered in the scope, adequacy and completeness of consultation.
- ✓ **Make an inventory:** Clients need to obtain adequate information about land titles, claims and use in order to identify and consult with communities that will be displaced by land acquisition and/or restrictions on land use, as well as host communities who will receive those who are resettled. It is also crucial to establish a clear and unambiguous social baseline against which compensation measures can be determined.

> Salient human rights risks - our role as a lender

- ✓ **Undertake consultation with communities:** they should promote effective and continuing community engagement and consultation and establish fair compensation for affected communities (including host communities who receive resettled individuals/communities).
- ✓ **Establish an effective grievance mechanism:** the workforce and communities need a channel for expressing their views about the project, including any concern or grievance they might have. Our clients need to establish a grievance mechanism that is accessible and can support early indication and effective remediation. They should understand not just the nature and number of grievances received, but also how these are being addressed in various project situations.
- ✓ **Recognise customary land rights:** in areas where displaced communities have no formal legal rights or claims to the land they occupy, they may still have a claim that is recognisable under national or customary law which triggers the need for compensation and settlement practices.
- ✓ **Collaborate with the host government:** where land acquisition and resettlement is the responsibility of the government, we encourage our clients to collaborate with the relevant government agency to the extent permitted to promote outcomes consistent with good international practice. This includes addressing any compensation gaps between government payment and international standard compensation definitions. This can be more complex for legacy resettlement. Where legacy land risks are evident, particular care needs to be taken since social baselines, prior compensation arrangements (and the adequacy of these) may be contested.
- ✓ **Address physical displacement:** where affected people will be physically relocated, we require our clients to demonstrate that they have designed and implemented a resettlement action plan. The plan is designed to mitigate the negative impacts of displacement and outlines actions our clients will undertake to mitigate adverse effects, compensate losses and provide development benefits to affected communities.
- ✓ **Address economic displacement:** where affected people lose income or assets (but do not have to relocate), fair compensation is paid to affected communities for the loss of crops, the cost of re-establishing commercial activities elsewhere and for lost net income during a transition period. In such instances, we expect our clients to develop a livelihood restoration plan to inform and compensate affected communities and offer other assistance in accordance with good international practice.
- ✓ **Respect the right to Free, Prior and Informed Consent (FPIC):** ensuring the right to FPIC is exercised in situations where land acquisition involves the land of Indigenous people. These typically have close ties to their lands and related resources and are among the most marginalised and vulnerable population segment.
- ✓ **Carry out community development and involvement:** support for community development or providing public services (e.g. through construction or running schools, clinics or other local services) can help to demonstrate that local communities receive the opportunity to benefit from the development project on an equal footing.



> Salient human rights risks - our role as a lender



DBA value chain work for palm oil and gold mining shows that land related human rights risks are especially prevalent in the production part of these two value chains. Our learnings here will feed back into how we manage land-related community impacts.

We have set up an engagement programme with a number of selected corporate clients (see page 75). With these clients we will proactively discuss land rights related issues with clients operating in sectors that are linked to land impacts- for example mining and metals. We will also actively discuss with our clients to what extent they have incorporated FPIC processes in their operations.

We manage the salience of land-related impacts, to which we are exposed through the clients we finance through a combination of the above measure.



“I’m proud that together with one of our core clients and with strong support of the World Bank, we’ve been leading the financing and due diligence process for a new Guinean bauxite mining project. This project is expected to be the leading example of a responsibly managed bauxite operation on the African continent from an Environmental, Social, Health & Safety and Human Rights perspective. We believe it will set a new benchmark in the industry. This includes, amongst others, processes applied to manage a challenging relocation and alternative livelihood program that covers nearly 5000 people impacted by the project.

The program will maintain or improve living conditions help the continuation of small businesses, while the project itself will provide local jobs, tax income and economic growth in one of the poorest countries in the world. This is a contrast to other mining developments in the country, which have hurt local communities and damaged their drinking water, land and quality of life. Ultimately, we believe this project – through the steps we have taken – will show that mining can be beneficial to all stakeholders, including the local communities nearest the mine.”

– Peter Kindt, head Metals & Mining EMEA, ING

## Case study: land rights

In 2017, an existing mining client requested financing for the construction of a new underground mine in South America. The request included the construction of associated infrastructure (a processing plant, a tailings storage facility and a transmission line). If approved, ING would be one of a group of lenders, together with other international banks, most of whom are signatories of the Equator Principles.

The transaction was flagged by the deal team as high risk, with potentially significant social and environmental impacts. As such, it came to ING's global Environmental and Social Risk (ESR) team for due diligence in order to safeguard compliance with ING's mining and metals sector policy requirements

as well as the Equator Principles, which in this case would include compliance with the IFC Performance Standards. The due diligence on the project impacts was prepared by an independent consultant. Analysis of the project's environmental and social impact assessment and other relevant information showed that Indigenous people's lands would be impacted by associated facilities connected to the project. No communities would need to be relocated for project, however the client needed to adhere to Free and Prior Informed Consent (FPIC) from the Indigenous communities affected by the project.

ING learned that the client had an established relationship with one of the impacted communities and had already

adopted a stakeholder engagement plan. The client was working on a dedicated strategy to engage all of the affected Indigenous communities. In the information provided, a point of particular attention was whether the FPIC process would be tailored to the customs of the Indigenous communities impacted by the project. Given all of the project information, the ESR team addressed the gap in a lack of a specific process addressing the affected Indigenous communities by adding conditions into the Environmental and Social Action Plan to target this.

The deal closed in 2018 after receiving the client's commitment to pursue an FPIC process in line with the Equator Principles, local customs included. The most recent monitoring report

which ING received shows that the company has strong engagement with the impacted Indigenous people and other local communities. With this type of high impact deal, the lenders can continuously monitor and intervene where necessary in the process. The engagement with the Indigenous people affected by this project and the FPIC process are key points of attention that are being monitored by an independent consultant and reported to ING and other lenders on a regular basis as set out in the loan agreement.



## Case study: Dakota access pipeline

In 2016, ING was one of 17 banks who entered into financing the Dakota access pipeline, a 1,172-mile-long (1,886 km) underground oil pipeline in the United States. As with all of the projects that we finance, we carefully screened the project according to laws and regulations as well as ING’s environmental and social risk policy framework. As part of this due diligence we reviewed environmental and social project documentation, including third-party reports. These reports did not reveal any material shortcomings.

However, not long after issuing the loan, we learned that the Sioux tribal nation was opposed to the pipeline, under the assertion that the pipeline might threaten sacred burial grounds as well as the quality of water in the area.

On 10 February 2017, we met with the Standing Rock Sioux Tribe and discussed the Tribe’s concern regarding the pipeline’s proposed routing. The Tribe made it clear that it believed its interests and position as a sovereign nation were not properly recognised in the process led by the USA government. In the meeting, we shared with the Tribe our willingness to either continue trying to positively influence the course of the project, or to distance ourselves by selling our stake in the loan. In response, the Standing Rock Sioux Tribe indicated it would appreciate ING selling its loan in the project, because there is little room for lenders to exert a positive influence on the project once construction resumed, and because it would be a valuable message supporting its call for respectful dialogue.

In response, we sold the loan. We also:

- Publicly expressed our disagreement with the level of respect shown by the companies, our clients.
- Sold the shares we had in the parent companies.
- Decided to stop doing any new business with the companies, not renewing credit facilities that expire, effectively ending the relationship.
- Continually tried to use our influence to resolve this issue in a way that could satisfy all parties.

In this case, we used our leverage as we thought most effective. We engaged with our client, we commissioned additional research, we engaged with the rights holders, and we took action.

Nevertheless, a key lesson has been that our capacity to affect change is dependent on the willingness of the client to act. Our leverage as a bank is in large part limited to the due-diligence phase of the transaction.

> Salient human rights risks - our role as a lender

## Child labour

Work that is unacceptable for children is both a cause and a consequence of poverty. When children are employed in a manner that is economically exploitative or likely to be hazardous it can lead to interference with their education, and can be harmful to their physical and mental health, spiritual wellbeing, and moral and social development.

**Rights holders impacted:** Children and young people

### How our lending activities potentially affect rights holders:

Lending activities to companies in the sectors listed below. These activities often require large quantities of low-skilled labour; the companies may operate in countries with weak enforcement of labour laws:

- Agriculture, aquaculture and forestry: child labour is prevalent in production of certain soft commodities like cocoa, coffee, cotton, fish, palm oil, sugarcane and tea
- Manufacturing: for example, in the production of textiles, electronics, rubber and construction materials
- Commodity traders: through supply chains for soft commodities and minerals

### How we address these potential impacts?

By evaluating whether clients:

- Are associated with child labour;
- Identify, manage and mitigate risks related to harmful child labour that is meaningful in the context of company operations, including supply chains and other business relationships.

### Standards we are guided by in our due diligence:

- UN Convention on the Rights of the Child (with protocols)
- ILO Convention No. 138 (Minimum Age)
- ILO Convention and No. 182 (Worst Forms of Child Labour)
- UN Guiding Principles for Business and Human Rights (UNGPs)
- OECD Guidelines for Multinational Enterprises



> Salient human rights risks - our role as a lender

Through our client relationships, ING has the potential to be linked to negative impacts on children’s rights, for example, in the areas of education, decent work opportunities and wages for parents, health care, clean water, food, the right not to be estranged from family, and responsible marketing towards children. Child labour is the most severe impact on children’s rights. The ILO estimates that almost 11 percent of the world’s children, numbering some 168 million, are child labourers. Of these, 85 million carry out hazardous work.

### International standards

Under international law, the legal obligation to protect children’s rights rests with governments. It is, however, broadly accepted that companies have a responsibility to respect children’s rights, including in their supply chains. International, legally binding instruments such as the UN Convention on the Rights of the Child with protocols and ILO Conventions No. 138 (Minimum Age) and No. 182 (Worst Forms of Child Labour) describe children’s rights.



> Salient human rights risks - our role as a lender

**ILO standards identify the following age groups for which different forms of work are acceptable:**

Age group	Forms of economic activity (work) permissible
0-12 years	None
13-14 years	'Light work' only, not formal employment National laws may permit children aged 13 or 14 years to engage exceptionally in 'light work' outside school hours or during school holidays, as long as it does not affect their development or schooling. A practical rule of thumb is that 'light work' is not more than two hours per day or twelve hours per week.

## Our approach

ING takes these expectations seriously. We follow the ILO Conventions in defining unacceptable work for children as when the child is too young to enter work or employment, or the work concerned is harmful. ING does not finance activities that are known to have human rights abuses, including harmful child labour. We expect our clients not to be associated with child labour. Specifically, there should be no complicity in child labour in the relevant social and economic context, in line with the international standards we have endorsed (see above).

From our experience, we see less potential for child labour to arise directly in the operations of our clients. Child labour lurks deeper in the supply chains of our clients. We expect our clients to assess potential human rights risks in their supply chain and use their leverage to address the most severe human rights with their suppliers. Engaging with our clients on the topic (see section on client engagement) will help us use our leverage to promote respect for, and observance of, these rights in the supply chains of our clients.

In addition, as part of our work in the Dutch Banking Sector Agreement on human rights, we have committed to collaborating with other banks on carrying out supply chain mapping for cocoa, palm oil and gold, with specific focus on child labour where this is relevant. This will inform our understanding of best management practices for this salient issue.



> Salient human rights risks - our role as a lender

## ING & Unicef

ING launched a partnership with UNICEF in 2005, seeking to make a positive contribution to the lives of children.

In 2011, ING contributed to the process of developing the [Children's Rights and Business Principles](#)

(a joint initiative by UNICEF, the UN Global Compact and Save the Children) and we hosted the launch event in the Netherlands. This set of Principles stimulated us to take a closer look at how ING is respecting and supporting children's rights in its business model.

## Our challenges

In implementing our approach, we recognise that poverty is the root cause for child labour in many emerging economies and is directly linked to the need for children to provide supplemental income for their families. Our challenges also arise in contexts where host country legislation allows for a lower minimum age compared to the ILO norm. We review such instances together with our clients on a case-by-case basis. If our due diligence uncovers incidents of child labour, we investigate these instances and engage the implicated clients.



“Protecting children’s rights is the right thing to do, and that’s why we do it. We will continue to be vocal with our clients, and collaborate with others to protect the rights of children.”

- Leon Wijnands,  
global head of Sustainability, ING

> Salient human rights risks - our role as a lender

## Forced labour

Millions of people move from place to place to secure their livelihoods. Forced labour can become a risk to migrants and refugees. Labour without borders is often poorly regulated and controlled. Victims of forced labour are coerced or deceived into jobs which they cannot leave. Practices such as threats of dismissal or physical violence, the withholding of identity documents or wages, threats to denounce workers to immigration authorities if their status is illegal, or entangling workers in fraudulent debt can classify as acts of forced labour.

**Rights holders impacted:** workers subjected to coercive employment practices, (sub-)contractors, people who are poor, those affected by conflict, or refugees.

### How our lending activities affect rights holders:

Lending activities to companies that:

- employ large numbers of migrant and immigrant labour;
- employ large numbers of contracted and sub-contracted labour;
- provide services such as logistics, construction, agriculture, fishing or are active in garment manufacturing.

### How we address these potential impacts?

By evaluating whether corporate clients:

- Are associated with forced labour;
- If there are indicators that forced labour is a risk for the company or project at hand then we look for a policy or management approach that identifies, manages and mitigates risks related to forced labour in a manner that is meaningful in the context of company operations, including supply chains and other business relationships.

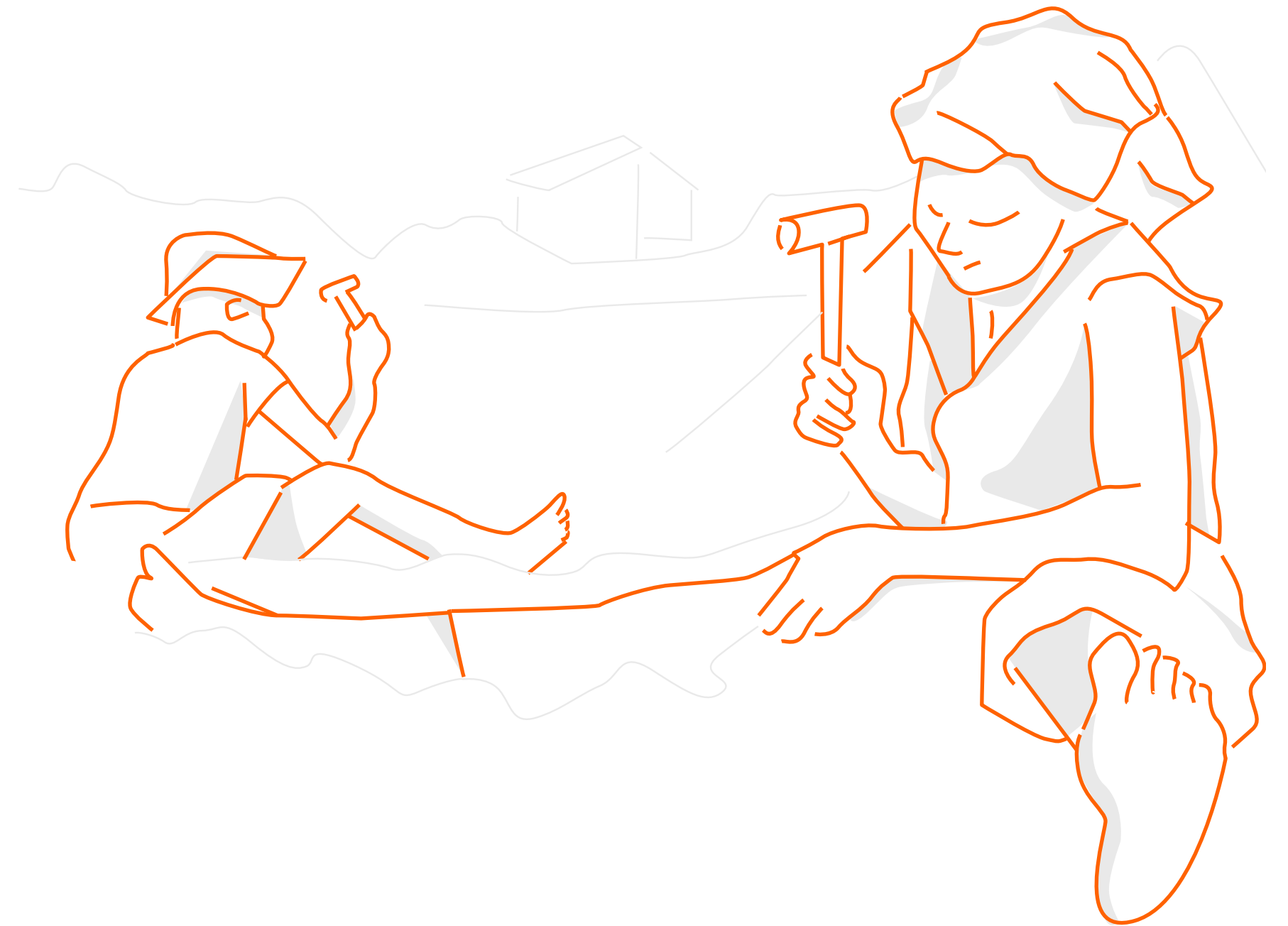
### Standards we are guided by in our due diligence are:

- Forced labour according to ILO Forced Labour Convention No. 29 is “all work or service which is exacted from any person under the threat of penalty and for which the person has not offered himself or herself voluntarily”.

> Salient human rights risks - our role as a lender

ING finances companies that may be exposed to risks of forced labour in their operating activities (such as through employment agencies) or through suppliers (such as contract manufacturing). According to the ILO, at any given time in 2016, an estimated 40.3 million people were in modern slavery, including 24.9 million in forced labour. Out of the 24.9 million people in forced labour, 16 million people are exploited in the private sector such as through domestic work, construction or agriculture. Forced labour is a global problem, also present in developed countries where it affects trafficked migrant workers.

Driven by poverty and pressing economic needs, many workers fall prey to abusive employers and human trafficking, with women and children at particular risk of being abducted and sold into slavery. In some instances, forced labour keeps entire families and communities in abject poverty for generations. Instances of forced labour take many forms.





> Salient human rights risks - our role as a lender

## Our approach

ING rejects all forms of human trafficking, slavery, forced and child labour that go under the general term of 'Modern Slavery'. Our aim is to work to compliance within our own organisation and the client operations we finance, as well as to support its elimination within the value chains of those with whom we do business.

In applying the Equator Principles for project financing we pay particular attention to the rights of migrant workers from the moment of recruitment, during overseas employment and through to further employment or safe return to their home countries. In this respect, our focus on the recruitment process includes preventing fees being paid in excess of legally permitted amounts, ensuring that any contract terms are clear and legal, that wages or benefits are not falsely promised, and that repatriation terms are clear and migrants are free to return home with passports not withheld.

The types of situation that we look out for that may indicate existence of forced labour include:

- ✓ Workers being charged fees, directly, by recruitment agencies or by the employer, including for travel or accommodation.
- ✓ Workers deprived of their passports, visas and other identification documents.
- ✓ Workers not feeling free to terminate employment as a result of fees owed to the employer or an agent.

- ✓ Workers not being entitled to leave the workplace or accommodation whenever they wish, subject to reasonable security measures applicable in remote or dangerous sites.
- ✓ Delays in wage payments where the promise of paying wages in arrears is used to coerce workers to stay in a job or to create a dependency.
- ✓ Excessive wage advances or loans provided to workers where such payments exceed 10 percent of the worker's wages and the loan terms exceed six months.
- ✓ Forced overtime if beyond the number of overtime hours allowed by national law or collective agreement, including threats to fire the worker or never offer the worker overtime again.

In our DBA Value Chain working groups we have also identified that the abusive use of migrant labour is prominent in agriculture, including in palm oil and cocoa plantations, though by no means restricted to this sector. Issues related to migrant workers can include confiscation of identity documents, compulsory overtime and/or deliberate non-payment of wages, and recruitment agents charging workers excessive recruitment fees, often driving them into high levels of debt. This value chain work will help us to refine approach to supporting elimination of forced labour in the value chains of our clients.

## Case study: forced labour

In 2015, a new client asked for \$250 million in financing as part of a group loan for the construction of a new petrochemical complex. This project was considered an Equator Principles Category A project - the highest impact category - mainly due to its potential irreversible impacts on air quality, noise, traffic, and wastewater generation. An independent environmental and social consultant was therefore hired to advise the lenders on compliance with the relevant IFC Performance Standards. The environmental and social impact assessment undertaken showed that the nearest village was over five kilometres from the project site and impacts on communities were limited. The assessment did, however, underline that workers' accommodation could become a critical issue as the project

was expected to employ over 10,000 workers on-site. The client agreed to identify migrant workers and take action to pursue equal treatment in line with the IFC Performance Standards. Eventually the deal was finalised.

Once construction began, ING started receiving regular environmental and social monitoring reports by the independent consultant. The 2017 monitoring report highlighted a potential issue with regards to the retention of passports of the workers who stayed on the project site by sub-contractors of our client. This caught our attention, as it could indicate that workers are not free to move out or leave when they choose to. Retention of passports is a red flag for forced labour. After reading about this issue, via the

independent environmental and social consultant, we requested additional information from the client. It was explained that passports of the workers that stay on the site are retained as a service for safekeeping while workers move around between working sites. ING was reassured that policies and procedures are in place for workers to receive their passports whenever they request them. With this, and the review of the independent consultant on this issue, we received sufficient comfort that the passport retention was indeed offered as a service for safekeeping. Workers could obtain their passports at any moment of their choosing, and thus there was no potential forced labour issue. The issue was resolved to the satisfaction of the independent environmental and social consultant

and ING. There was therefore no impact on the lending relationship.

This case highlights one way we can use our leverage. Requiring additional information from clients allows us to manage our ES risks properly and safeguard human rights.

> Salient human rights risks - our role as a lender



## Additional risks

The UNGP Reporting Framework encourages companies to consider and explore how to manage other risks in addition to those identified as most salient. For ING, there are additional human rights risks in certain sectors beyond our three salient risks. In these cases, the issues are addressed by specific ESR sector policies and these risks are taken into account when engaging a (potential) client in that sector. Community and worker health and safety in the mining sector is one example. This is a sector where we may participate in high-risk transactions and use our leverage either to have clients meet our conditions before granting financing or to disengage entirely. See the table on human rights risk engagements for a snapshot of our engagements in this sector.

We also engage with others to check our understanding of our salient risks and the other human rights risks we face in our different roles remains in tune with the latest thinking. The Global Sustainability department and the ESR team represent ING at different national and international organisations, associations and learning platforms that relate to human rights, sustainability and the Sustainable Development Goals. This engagement keeps us informed about the development of societal debate and the positions of different stakeholders. It also informs our understanding of impacts to rights holders. We incorporate what we learn through these contacts into updates of both our Sustainability strategy (every 5 years) and our Environmental and Social Risk Framework (every 3 years). The latter explicitly addresses human rights-related topics and risks in the different sectors ING finances.

## Examples of ING promoting social sustainability, including human rights through our business operations:

**Our due diligence frameworks, as outlined in this report describe how we manage our risks. Besides mitigating risks, we also pursue opportunities for contributions to the advancement of human rights.** We measure the business we do with clients that are sustainability leaders in their sectors, as well as the projects we finance that advance sustainability. Below are two examples:



## From risk to opportunity: ING Groenbank

ING Groenbank is a 100 percent subsidiary of ING Bank N.V. From green-label greenhouses to sustainable home construction, ING Groenbank uses green savings deposits to fund sustainable projects in the Netherlands and impact finance in developing countries

Much of Groenbank's lending activity is focused on green investments, but it also directs up to 10 percent of its balance sheet towards social impact finance related to SDG 8 (decent work and economic growth), including education and research. Impact finance is an important way for individuals and small and medium enterprises (SMEs) in developing countries to gain access to financial services. It's important to ING too, as a mechanism for contributing to the socioeconomic development of communities, both in countries where we operate and in those where we don't have an active presence.

The Impact Finance department under ING Groenbank has been extending microloans to micro-entrepreneurs in developing countries since 2005. We have invested in microfinance institutions, as with our partner Oikocredit, and through loans to our subsidiary ING Vysya in India. We have also supported training for 430 women entrepreneurs and financial education for 25,000 women in India. Our biennial research report 'A Billion to Gain',

produced together with universities and knowledge centres such as Netherlands Platform for Inclusive Finance, has yielded valuable end-user insights and in-depth knowledge of impact finance over a number of years. Since 2006, we have issued seven reports and organised five international conferences.

Together with ING Turkey, ING Impact Finance has drawn up a plan to help existing entrepreneurs offer employment for refugees in Turkey and support them in setting up their own businesses. This project contributes to the social resilience pillar of ING's sustainability direction and is in line with EU and Dutch government policy by developing local facilities in the region.

## From risk to opportunity: Sustainable Finance

A dedicated team within the ING Wholesale Bank serves as the global centre of expertise on sustainable finance, providing expert advice and driving sustainable business opportunities within ING globally. The team manages and oversees our Responsible Finance (RF) portfolio. Within our RF portfolio we have set ourselves the bold ambition of doubling our social impact finance to €1 billion by 2022, compared to 2017. Social impact finance is a lending portfolio of projects with clear positive social impacts, such as projects in affordable housing, basic infrastructure and essential services. The social impact finance themes are aligned with the Sustainable Development Goals, thus ensuring ING's sustainable finance priorities align with the world's most critical challenges.

### **Case study: providing finance for social impact in Switzerland**

In June 2017, chocolate and cocoa products maker Barry Callebaut successfully amended and extended a revolving credit facility linking the interest margin to the sustainability performance of the company. ING acted as the sustainability coordinator of the innovative facility, as part of a syndicate of 13 banks, in the first such loan in Switzerland.

The financing underpins the ambitions of “Forever Chocolate”, Barry Callebaut’s sustainability strategy, which targets 100 percent sustainable chocolate by 2025. “Forever Chocolate” includes four targets for 2025 that address the biggest sustainability challenges in the chocolate supply chain: child labour, farmer poverty, sustainable sourcing and its carbon and forest footprint.



# Engagement

- Stakeholder engagement
- Client engagement





# Stakeholder engagement

## Our approach to engagement

We define stakeholders as individuals or organisations who may be directly or indirectly impacted by ING’s activities. Throughout the year, we discuss challenges and issues that have been brought to our attention by various stakeholders. In our 2017 [integrated annual report](#), we listed issues on which we have engaged our stakeholders (starting on page 352), including engagements on human rights topics. Please refer to our annual report for detailed information on our engagement with a range of stakeholders.

We have adopted an integrated approach to stakeholder engagement at ING. We find it beneficial to have ongoing dialogue about our role in society, our products and services, our business performance and other issues.

We engage with stakeholders regularly. Examples include client roundtables, regular meetings with NGOs and other civil society organisations, targeted stakeholder engagement on specific policies in our Environmental and Social Risk framework, and roadshows with investors where sustainability is part of ING’s strategy.



To be able to identify possible human rights risks related to the activities of a bank’s clients, parties in the DBA Value Chain working group are in the process of mapping specific high risk value chains. The parties are contributing to this mapping from their own areas of expertise and are jointly prioritizing the most severe human rights risks in the sector.



ING has taken up the role of lead bank for the mapping of the gold value chain. We believe that this multi-stakeholder approach brings transparent and inclusive value chains one step closer.”

– Wilke de Boer, IRBC policy officer, SER



**We find that ongoing dialogue helps to nourish deeper mutual understanding. We learn from each other about the complexity of the issues involved and gain insight into the differing perspectives of various stakeholders. That helps us develop more effective solutions.** We are increasingly moving towards stakeholder collaboration. We are coming up with new ways of driving sustainable progress by working closely with diverse stakeholder groups. We may, for instance, co-ordinate initiatives with other Dutch banks, labour unions, NGOs or the Dutch government via the Dutch Banking Sector Agreement (DBA).

## Stakeholder engagement and learning through the Dutch Banking Agreement on human rights

**Our relationship with the DBA is referenced throughout this report. Here we elaborate on our stakeholder engagement through the DBA, which has been an integral part on our learning and engagement in the past three years.**

In October 2016, ING was one of the 13 NL-based banks to sign a declaration of adherence to the Dutch Banking Sector Agreement on human rights (DBA), along with eight other signatories including the Dutch government, labour unions and NGOs. The DBA aims to ensure that the corporate lending and project finance wholesale banking businesses of the adhering banks identify potential human rights risks areas including labour practices, child labour, land rights, and community health and safety.

The DBA is a truly collaborative, multi-stakeholder initiative. Its diverse stakeholders bring different strengths to the table. We as a bank, are connected to our clients and the sectors in which they are active. In that context, we want to continue to address human rights in our corporate client due diligence and dialogue. Civil society organisations and labour unions contribute knowledge of human rights and labour issues, linked to specific sectors, commodities or communities. They may also have access to the local context in countries with human rights issues. The Dutch government can establish contact with foreign governments through its network of embassies.



> Stakeholder engagement

Human rights risks do not only occur in the operations of our financed clients. They often lurk deeper in their supply chains. There is a need to map and understand these value chains to identify and be able to address the most severe human rights risks. In the DBA, we benefit from all parties' knowledge and experience of how best to identify human rights risks and actions that can support managing and mitigating them. We have been actively involved in DBA working groups, namely:

- Value-Chain Analysis (for cocoa, palm oil and gold),
- Increasing Leverage

We review DBA working group outcomes and recommendations, including insights into best practice, to see what can be incorporated into our engagement with clients that are active in these areas.





# Client engagement

## Risk-based client engagement

Earlier in this report, as we outlined our ESR Framework and how it works, we touched on client engagement. The below information on risk-based engagement elaborates what engagement looks like, as guided by our ESR Framework. In short, our ESR framework helps to identify client relationships where there are risks to human rights. Equally, impacts may be brought to our attention after they have occurred. In both cases, we often address the situation through client engagement.

### How this works in practice:

Risk-based client engagement is not just about prudent risk management, it is about sharing our experience with clients of some of the challenges they face in the contexts in which they operate, and using the leverage that we have as a bank. Our client engagement on human rights risks can be triggered by the following events:

- New client acceptance
- Specific transaction with a client
- Regular review of a client
- Allegations brought to our attention by the media or an external stakeholder

Clients with whom we engage can be:

- **Leaders in human rights:** ING can learn from them to improve our understanding of best practice;
- **Underperformers in human rights:** ING can encourage improvement by working with clients over time to strengthen their capacity and commitment to managing human rights risks.

The need for engagement is sometimes triggered because clients are not fully meeting our requirements. In these circumstances, ING’s aims to encourage improvement by engaging with underperforming clients to strengthen their capacity and commitment to managing human rights risks. The engagement can involve a series of calls and meetings with clients or site visits at both client and asset level where we want to see operations in action to gain a better contextual understanding. On ING’s side these engagements will usually involve our account managers in charge of the client relationship as well as, where relevant, product specialists, members of our ESR team and/or independent consultants.

ING’s client engagement is aimed at better understanding the situation and reasons for any shortfall in the client’s sustainability or human rights performance. We will discuss and seek an agreement on remedial measures to be undertaken by the client to improve the situation. Where appropriate, this is typically documented in an



Individual engagement with clients on human rights is not new to Trade Commodity Finance. In December 2017, on a more strategic level, I took part in a Roundtable with Commodity Traders led by the Swiss government to discuss developing guidance on their application of the United Nations Guiding Principles (UNGPs) on Business and Human Rights. I had a chance



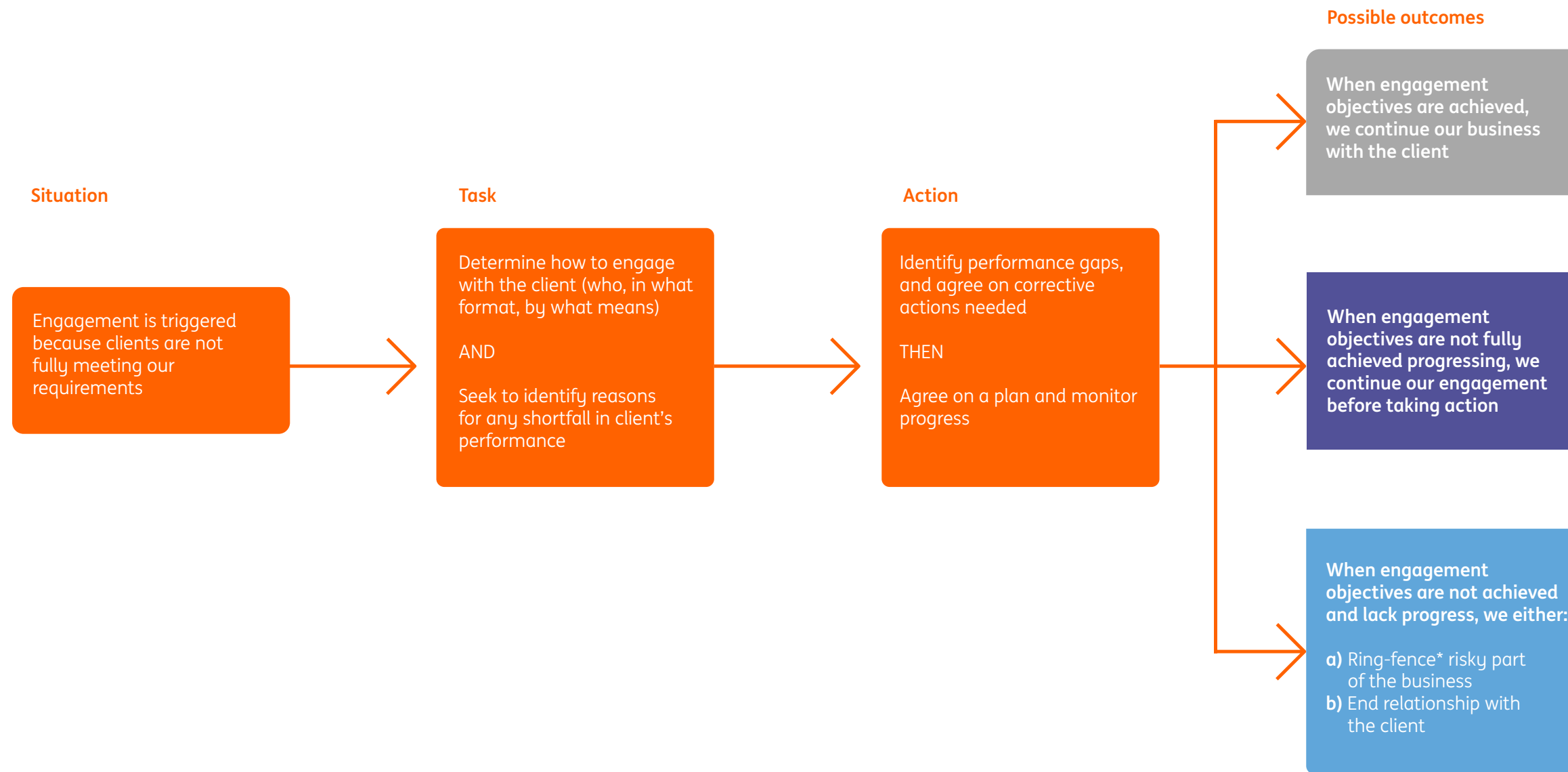
to have one-on-one talks with a few large trading clients and they are all more than willing to open a strategic dialogue at senior level on sustainability with us”.

– Paul Emmanuel, country manager, ING Switzerland

environmental and social action plan (ESAP). If the client fails to deliver on the remedial measures within a mutually agreed time-frame, we may need to review the situation. In certain situations, we may decide to grant clients more time to implement some of the agreed actions, especially where we see that they have been making progress and are on the way to fulfilling its obligations. Disengagement is an option of last resort.

Our leverage with any client depends on the nature and longevity of our relationship and whether ING is involved in more strategic discussions as part of the client’s core banking group. In transactions, it depends on the nature of the lending transaction, duration of the loan, the point at which commercial lenders are invited to provide financing and often whether ING is acting in a leading role or is part of a loan syndicate with other banks.

## ING's approach to risk-based client engagement



\*To ring-fence means to put restrictions on a financing activity so that it can only be used for a particular purpose.



> Client engagement

## Sample of human rights risk dialogues with clients in 2017

Type of financing	Industry sector	Region	ESG issue description	Status of engagement
Project Related Loans	Power & Utilities	North Africa	Occupational health and safety	Ongoing
Project Related Loans	Mining	North Africa	Land-related community impacts	Ongoing
Advisory Services	Oil & Gas	Europe	Indigenous rights & land-related community impacts	Relationship terminated
Project Related Loans	Infrastructure	Central Africa	Occupational health and safety & resettlement	Ongoing
Project Related Loans	Infrastructure	Europe	Security practices	Client action being taken
Project Related Loans	Mining	Australia	Indigenous rights	Resolved
Corporate General Purpose Lending	Mining	North America	Security practices & resettlement	Ongoing
Corporate General Purpose Lending	Chemicals, Health & Pharmaceuticals	Europe	Land-related community impacts	Client action being taken
Project Related Loans	Mining	Europe	Resettlement	Ongoing
Project Related Loans	Mining	North Africa	Resettlement	Ongoing
Corporate General Purpose Lending	Agriculture	Europe	Child labour & land- related community impacts	Client action being taken
Project Related Loans	Mining	Latin America	Indigenous rights & security practices & resettlement	Ongoing
Project Related Loans	Infrastructure	Latin America	Economic resettlement & land- related community impacts	Ongoing
Trade Finance	Metals Refining, Smelting & Casting	Eastern Asia	Labour rights & employment conditions	Ongoing
Project Related Loans	Oil & Gas	Western Asia	Land-related community impacts	Resolved
Project Related Loans	Oil & Gas	North America	Land-related community impacts	Relationship terminated
Project Related Loans	Mining	Middle East	Governance issues (including human rights)	Client action being taken
Trade Finance	Agriculture	Europe	Labour rights & employment conditions & child labour	Ongoing
Project Related Loans	Oil & Gas	Europe	Resettlement (physical and economic) & occupational health and safety	Ongoing
Project Related Loans	Mining	North Africa	Occupational health and safety	Relationship terminated
Project Related Loans	Metals Refining, Smelting & Casting	Central and Eastern Europe	Occupational health and safety	Ongoing

> Client engagement

Type of financing	Industry sector	Region	ESG issue description	Status of engagement
Project Related Loans	Chemicals, Health & Pharmaceuticals	Central and Eastern Europe	Occupational health and safety	Resolved
Project Related Loans	Oil & Gas	Latin America	Community health and safety & occupational health and safety & security practices	Client action being taken
Project Related Loans	Mining	Latin America	Indigenous rights	Client action being taken
Project Related Loans	Agriculture	Latin America	Community health & safety	Resolved
Project Related Loans	Oil & Gas	North America	Human rights grievance mechanisms & stakeholder engagement	Resolved
Trade Finance	Metals Refining, Smelting & Casting	Southern Africa	Labour rights & employment conditions	Ongoing
Corporate General Purpose Lending	Mining	Latin America	Land- related community issues & occupational health and safety	Resolved
Project Related Loans	Oil & Gas	Eastern Asia	Resettlement & labour rights & employment conditions	Resolved
Corporate General Purpose Lending	Automotive	Eastern Asia	Employment conditions	Ongoing
Corporate General Purpose Lending	Power & Utilities	Eastern Asia	Resettlement & labour rights & employment conditions	Ongoing
Trade Finance	Agriculture	Eastern Asia	Labour rights & employment conditions & child labour	Ongoing
Trade Finance	Agriculture	Eastern Asia	Land-related community impacts	Ongoing
Trade Finance	Metals Refining, Smelting & Casting	Eastern Asia	Labour rights & employment conditions	Ongoing
Acquisition Finance	Agriculture	Europe	Labour rights & occupational health and safety	Ongoing

> Client engagement

## Proactive client engagement

In addition to ING’s regular risk-based client engagement and as part of ING’s commitment to the DBA, we have assigned a dedicated lead on client engagement in human rights, who is engaging proactively with clients and focuses on understanding their human rights management, struggles and best practices. This proactive dialogue started in October 2018. The outcomes will be reported in future human rights disclosures.

The aim of this proactive dialogue is to raise awareness on human rights issues that clients may potentially be facing in their operations as well as in their value chains, focusing on, but not restricted to, the salient human rights issues identified by ING. With the outcomes of these proactive dialogues, it is expected that best practices and lessons learned can be shared among the participating clients to broaden awareness and deepen understanding, ultimately leading to suggestions for improved processes.



“We want to better understand our client’s material human rights impacts and challenges, what role clients see for ING, as well as scope for round-tables, partnerships and knowledge sharing on human rights topics that matter most to our clients. We have started our first engagements which are generally positively received by our clients and resulted in open dialogues.”

– Cornelia Goedhuis, Global lead client engagement in human rights, ING





# Remedy

- Remedy through corporate lending
- Remedy procedures for ING employees





# Remedy

In this section we elaborate on how we work to provide remedy in our roles as a corporate lender and employer.

## Using our leverage to ensure effective remedy through corporate lending

“Companies should have processes in place to enable effective remedy for people harmed by any adverse human rights impacts the companies cause or to which they contribute”, UN Guiding Principles.

Through our various roles, ING may be causing, contributing or be linked to human rights impacts. What this means for remedy, has been a topic of attention in recent years. ING recognises the need for an approach where stakeholders can reach us if they feel we have been a source of a negative human rights impact. As part of our commitment to human rights, we are open to receiving complaints from any stakeholder about our human rights performance. This can be done in two ways:

- Via our existing complaint procedure, which was altered in July 2018, making explicit reference to human rights as a reason for issuing complaints. Any stakeholder can now report “suspected or actual criminal conduct, unethical conduct or other



*misconduct, including a human rights violation, by or within ING via the chief compliance officer”. This complaint procedure is [publicly available online](#).*

- Via a legitimate external processes, like the OECD Dutch National Contact Point, aimed at addressing and resolving grievances related to alleged breaches of the OECD Guidelines.

> Remedy

Additionally, we promote collaborative and multi-stakeholder initiatives that provide for effective grievance mechanisms and/or other measures of adequate accountability (e.g. through our membership of and participation in the Roundtable on Sustainable Palm Oil).

Grievance mechanisms are essential to the effective protection of human rights. We therefore ask our corporate clients to provide information on how they have implemented the UN Guiding Principles in this regard. Our ESR assessment tools (within our ESR Framework) ask whether clients have effective approaches to stakeholder engagement and supporting grievance mechanisms in place to address possible human rights infringements. The Equator Principles also require that before financing projects with severe potential human rights impacts, the operation must encompass effective stakeholder engagement, including operational-level grievance mechanisms.

In our experience, some companies still lack effective remedy for rights holders who are harmed by their activities. Where this occurs, our engagement focuses not just on the existence of a grievance mechanism, but on its effectiveness. We may ask questions, such as: is it scaled to fit the needs of its operations or assets; is it being established in a timely fashion; is it accessible and appropriate to affected stakeholders; does it record and track grievances; and crucially, is it backed by an active stakeholder engagement process? It is essential that companies strive to prevent issues by engaging proactively with all their stakeholders.

Shortcomings in our clients' grievance mechanisms may trigger the need for additional due diligence and dialogue.

### Case study: using our leverage

In 2017, an existing client in the energy and chemicals industry asked us for \$75 million in financing, as part of a group loan to expand an ammonia fertiliser plant in Asia at a brownfield (existing) location. The ESR policy on chemicals as well as the Equator Principles applied to this loan request. Some of the primary impacts of this project – as assessed by an independent consultant – were on working conditions, pollution prevention and community health, safety and security. The nearest community to the project was located nearly a kilometre away from the project site. In providing specialist advice, the ING ESR team found that the potential impacts of the project and the surrounding communities were properly captured in the company's environmental and social management plan and

an action plan was developed to ensure the management plan was implemented in a timely manner.

This was a step towards the green flag to finance. Before financing was approved, we added a separate condition that needed to be fulfilled before project construction began requiring the establishment of a grievance mechanism upfront. We had identified a potential gap in what was being provided by the client as a grievance mechanism. Our intervention required that a grievance mechanism be in place for all stakeholders. In this case, we used our leverage to help ensure local stakeholders had the means to engage with the company or file a complaint, as needed, before project construction got underway.



## Remedy for our employees

ING has a Group-wide [whistleblower policy](#) in place. The whistleblower policy is applicable to all majority-owned ING businesses (or business entities), businesses under ING’s management control (including ING Groep N.V.) and their employees.

The whistleblower policy guides and supports ING to:

- Demonstrate its commitment to the Orange Code, ING policies, laws and regulations;
- Be a trusted organisation that treats employees with respect; and
- Be responsive to all employees.

The whistleblower policy helps ING to take appropriate and adequate action if there is a concern about (suspected) criminal conduct, unethical conduct or other misconduct by or within ING that leads to, or could lead to, a violation of:

- The Orange Code, and/or
- Any ING Policy, and/or
- Any law and regulation.

As well as our whistleblower policy, different countries where ING is active take additional measures to provide remedy to their employees. For example, ING Belgium has confidential counsellors and prevention advisors, whose mission consists of informally looking for a solution by listening to employees and advising them on actions to take in case of a psychosocial grievance. The advisors can also facilitate discussions with a third party to assist in finding a solution. Lastly, advisors can act as mediators, to resolve disagreements and help negotiate workable outcomes.





# Human rights at ING: lessons learned and looking forward



## Human rights at ING: lessons learned and looking forward

As has been established here, ING and its clients can potentially impact human rights in virtually every corner of the globe. It is incumbent on us to ensure our human rights due-diligence processes are in order. In this report, we have documented how we conduct human rights due diligence. This is the first time we have reflected on our portfolio and due-diligence approach through the lens of salient human rights issues as specified in the UNGP Reporting Framework. This new approach has uncovered some important new insights.

The reporting process has been both exciting and inspiring. **We have learnt a great deal from it and have been spurred to continue to move forward.** One key lesson is that we still have work to do to build specific frameworks that track our performance on the salient issues. We have an idea of how we are doing, based on employee wellbeing, interactions with clients, the ESR cases we address, controversies etc. We already engage with stakeholders on human rights topics, but we can do more when it comes to tracking how frequently the salient issues come up and how they get prioritised. This will enhance our ability to assess whether our approach is successfully reducing the most severe impacts on people, as identified in this report.

This connects with something else our reporting revealed. While we found the process of defining our salient issues extremely valuable, it took more attention and included more complexities than we had initially anticipated.

A third important discovery was that human rights reporting opens up conversations within our organisation. There has been a growth in awareness among Front Office staff; salience is now built into the current ESR Framework review; and perhaps most importantly, staff who do not explicitly work in this area every day have begun to consider how ING can affect human rights. Overall, the reporting process has been very helpful in promoting integrated thinking on human rights right across the organisation.

We face a major challenge in the years ahead, as we seek to embed human rights due diligence into the fabric of our business, but we already have actions in place for continual improvement:

- ✓ We are updating our ESR Framework.
- ✓ We plan to take action to extend opportunities for client engagement on human rights, including for the salient issues identified (see ‘Proactive client engagement’).

Thank you for joining us on this journey. Your views are important to us. For any questions or feedback, please email [sustainability@ing.com](mailto:sustainability@ing.com).



# Appendix

## The UN Guiding Principles Reporting Framework Index

		Pages where addressed
<b>A - Governance of Respect for Human Rights</b>		
<b>A1 Policy commitment</b>	What does the company say publicly about its commitment to respect human rights?	13-22, 34, 43, 77-79
	<b>A1.1</b> How has the public commitment been developed?	16, 77
	<b>A1.2</b> Whose human rights does the public commitment address?	13-14, 16, 77, 79
	<b>A1.3</b> How is the public commitment disseminated?	13, 19, 77, 79
<b>A2 Embedding respect for human rights</b>	How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	2, 9, 11, 13, 81
	<b>A2.1</b> How is the day-to-day responsibility for human rights performance organised within the company, and why?	11, 26
	<b>A2.2</b> What kinds of human rights issues are discussed by senior management and the Board, and why?	11, 43
	<b>A2.3</b> How are the employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?	13, 19, 36
	<b>A2.4</b> How does the company make clear in its business relationships the importance it places on respect for human rights?	14-17, 23-25, 72, 75
	<b>A2.5</b> What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?	22, 52, 57, 61, 81

> The UN Guiding Principles Reporting Framework Index

Pages where addressed

**B - Defining the focus of the reporting**

<b>B1 Statement of salient issues</b>	State the salient issues associated with the company's activities and business relationships during the reporting period	33, 47
<b>B2 Explanation of salient issues</b>	Describe how the salient issues were determined, including any input from stakeholders	28-33, 45-47
<b>B3 Geographical focus (if any)</b>	If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made	Not applicable
<b>B4 Additional severe impacts (if any)</b>	Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed	63, 73-74

**C - Management of Salient Human Rights Issues**

<b>C1 Specific policies</b>	Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	13-22, 32-36, 41, 48, 51-52, 55, 59, 61
	<b>C1.1</b> How does the company make clear the relevance and significance of such policies to those who need to implement them?	13, 19, 36
<b>C2 Stakeholder engagement</b>	What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	23- 25, 30, 31, 38, 42, 52, 53-54, 57, 66-75
	<b>C2.1</b> How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	42, 48, 51, 53, 57, 70-74
	<b>C2.2</b> During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	42, 48, 51, 53, 57, 70-74, 53-54, 58, 62, 73-74
	<b>C2.3</b> During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	31, 35-36, 40, 52, 61
<b>C3 Assessing impacts</b>	How does the company identify any changes in the nature of each salient human rights issue over time?	35-37, 40, 42, 52, 57, 61, 63
	<b>C3.1</b> During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?	not addressed
	<b>C3.2</b> During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?	35-36, 40-41, 49-50, 52 , 56, 58, 60-61, 73-75

> The UN Guiding Principles Reporting Framework Index

Pages where addressed

**C - Management of Salient Human Rights Issues**

<b>C4 Integrating findings and taking action</b>	How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	35, 41, 52, 57, 61, 75, 81
<b>C4.1</b>	How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?	22, 36-37, 42, 81
<b>C4.2</b>	When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?	53, 54, 62
<b>C4.3</b>	During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?	34, 39, 48, 52-55, 57, 59, 61-62, 75
<b>C5 Tracking performance</b>	How does the company know if its efforts to address each salient human rights issue are effective in practice?	37, 40, 52, 57, 61
<b>C5.1</b>	What specific examples from the reporting period illustrate whether each salient issue is being managed effectively?	-
<b>C6 Remediation</b>	How does the company enable effective remedy if people are harmed by its actions or decisions in relation to a salient human rights issue?	77-79
	Through what means can the company receive complaints or concerns related to each salient issue?	77-79
	How does the company know if people feel able and empowered to raise complaints or concerns?	-
	How does the company process complaints and assess the effectiveness of outcomes?	77-79
	During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	-
	During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	-



All data provided in this report are of restricted use of ING Groep and its subsidiaries, unless stated otherwise. Additional information about ING can be found on its [website](#). If you would like to provide feedback on this report or find more information about ING's stance on human rights, please visit our sustainability page at [www.ing.com/Sustainability.htm](http://www.ing.com/Sustainability.htm) or contact:

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This report covers the period from 2017 until November 2018.

This report covers ING's corporate group including ING Groep N.V. and its primary banking subsidiary ING Bank N.V.