



Modern Slavery Statement 2021

This Modern Slavery Statement (Statement) is made for the purposes of reporting under the Australian *Modern Slavery Act 2018* (Cth)

1 Introduction

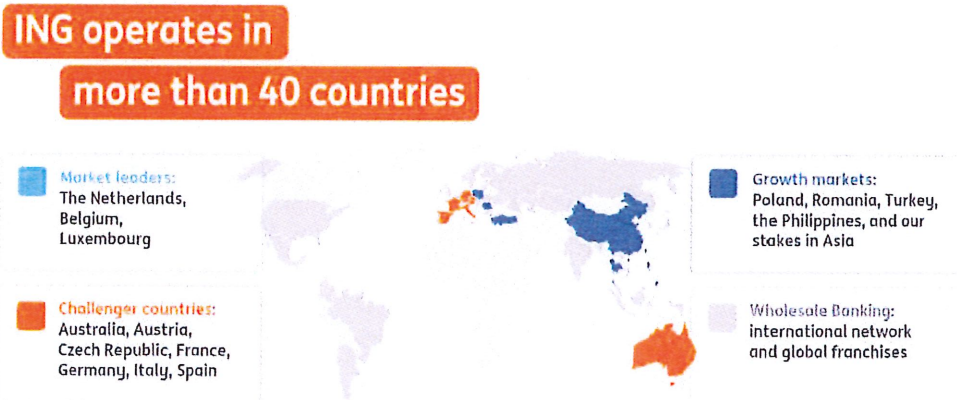
- 1.1 This Statement is made collectively by ING Bank N.V. (ACN 080 178 196) ("ING NV"), ING Bank Australia Ltd (ACN 000 893 292) ("IBAL"), IDS Trust 2008-1 ABN 52 214 488 355 and IBAL Covered Bond Trust ABN 25 870 839 351 pursuant to the Modern Slavery Act 2018 (C'th) ("Act") (together, "ING Reporting Entities", "we", "us" and "our"). Where this statement refers to "ING", "ING Group" or "Group", it is a reference to the broader ING group of companies.
- 1.2 This Statement sets out the actions taken by the ING Reporting Entities, and the activities of each of their owned or controlled entities to assess and address modern slavery risks within our business for our 2021 financial year, which commenced on 1 January 2021 and ended on 31 December 2021 (Reporting Period), and actions taken to address those risks.
- 1.3 As a global banking group with more than 38 million customers, we believe we have a responsibility and opportunity to help society meet the challenges it faces. This includes the potential for us and our clients to affect human rights through our operations across sectors and geographies.
- 1.4 As part of the ING Group, we believe we can have an impact through the various roles we have:
 - (a) with our workforce (our role as an employer);
 - (b) with our supply chain (our role as a procurer of goods and services);
 - (c) with our clients and business partners (our role as a provider of financial, advisory and other products and services); and
 - (d) our role as an industry leader, helping to shape industry standards through multiple engagement platforms and working groups.
- 1.5 We are committed to conducting business in an honest and transparent way, including complying with applicable laws, regulations and standards in markets and jurisdictions in which we operate. Our respect for human rights and their integration into our business are guided by the standards established in:
 - (a) the Universal Declaration of Human Rights (UDHR);
 - (b) the eight Fundamental International Labour Organisation Conventions ('ILO Conventions');
 - (c) the Children's Rights and Business Principles (CRBP);
 - (d) the Corporate Responsibility to Respect Human Rights under the UN Guiding Principles on Business and Human Rights;

- (e) the UN Global Compact, which encourages companies to conduct business in a responsible manner by following common principles in the field of human rights, labour, the environment and anti-corruption; and
- (f) the OECD Guidelines for Multinational Enterprises.

2 Our Structure, Operations and Supply Chains

Structure

- 2.1 ING NV is a foreign registered entity (incorporated in the Netherlands) registered under the Corporations Act 2001 (C'th). The registered office of ING NV is Bijlmerdreef 106 Amsterdam 1102 CT the Netherlands. ING in Australia operates through its locally incorporated subsidiary, IBAL. Each of IBAL and ING NV holds an Australian banking licence, and AFSL and IBAL also holds a credit licence (IBAL). The map below represents the locations where ING NV has branches or subsidiaries. In some markets, such as Australia, it both carries on business via a branch mechanism and has subsidiaries that provide financial services in their own right. IBAL operates through a number of controlled entities: trusts and the primary bank division that operates under the segments of Mortgages, Savings, Everyday Banking, Consumer Lending, Superannuation, Insurance, Commercial Lending and Wholesale Banking. The registered office for IBAL is Level 28, 60 Margaret Street, Sydney NSW 2000.



Operations

- 2.2 ING Group operates a global bank, offering retail and wholesale banking services to customers in more than 40 countries in Europe (including the UK), North America, the Middle East, Asia and Australia. Our primary business also includes commercial banking, investment banking, wholesale banking, private banking and insurance services. We are a predominantly digital bank and provide customers with a range of products through 24/7 distribution channels including mobile apps, internet, telephone and mail.
- 2.3 With more than 57,000 employees (full-time and part-time) globally and 1,700 employees in Australia, we aim to be a responsible employer that provides our people with good working conditions and opportunities for growth. We employ people across general management, technology, operations, risk, compliance, retail, contact centres and support functions such as finance, human resources, legal, marketing and communications.

Supply Chains

- 2.4 As a digital bank, we rely on many suppliers who provide both generalist and specialist goods and services that are critical to our operations. These range from technology, broking and logistics such as cleaning and catering, to marketing and promotion.
- 2.5 ING Group purchases goods and services from thousands of suppliers around the world. Our Australian business spends approximately \$260 million across 460 suppliers worldwide, and we believe we have a real opportunity to drive our sustainability ambitions including respect for human rights through our supply chains.
- 2.6 Based on value, the three largest categories of direct supplier spend by the ING Reporting Entities in Australia are:
- (a) Marketing and promotion;
 - (b) Technology and telecommunications; and
 - (c) Facilities (including premises, hospitality and deliveries).

3 Modern slavery risks in our operations and supply chains

In our operations

- 3.1 Within our relationship as a corporate lender, harmful child and forced labour were identified as salient human rights issues in ING Group's 2018 Human Rights Report. The Group's subsequent human rights publications, in 2019 and 2020 provide further information on its business, policies, due diligence, location of risks, performance management and capacity building on the topic of human rights. A similar risk exists in our investments and investment advisory services, where we may be linked to modern slavery in the operations or supply chains of entities in which we invest, or facilitate investment of our customers.
- 3.2 We consider the risk of modern slavery in our operations to be low in light of the processes we have in place in respect of recruitment, the roles our employees fulfil and the benefits provided to our employees. Details regarding mitigation measures are outlined in this Statement.
- 3.3 We are committed to providing a safe working environment where our employees are valued, respected and receive fair and equal treatment in all aspects of their work. Our global Code of Conduct outlines the obligations and responsibilities each ING employee has and should follow when dealing with each other, our customers and our other business partners. This includes part of our approach to human rights.

In our supply chains

- 3.4 During the reporting period, no red flags were identified within our supply chain. IBAL has on-boarded 24 new suppliers, all of whom, have completed the Modern Slavery questionnaire. Of these, one was identified with a final high risk rating. IBAL will continue to monitor on a daily basis any suppliers flagged as critical suppliers as well as any suppliers that were originally assessed as high risk (combined total of 47).
- 3.5 In terms of the risks in the supply chain supporting our operations, we have determined that the risks of modern slavery are higher in office supplies we use, IT hardware, telecommunications equipment and corporate merchandise. We recognise that our suppliers are likely to source products from overseas, which in turn exposes our own supply chain to risks (depending upon the origin of the products supplied.) Logistics, catering and cleaning are industries generally considered a higher risk for

modern slavery due to the prevalence of subcontracting arrangements leading to decreased supply chain transparency, labour intensive work coupled with low barriers to entry, and workers from vulnerable backgrounds including migrant workers. IBAL has undertaken actions to mitigate this risk which are described later in the statement.

4 Actions taken to assess and address modern slavery risks

Structure and Governance

- 4.1 Globally in 2021, we continued our human rights practices and disclosures. An overview of these can be found in our 2020 Human Rights Update, which describes how we have been preparing and responding to a changing external landscape on human rights; client engagement and our responses to COVID-19.
- 4.2 Specific steps ING N.V have taken include:
- (a) a full review of our Environmental and Social Risk (ESR) Policy framework to take into account regulatory requirements, improved controls and comments received from internal and external stakeholders;
 - (b) following up on outputs from the Dutch Banking Sector Agreement on Human Rights. For example, by continuing to increase our leverage through client engagement; and through specific topical enhancements, such as new ways to leverage parties across supply chains to work on human rights proactively, such as through a coffee value chain initiative hosted by ING where risks including forced labour and child labour are discussed and discouraged;
 - (c) continuing project-level innovation for human rights impacts on the ground and are internally piloting new initiatives to explore proactive interventions;
 - (d) giving input to the development of legislation on mandatory due diligence. We publicly called for a smart mix of voluntary initiatives and hard law at EU level, creating harmonised standards for all businesses, increasing leverage along supply chains and increasing legal certainty for business;
 - (e) continuing to develop its approach to client engagement and portfolio risk management on salient human rights issues (including child and forced labour); and
 - (f) monitoring risks associated to the COVID-19 pandemic, for example, increased risks of child labour in mining supply chains or risks to migrant workers; and adapted its due diligence, for example, through virtual site visits and enhanced client engagement.
- 4.3 In respect of Australia, in 2021, IBAL maintained a three-phased approach to assess and address modern slavery risks.

Phase 1: Governance and Risk Assessment

IBAL's Modern Slavery Governance Framework continued to apply, which sets the rules, procedures and guidelines to assess and address the risk of modern slavery in our operations and supply chain.

Phase 2: Implementation

IBAL continued to:

- incorporate modern slavery standard clauses into all new and rolled over supplier contracts;
- train procurement team members on modern slavery contractual requirements;

- include modern slavery-screening questionnaire into our routine Know Your Supplier assessment and on-boarding process.

Phase 3: Monitoring, reporting and continuous improvement

IBAL's modern slavery governance process addresses monitoring, reporting and continuous improvement through:

- Regular supplier activity monitoring using a centralised screening platform;
- Annual reporting and statement compliance review of new suppliers (that prepare a modern slavery statement).

In 2021, we included the Modern Slavery assessment of new suppliers as part of our on-boarding process and continued to monitor our existing suppliers assessed as high risk for modern slavery, as well as critical suppliers, via various global risk data sources. No material adverse risks were identified during monitoring of new and existing suppliers.

Our workplace

- 4.4 Our business centres on trust, as we can only maintain our stakeholders' confidence and preserve our company's reputation by acting with professionalism and integrity. This and more is outlined in our Orange Code – our ING Group set of values and behaviours. The Orange Code underpins all people, processes and tools including performance management. We also have ongoing local and global training and communication programs around living the Orange Code to make sure it is embedded throughout the ING Group.
- 4.5 ING Group's Code of Conduct builds on the values and behaviours in our Orange Code and links them to our policies, minimum standards and guidelines. It sets out the 10 principles for conduct we expect from our employees in their everyday activities. This includes the principle that every ING Group employee is entitled to a safe working environment. Fostering a safe working environment enhances employee engagement, improves wellbeing and creates a strong performance culture. ING Group does not tolerate discrimination, harassment, bullying, sexual or other forms of intimidation, aggression and violence.
- 4.6 We are committed to respecting 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, and freedom from discrimination.
- 4.7 ING's management of our employees is based on our Group-wide policies but also reflects local conditions and norms. In the case where a local policy is more comprehensive and includes specific local legislative requirements compared to our global policy, then our local policy prevails.
- 4.8 ING follows various standards for human rights when it comes to our workforce. The most widely accepted statement on human rights is the United Nations' Universal Declaration of Human Rights (UDHR), adopted in 1948 by the General Assembly of the United Nations. It describes civil, political, economic, social and cultural rights. ING Group, adheres to local labour laws and regulations. For example, in compliance with the International Labour Organisation ("ILO") Core Conventions 138 and 182, we do not use child labour in any of our global operations. We do not tolerate any form of exploitative child labour, as defined in the ILO Convention 182, Article 3 (Worst Forms of Child Labour).
- 4.9 As part of its commitment to a diverse and inclusive organisation, ING is a signatory to the United Nations' Global Compact Women Empowerment Principles and we support the UN Standards for Combatting LGBTI Discrimination in the Workplace.

- 4.10 As previously described, our procurement team in Australia has been trained in the application of modern slavery contractual requirements and has been carrying these out since 2020.

Our supply chain

- 4.11 By having processes in place that encourages suppliers to act responsibly, we believe we can have significant impact. By involving suppliers that see sustainability the way we do – including zero tolerance towards Modern Slavery – we believe we help to make a difference. Our suppliers must have solid governance in place and show they can act responsibly.
- 4.12 Our global Know Your Supplier (KYS) process helps us determine if there are social, environmental and/or financial risks associated with a supplier. The KYS process seeks to verify supplier compliance with regulatory and policy requirements during the stages of selecting, contracting and working with suppliers and outsourcing partners. Compliance covers requirements relating to our procurement policy, our Know Your Customer (KYC) corporate client screening process and legislation in relation to Financial Economic Crime, Anti-Bribery and Corruption, Environmental and Social Risk (ESR), Sustainability and Modern Slavery. If a high risk is identified with a supplier we monitor them going forward.
- 4.13 During the course of 2021, our on-boarding process identified 3 potentially high risk suppliers to IBAL. Of these suppliers:
- (a) we undertook a further assessment in relation to them and as a result 2 suppliers were reclassified to medium risk;
 - (b) our assessment of the remaining supplier is that it was high risk. However, we have looked into the practices of the supplier and satisfied ourselves that the risk was adequately managed and posed no modern slavery risk.
- 4.14 Within our KYS process, suppliers with a spend above a yearly threshold are taken through different levels of due diligence, each level requiring further thresholds and confirmations to be met. In the first level, suppliers are screened for various risks and performance requirements such as environmental and social risk. Suppliers that are deemed to require further enhanced due diligence must confirm and acknowledge that they do and will comply with specific ING policies. One component of the due diligence requirements addressed to our suppliers in this process specifically refers to legislation in relation to Modern Slavery, including human rights (e.g. protection of human rights, no human rights abuses) and labour (e.g. no forced and compulsory labour, abolish harmful child labour). Suppliers that successfully complete the full KYS process attain “Qualified” status and are ready to become potential ING suppliers.

How we do business and who we do business with

- 4.15 As a part of a global banking group, we trust that our financing choices can help society transition to becoming more sustainable and behaving in a more socially responsible way. To achieve that, every corporate client and every lending transaction is assessed, monitored and evaluated against the requirements of the ING ESR Framework.
- 4.16 The ESR Framework is built on ING Group's values and its underlying commitment to respect human rights and the environment. Combined, they define the underlying ESR considerations for all business conduct. Under these pillars, policies identify, assess and manage business engagement in certain activities and sectors that are more vulnerable to environmental and social risks and impacts. Human rights are captured in an overarching human rights policy that applies to all industry sectors. Our Group's ESR policy includes explicit guidance on forced and harmful child labour.

- 4.17 Within our defined high-risk sectors within the ESR Framework, the following sector policies specifically address the increased risk of harmful child and forced labour: Manufacturing; Forestry and Agricultural Commodities; and Metals and Mining.
- 4.18 The ESR governance and assessment tools that we have in place help us to evaluate our corporate clients and we periodically review the client/transaction throughout the entire lifetime of the relationship. The ING Group ESR team also provides training to front office, risk and compliance colleagues on the ESR Framework and the application of the Equator Principles worldwide.
- 4.19 We also apply The Equator Principles in project financing, which prohibits that financing projects are linked to forced labour and harmful child labour. As part of the alignment with the IFC Performance Standards under the Equator Principles, promoting safe and healthy working conditions and the avoidance of forced labour and harmful child labour is an essential requirement when financing projects.
- 4.20 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:
- (a) Workers being charged fees, directly, by recruitment agencies or by the employer, including for travel or accommodation.
 - (b) Workers deprived of their passports, visas and other identification documents.
 - (c) Workers not feeling free to terminate employment because of fees owed to the employer or an agent.
 - (d) Workers not being entitled to leave the workplace or accommodation whenever they wish, subject to reasonable security measures applicable in remote or dangerous sites.
 - (e) 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.
 - (f) 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.
 - (g) 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.

Our policies

- 4.21 Alongside the policies already mentioned, and those extensively explained within our Human Rights Reporting, we also support responsible business conduct with the following policies:

(a) **Know Your Customer (KYC) Policy**

As a result of frequent evaluation of all business activities from an economic, strategic and risk perspective, ING Group continues to believe that doing business involving certain countries should be discontinued. In that respect,

ING has a policy not to enter into new relationships with customers from these countries and processes remain in place to discontinue existing relationships involving these countries. During the Reporting Period, these countries were Cuba, Iran, North Korea, Sudan and Syria.

(b) **Anti-Bribery and Corruption Policy**

We address integrity risks related to bribery and corruption through regularly assessing the risks of our activities, as well as of our client and third party relationships. We are committed to conducting business in an honest and ethical manner and have a zero-tolerance approach to bribery and corruption in all relationships and business dealings, wherever we operate.

(c) **Whistle-blower Policy**

Our Whistle-blower policy encourages and protects employees who speak up when they encounter behaviour in the workplace that is unethical, illegal or goes against the values of our Orange Code. Employees can use our whistle-blower channels to raise their concerns (also anonymously) and without fear of reprisal. It alerts management to allegations of crimes or other suspected misconduct and helps ensure appropriate and adequate action is taken to address the situation. Reporting misconduct or behaviour that is suspected to be criminal or unethical, is also possible for customers, shareholders, suppliers and other stakeholders. 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.

(d) **Complaints Procedure**

ING has a [complaints procedure](#) on the global website, which is open to all third parties and specifically invites people to address human rights issues via this channel.

5 **Assessing the effectiveness of our actions**

- 5.1 We recognise the importance of continuous improvement in the way we assess and address modern slavery risks in our operations and supply chains. To this end, we set ourselves annual goals to reach so we can look back and assess the effectiveness of our approach and inform our path forward.
- 5.2 In the next year, we look forward to:
- (a) Working towards a 2021 Human Rights Update, using the UNGP Reporting Framework. We will continue to use Part C of the Framework as a guide to management and disclosure on salient issues.
 - (b) Reviewing and updating, where appropriate, applicable policies and procedures.
 - (c) Continuing to review the results from the Australian modern slavery questionnaire and other modern slavery risk ratings provided in respect of suppliers.
 - (d) Regular reporting into executive management and our Board in relation to the modern slavery program that has been adopted.
 - (e) Participating in industry groups in relation to human rights and modern slavery (Australian Banking Association – Human Rights Working Group).

6 Other information

- 6.1 In 2021, IBAL's financial health initiatives continued to focus on supporting customers and communities affected by the COVID-19 pandemic, which had a wide-reaching impact. A dedicated specialist support team within IBAL provided help to customers experiencing difficulties with their home loans, personal loans or commercial loans. Our IBAL Wholesale Banking team also worked closely with corporate customers impacted by the pandemic and supported them to enable their ongoing operations and ensure their long term viability in their time of greatest need.
- 6.2 We appreciate that the COVID19 pandemic has made employees of small businesses in Australia particularly vulnerable; approximately 30% of our suppliers in Australia fall into this group. During the course of 2021, IBAL improved processes to facilitate the payment of small suppliers within 30 days of invoicing. Overall approximately 80% of small supplier invoices were paid within 30 days of receipt.¹

7 Consultation and approval

IBAL has consulted with ING N.V head office in Amsterdam about the form of this Statement and has taken into account and incorporated where relevant the Modern Slavery Statement produced by ING N.V for compliance with the Modern Slavery Act 2015 UK. In Australia, as part of the preparation of this Statement, a multidisciplinary group was formed with representatives from human resources, procurement, compliance, regulatory risk, corporate affairs and legal. These representatives have responsibility for their respective areas throughout IBAL and its owned or controlled entities. Accordingly, IBAL consulted each of its owned or controlled entities to prepare this statement.

This Statement has been reviewed by senior managers and key stakeholders within ING and approved by the board of ING Bank N.V. on 30 May 2022 and ING Bank (Australia) Limited on 2022.



Director of ING Bank (Australia) Limited

Name: MELANIE EVANS

Dated: 11/5/22

Director of ING Bank N.V

Name: Aris Bogdaneris

Dated: 10 June 2022



¹ See data on our performance at: <https://register.paymenttimes.gov.au/data.html>