

# Policy statement of ING-DiBa AG – Act on Corporate Due Diligence Obligations in Supply Chains

Implementation of due diligence pursuant to Section 6 (2) of the  
German Act on Corporate Due Diligence Obligations in Supply Chains  
(Lieferkettensorgfaltspflichtengesetz (“LkSG”))

## Foreword by the board

ING-DiBa AG (“ING”, “we”, “us” and “our”) is aware of its corporate responsibility to protect human and environmental rights. It is committed to respecting human rights in its own business activities as well as in global supply chains, and to enabling those affected to seek remedy in the event of human rights violations.

We adhere to the following principles and frameworks

- The eight Fundamental International Labour Organisation Conventions ('ILO Conventions')
- UN Global Compact (UNGC)
- Corporate Responsibility to Respect Human Rights under the UN Guiding Principles on Business and Human Rights (UNGP)
- United Nations Environment Programme Finance Initiative Principles for Responsible Banking (UNEP FI PRB)
- United Nations-supported Principles for Responsible Investment (UN PRI)
- OECD Guidelines for Multinational Enterprises
- Children’s Rights and Business Principles (CRBPs)

Our [ESR Framework](#) is the leading policy for managing risks related to human rights and environmental damage towards our wholesale and business banking customers. It also includes the Equator Principles for project finance.

This Policy Statement describes the due diligence obligations in the supply chain and in our own business area as intended by the German supply chain act. It was adopted by the Board of ING-DiBa AG in its current form and applies to ING-DiBa AG in Germany.

# Human Rights & Environment-related risks

## Human Rights risks

“All people are free and equal in dignity and rights.” According to the Universal Declaration of Human Rights, every human being is guaranteed the same rights – regardless of origin, nationality, skin color, gender, language, religion, sexual orientation, identity or wealth. Human rights are inherent to us all simply because we exist as human beings (source: Universal Declaration of Human Rights).

As a bank, we make a substantial contribution to human rights as a financier, employer, service provider and driver of progress and prosperity.

The protection of human rights cannot be taken for granted and requires special attention. The German Supply Chain Due Diligence Act (LkSG) regulates corporate responsibility to comply with human rights in global supply chains.

The disregard of human rights represents a risk for all market participants. According to the LkSG, the possibility of disregarding the following prohibitions is defined as a risk:

- **Child labour:** Prohibiting the employment of a child under the age at which compulsory schooling ends under the law of the place of employment, provided that the age of employment shall not be less than 15 years, except where the law of the place of employment so provides in accordance with Article 2 (4) and Articles 4 to 8 of Convention No. 138 of the International Labour Organization of 26 June 1973 concerning Minimum Age for Admission to Employment (Federal Law Gazette 1976 II pp. 201, 202).
- **Forced child labour:** The prohibition of the worst forms of child labour for children under 18 years of age in accordance with Article 3 of Convention No. 182 of the International Labour Organization of 17 June 1999 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour (Federal Law Gazette 2001 II pp. 1290, 1291). This includes all forms of slavery or practices similar to slavery, such as the sale of children and child trafficking, debt bondage and serfdom, as well as forced or compulsory labour, including the forced or compulsory recruitment of children for use in armed conflict, the use, procuring or offering of a child for prostitution, the production of pornography or for pornographic performances, the use, procuring or offering a child for illicit activities, in particular for the production or trafficking in drugs, work which, by its nature or the circumstances in which it is carried out, is likely to be harmful to the health, safety or morals of children.
- **Forced labour:** The prohibition of the employment of persons in forced labour; this includes any work or service which is required of a person under threat of punishment and for which he or she has not made himself or herself available voluntarily. Excluded from forced labour are any work or services that comply with Article 2 (2) of Convention No. 29 of the International Labour Organization of 28 June 1930 concerning Forced or Compulsory Labour (Federal Law Gazette 1956 II p. 640, 641) or with Article 8 (3) (b) and (c) of the International Covenant of 19 December 1966 on Civil and Political Rights (Federal Law Gazette 1973 II pp. 1533, 1534).
- **Modern slavery:** The prohibition of all forms of slavery, practices akin to slavery, serfdom, or other forms of domination or oppression in the workplace environment, such as extreme economic or sexual exploitation and humiliation.
- **Worker health and safety:** The prohibition of disregarding the occupational health and safety obligations applicable under the law of the place of employment if this gives rise to the risk of accidents at work or work-related health hazards, in particular due to
  - Obviously insufficient safety standards in the provision and maintenance of the workplace, workstation and work equipment,
  - The absence of appropriate protective measures to avoid exposure to chemical, physical or biological substances,
  - The lack of measures to prevent excessive physical and mental fatigue, in particular through inappropriate work organization in terms of working hours and rest breaks; or
  - The inadequate training and instruction of employees.
- **Violation of freedom of association:** Prohibition of disregard the freedom of association, according to which
  - employees are free to form or join trade unions,
  - the formation, joining and membership of a trade union must not be used as a reason for unjustified discrimination or retaliation,
  - trade unions are free to operate in accordance with applicable law of the place of employment, which includes the right to strike and the right to collective bargaining
- **Unequal treatment:** The prohibition of unequal treatment in employment, for example on the grounds of national and ethnic origin, social origin, health status, disability, sexual orientation, age, gender, political opinion, religion or belief, unless this is justified by the requirements of the employment; unequal treatment includes, in particular, the payment of unequal remuneration for work of equal value.
- **Living wages:** The prohibition of withholding an adequate wage; the adequate living wage amounts to at least the minimum wage as laid down by the applicable law and, apart from that, is determined in accordance with the regulations of the place of employment.

- **Health endangering environmental changes:** The prohibition of causing any harmful soil changes, water pollution, air pollution, harmful noise emission or excessive water consumption, that
  - significantly impairs the natural bases for the preservation and production of food,
  - denies a person access to safe and clean drinking water,
  - makes it difficult for a person to access sanitary facilities or destroys them or
  - harms the health of a person.
- **Deprivation of the land securing a person's livelihood:** The prohibition of unlawful eviction and the prohibition of unlawful taking of land, forests and waters in the acquisition, development or other use of land, forests and waters, the use of which secures the livelihood of a person.
- **Violation of Human Rights by security services:** Prohibiting the hiring or use of private or public security forces for the protection of the enterprise's project if, due to lack of instruction or control on the part of the enterprise, the use of the security forces
  - is in violation of the prohibition of torture and cruel, inhumane or degrading treatment
  - damages life or limb or
  - impairs the right to organize and the freedom of association;
- The prohibition of an act or omission in breach of a duty which goes beyond the subjects mentioned above and which is directly capable of impairing a protected legal position in a particularly serious manner and the unlawfulness of which is obvious upon reasonable assessment of all the circumstances in question.

### Environment-related risks

The protection of our environment is one of the most important goals of current times. We want our own and our supplier's business activities to comply with the LkSG, relevant global and local environmental protection laws, and industry best practices.

One of these protection laws is the LkSG that defines an environment-related risk as soon as a sufficiently high probability that one of the following prohibitions will be violated:

- **Usage of Mercury:** The prohibition to act contrary to the Minamata Convention. This includes especially:
  - Prohibition of the manufacturing of mercury-added products (Article 4 (1) and Annex A Part I, Minamata Convention),
  - Ban on the use of mercury and mercury compounds in manufacturing processes (Article 5 (2) and Annex B Part I, Minamata Convention),
  - Prohibition of the treatment of mercury waste contrary to the provisions of Minamata (Article 11 (3), Minamata Convention).

- **Use of Chemicals:** The prohibition on the production and use of chemicals referred to the Stockholm Convention on Persistent Organic Pollutants.
- **Handling, storage & disposal of waste:** The prohibition of handling, collection, storage, and disposal of waste in a manner that is not environmentally sound in accordance with the Stockholm convention.
- **Hazardous waste:** The prohibition of the export and import of hazardous waste and other wastes as defined in the Basel Convention and within the meaning of Regulation (EC) No 1013/2006 of the European Parliament and the Council.

## Risk Management

Next to our existing ESR framework, we have established a dedicated role at ING-DiBa AG, which is responsible for the management of potential and actual human rights risks and environmental risks. The Environmental and Human Rights Officer (EHRO) has been assigned to review the risks, inform the Board of Management, and make all necessary decisions within the framework of the LkSG. The EHRO is being supported by Environmental and Human Rights Experts (EHRE).

The risk management framework is designed to manage risks and complexities that can arise within our own business area and in our supply chain. The following processes have been implemented as part of the framework:

- a) Annual and ad-hoc risk assessment for our own business area, direct suppliers and partners based on suitable risk indicators
- b) Internal and external preventive measures
- c) Annual (and ad-hoc where applicable) monitoring and assessment of the effectiveness of the preventive/remedial measures
- d) Operation and administration of the internal complaints' procedure, which enables internal and external people to report about human rights, environment-related risks, and violations
- e) Internal monitoring, compliance documentation, and annual public reporting and disclosure

## Risk Analysis

As part of the annual risk analysis, our own business area and direct suppliers are being examined for human rights and environmental risks. On top of that, the ad-hoc risk analysis considers potential risks with direct and indirect suppliers during a significant change in our business activities and based on substantiated knowledge of a breach or violation.

The annual risk analysis follows a three-step approach

1. **Data gathering** (own operation, suppliers and partners including country- and sector-specific human rights and environmental risks information)
2. **Abstract risk analysis** (potential human rights or environmental risks due to the lack of regulatory compliance in the country or the sector of the supplier)
3. **Actual risk analysis** (dedicated analysis of suppliers with abstract risks: identification, weighing and prioritization of risks)

All of our supplier and partner data is being collected during our global Know-Your-Supplier process in the supplier qualification. In the annual risk analysis, we look at all suppliers and partners.

The goal of the **abstract risk analysis** is to detect country and sector specific human rights and environmental risks. Suppliers from countries with a strong legal system for human and environmental rights will be de-prioritized during this step – except for those suppliers, which are known for violations of human and environmental rights (substantiated knowledge).

In case of an identified abstract risk, either at country or industry level, we further investigate the risk. In this process, we apply the principles of appropriateness and effectiveness.

In addition to that, all our suppliers are subject to adverse media screening. If issues are flagged, we further investigate the possible risk or violation.

The first LkSG risk analysis was carried out on our suppliers and partners from 2023 in the period of January and February 2024. In the abstract risk analysis, we have developed our essential procurement categories and countries and gained an understanding of the typically occurring risks while using the criteria of appropriateness and effectiveness.

We are a financial service provider for private and business customers with our four locations in Frankfurt, Hanover, Nuremberg and Berlin. Our suppliers come mostly from Germany and the EU.

Our largest procurement categories are company-related services (e.g. insurance, personnel service provider, marketing), building-related services, consulting services and software, hardware, and communication services.

As part of the **concrete risk analysis**, we have reviewed our suppliers and partners from countries with potential human rights risks considered individually. More details can be found in the LkSG report.

In 2023, ING Group N.V. has conducted an assessment of salient human rights issues in ING's global supply

chain. As a result of a 3-step process (identification, prioritization and engagement), two potential salient human rights issues for workers in supply chains of goods and services have been prioritized: Forced labour and modern slavery and occupational health and safety.

Details about the management of these issues at ING worldwide are described in ING's Human Rights Report 2022/2023.

As an employer we impact the lives of our workers and their families. We have a responsibility to provide our employees with a healthy and safe working environment. In 2023, the ING Groep N.V. carried out a new salient human rights issue assessment for ING's workforce to understand the impact which ING has on them. This assessment is described in detail in the latest human rights report 2022/2023.

At ING Germany, we have taken part in this salient human rights issue assessment. As a result, we prioritize the risks of work-related stress and discrimination.

## Preventive and remedial measures

Preventive measures prevent or minimize risks in our own business area and with direct and indirect suppliers.

To live up to our responsibility to respect human rights and the environment, we have developed mitigation and management measures. The aim of these measures is to protect those (potentially and actually) affected by our operations and to identify, prevent and/or minimize adverse human rights and environmental impacts on them. Relevant preventive measures in ING-DiBa AG's own business area are:

- A Human Rights Strategy that includes the publication and implementation of this Policy Statement
- Designation of the Environmental and Human Rights Officer and Human Rights Experts to monitor the risk management
- Compliance with our [Global code of conduct](#) and our [values \(ING Orange Code\)](#)
- Implementation of risk-based control measures
- Controls: Checking the effectiveness of the preventive measure
- Procurement strategies and purchasing practices.
- Training and awareness of employees
  - Measures to mitigate risks for our workers health and safety
    - Anchoring of health promotion in our collective agreement "Zukunftstarifvertrag"
    - Offering and encouraging our employees to make use of our various health services and benefits that consider not only physical but also mental health

- Training our employees and managers regarding resilience, mindfulness and healthy leadership
- Promoting work-life balance through respective offerings
- Regular review of our work organization and the work environment to avoid hazardous work
- Measures to prevent unequal treatment in employment
  - Gender-Diversity goals for senior management, Management Board and Supervisory Board
  - Gender Diversity Action Plan with various measures to achieve an equal participation of women in Leadership positions
  - Various Trainings and e-learnings for leads and employees about different diversity dimensions
  - Mentoring and coaching for women and a women-support-programm
  - Support and executive board sponsoring of our various employee networks (e.g., "Lioness" for women, "Rainbow Lions" for LGBTQI+ community)
  - Diversity, Inclusion & Belonging (DIB) Council with relevant stakeholders from teams and units in the bank

In addition, we implement preventive measures with our suppliers which aim to avoid any possible infringements of human and environmental rights.

Our most effective measure is the globally applicable ING Know-Your-Supplier process, in which all suppliers within the framework of the globally applicable ING Procurement standards. This process was already in place long before the LkSG came into force.

Depending on the annual turnover, our suppliers answer a detailed questionnaire at regular intervals. This questionnaire also ensures compliance with human rights standards at the direct supplier and in the supply chain.

Suppliers from countries with human rights risks are individually analysed by the EHRE for possible concrete risks and in the event of detected risks, contractual measures will be agreed with the supplier.

In addition, we take into account human rights-related and environmental expectations in tendering processes (using our Sustainability Procurement Guides) and apply risk-based control mechanisms.

We will review the effectiveness of our measures to prevent and minimize adverse effects of risks defined by LkSG on an annual and an ad-hoc basis. The following

criteria are used in assessing appropriateness of our measures:

- Nature and scope of business activity
- Influence of ING-DiBa AG
- Severity and likelihood of violation
- Type of causation contribution

If we, as a company, have caused or contributed to these risks or violations of human and environmental rights within the supply chain, we will consider the following measures:

- Develop and implement a plan to end or minimize the violation with the supplier causing the violation
- Merge with other companies within the framework of industry initiatives and industry standards in order to increase the possibility of influence
- Temporarily suspend the business relationship during risk mitigation

## Complaint Procedure

An appropriate complaints procedure is a core element required by the LkSG. ING-DiBa AG has implemented a complaints procedure through which internal and external persons can report a human rights or environmental risk or violation in the own business area or in the supply chain. Complaints can be submitted through different channels. The EHRE is responsible for processing incoming complaints. The complaints procedure is also described here: [Beschwerdeverfahren zum Lieferketten-gesetz: Für Menschen- und Umweltrechte](#)

In all steps of the process, the confidentiality of all information is guaranteed. This applies both in the case of personal as well as anonymous reports and includes in particular the identity of the whistleblower or the person(s) named in the report as well as all other information (e.g. type of incident, evidence, etc.). Details are only passed on a strict need-to-know basis.

The information about incoming complaints will be published in our yearly LkSG report.

## Documentation and Reporting

We document all information from the LkSG due diligences and keep the records for at least 7 years. The first annual report will be published on our website and send to BAFA no later than four months after the end of our financial year.

Our Management Board will be informed ad-hoc and at least once a year by the EHRO about the following:

- Overview about supply chain
- Identified and prioritized risks
- Preventive and remedial measures
- Complaints

## Our expectations towards our employees, suppliers and partners

Everyone working at ING Group is expected to adhere to ING's [Global Code of Conduct](#). It builds on our [Orange Code](#) – the values and behaviors that underpin our way of working – and is based on the policies and guidelines we follow in our daily business.

We value our employees and seek to be a good employer. We promote the personal and professional growth of our employees by providing excellent primary and secondary benefits and development opportunities. This creates an environment where our people not only do well but can also do good.

We provide a healthy and safe workplace where mutual respect is key, and discrimination is not tolerated. Our whistleblower policy allows employees to safely and confidentially air any concerns, should they arise.

The human rights we consider fundamental and universal for our workforce include the right to freedom of association, the right to collective bargaining, and freedom from discrimination based on colour, sex, religion, political opinion and national and social origin. ING Group supports eliminating all forms of forced labour and child labour.

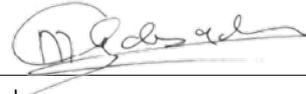
We expect our suppliers and partners to ensure that they comply with specific human rights and environmental requirements and, in turn, to oblige their own suppliers to comply with the corresponding requirements.

## Approval by the Board

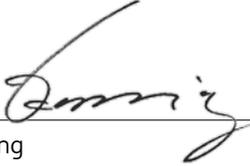
This policy statement was issued by the Management Board of ING-DiBa AG on 19.03.2024.



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