

ING Tax Strategy for the UK

Introduction

In the Summer Budget 2015, the Government announced its intention to require larger UK entities to publish their tax strategies in relation to UK taxation. This measure was legislated in Finance Act 2016. The requirement falls upon ING Wholesale banking entities within the UK ('ING UK') and the following tax strategy document relates to these entities, primary of which is ING Bank N.V., London branch.

ING Bank N.V. ('ING') is a global financial institution with a strong European base which offers banking services. It is headquartered in the Netherlands. ING is committed to the preservation of its reputation and integrity through compliance with applicable laws, regulations and ethical standards. The values by which ING operates are encompassed in the **Orange Code** – 'we are honest, we are prudent and we are responsible'. These values are reflected through the business and are also reflected in the ING Tax Principles.

The ING Tax Principles

The approach of ING to tax matters is governed by the overarching standards established at Group level in the **ING Tax Principles**.

The company's approach to risk management and governance arrangements in relation to UK taxation

The overall objective of ING's risk management is to properly identify, measure and manage risks so that they are aligned with both ING's strategy and its appetite for risk. The risk management function is embedded within the organisation based on the 'three lines of defence'. This includes front office as 'first line of defence', independent risk management as the 'second line of defence' and the internal audit function as the 'third line of defence'. ING UK's approach to tax risk is fully aligned with this framework.

Given the scale and complexity of ING UK's wholesale business, tax risks will inevitably arise from time to time in relation to the nature and volume of business arrangements and the interpretation of complex tax law. These are managed proactively by seeking to identify, evaluate, manage and monitor UK tax risks to ensure our financial exposure is well understood and is within a level that ING UK considers acceptable. In particular, all new products and any changes to products offered to our wholesale banking clients together with business developments at the corporate level are subject to a robust review and approval process to assess ING UK's tax position. ING does not give any tax advice to customers and

does not promote any tax avoidance products to its customers.

ING UK has an in-house tax department, staffed by qualified, experienced tax professionals. The Head of Tax is responsible for the tax function and for the tax risk management process. The Head of Tax reports to the Chief Administrative Officer ('CAO'), a member of ING UK's management team which has collective responsibility for managing risk for ING UK, thereby ensuring appropriate accountability and oversight of all tax matters. Any notable tax risks would be escalated to the CAO.

ING UK has the necessary controls and systems in place around financial data to ensure that the statutory UK tax returns that are filed are correct and complete.

The company's attitude towards tax planning (so far as affecting UK taxation)

ING UK is a signatory to HMRC's Code of Practice on Taxation for Banks.

ING UK's attitude towards tax planning aligns with the ING Tax Principles: "We pay taxes promptly and in accordance with all applicable laws and regulations in the countries we operate in, taking account of both the letter and the spirit of the law. Tax is one of the elements we take into account in our commercial and economic activities while businesses may also respond to tax incentives and exemptions available."

Where there is significant uncertainty or complexity in relation to tax, we may seek advice from external experts. This gives us confidence that our tax returns are appropriate.

The level of risk in relation to UK taxation that the company is prepared to accept

ING UK has a prudent appetite for tax risk. It does not participate in aggressive planning or complex structured arrangements designed to minimise its tax liabilities.

The company's approach towards its dealings with HMRC

Again ING UK aligns with the ING Tax Principles: "Wherever we operate, we seek to establish and maintain an open and constructive dialogue with local tax authorities and other government bodies, based on the disclosure of all relevant facts and circumstances. In this dialogue we seek to provide clarity and establish certainty on all relevant local tax components in advance."