



Conflicts of Interest Policy & Minimum Standard

Organisational Conduct Related Integrity Risk

ING's commitment to properly manage
Conflicts of Interest and safeguard
Confidential & Inside Information

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Reading guide

The ING Bank Conflicts of Interest Policy & Minimum Standard (hereafter 'Col Policy & MS') describes:

- in chapter 1, the objective and scope;
- in chapter 2, the principles;
- in chapter 3, the inherent critical and high risks and control objectives
- in chapter 4, the key controls that need to be applied to mitigate the inherent critical and high risks described in chapter 3;
- in chapter 5, the related roles and responsibilities; and
- in chapter 6, the references to other related documents including policies and minimum standards.

The Col Policy & MS is complemented with appendices:

- defined terms (**bold and light blue**) in Appendix A;
- Procedure on managing **Conflicts of Interest** during **Benchmark** rate contributions in Appendix B.

Target audience:

- all **Employees**.

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1. Introduction

Our business is centered on people and their trust in us. Only by acting with professionalism and integrity can we maintain our stakeholders' confidence and preserve our company's reputation. ING Bank conducts its business to the principle that it identifies and manages **Conflicts of Interest**, between itself and its clients, one client and another, a client and its **Employees** and between itself and its **Employees**.

The Col Policy & MS provides mandatory principles aimed at identifying and managing **Conflicts of Interest** and ensuring that **Confidential** and **Inside Information** are properly dealt with. Further, this Col Policy & MS describes the control objectives and key controls to mitigate the inherent critical and high risks related to **Conflicts of Interest**, **Confidential** and **Inside Information**.

1.1 Objective

The Col Policy & MS outlines the control objectives and key controls to effectively mitigate the bankwide inherent critical and high risks related to:

- **Conflicts of Interest**; and
- the misuse of **Confidential** and **Inside Information** by ING Bank and/or its **Employees**.

1.2 Scope

The Col Policy & MS is mandatory for:

- all majority owned ING Bank businesses (or business units) and businesses under ING Bank's management control; and
- all **Employees**.

Requirements relating to **Conflicts of Interest** as referred to in the *Investor Protection and Markets Policy and Minimum Standard* (effective as of January 2018) are included in this Col Policy & MS.

1.3 Local regulations

In jurisdictions where local laws or regulations set stricter rules than those set out in this Col Policy & MS, the stricter rules must prevail.

1.4 Waivers and deviations

The waiver or deviation procedure applies as included in Appendix D of the *ICF Binding Principles*.

1.5 Overview of Key Controls

1. Training and awareness
2. **Procedures on Conflicts of Interest**
3. **Confidential, Inside Information** and **Information Barriers**
4. **Permanent Insider** procedure

1.6 Control environment and testing

This document only contains inherent critical and high risks from an ING Bank global perspective. Local risk appetite, -regulations, -products and/or -applications have not been taken into account. Therefore the set of controls in this document is not exhaustive and additional local controls may be required by ING Bank business units.

In line with the *ICF Binding Principles* and *ERM Binding Principles*, the additional local controls and the key controls in this document will need to become part of local ERM risk & control logs. Based on the local ERM risk & control logs, the design and operating effectiveness of the controls will need to be tested.

2. Principles

Confidential & Inside Information.

- **Confidential** and **Inside Information** must be safeguarded and only be used for the legitimate business purpose for which it is provided or developed.
- **Confidential** and **Inside Information** must not be disclosed to others, except where the disclosure is made on a **Need-to-Know** basis and the recipient of the information is under an obligation of confidentiality.
- **Insiders** are subject to restrictions on their personal account dealings.
- Appropriate steps are taken to identify and to prevent or manage **Conflicts of Interest** that arise in the course of providing any investment and ancillary services.

3. Risk Assessment & Control Objectives

The following table provides an overview of inherent critical and high risks from an ING Bank overall perspective and the related control objectives.

Mandatory Control Objectives A to C:

Risk	Control objective
<p>Risk of financial loss, regulatory sanction and/or reputational damage due to violations of (local) laws and regulations caused by one or more of the following:</p>	
<p>1 Employees are not aware of the requirements related to Conflicts of Interest, Confidential and Inside Information.</p>	<p>A Requirements relating to Conflicts of Interest, Confidential and Inside Information are known and understood and acted upon by Employees.</p>
<p>2 Conflicts of Interest are not identified and/or not managed.</p>	<p>B Conflicts of Interest are identified and managed.</p>
<p>3 Confidential and Inside Information are not identified and safeguarded.</p>	<p>C Confidential and Inside Information are identified and safeguarded.</p>

4. Controls

The control objectives described in chapter 3 must be complied with via the following controls.

K = Key controls (mandatory)

A. Knowledge and understanding

Control Objective:

Requirements relating to **Conflicts of Interest**, **Confidential** and **Inside Information** are known and understood and acted upon by **Employees**.

Control related to
Control Objective 'A'

1

Training and awareness

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- **Senior Management** checks annually if communication and training is given to **Employees** on the topics of **Conflicts of Interest**, **Confidential** and **Inside Information**, **Information Barriers**, this Col Policy & MS and its related local laws and regulations. Training is provided to **Employees** at their starting period and on a continuous basis to keep them aware of their responsibilities and relevant obligations under this Col Policy & MS and related local laws and regulations.
- The content of the local training has to be challenged by the Compliance Officer.

The training must at least explain to **Employees**:

- how to identify **Conflicts of Interest**, and **Confidential** and **Inside Information**;
- what **Employees** should do when they are confronted with **Conflicts of Interest**;
- what **Employees** should do when they are in possession of **Confidential** and/or **Inside Information**;
- that misuse of **Confidential** and/or **Inside Information** may lead to criminal investigations, legal and/or disciplinary actions, and administrative or penalties sanctions/liabilities

B. Managing Conflicts of Interest

Control Objective:

Conflicts of Interest are identified and managed.

Control related to
Control Objective 'B'

2

Procedures on Conflicts of Interest

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Procedures to identify and manage **Conflicts of Interest** and describing what **Employees** should do when they are confronted with **Conflicts of Interest** have been approved by **Senior Management**.

These procedures ensure that **Employees** will not put themselves in a position in which their personal-, financial- or other interests might influence or give the foreseeable appearance of influencing any action they take, judgement they make, or advice they give on behalf of ING Bank.

ING Bank has a Remuneration Framework in place to prevent **Conflicts of Interest** caused by ING Bank's remuneration and other incentives structure.

These procedures have to at least record the following actions for **Employees** to act regarding **Conflicts of Interest**:

- know how to identify **Conflicts of Interest** in their daily work;
- report any **Conflicts of Interest** to the Compliance Officer (e.g. **Control Room**);
- report outside positions according to local procedures;
- if and when appropriate, decline to act (including not exercising voting rights);
- if and when appropriate, decline to accept an external mandate;
- enable the client to make an informed decision by:
 - highlighting the risk for him/her;
 - disclosing to him/her the nature/source of the **Conflicts of Interest** in sufficient detail and in a tangible way (e.g. mail);
 - informing him/her about the steps ING has taken to mitigate the **Conflict of Interests** and why the measures have not worked sufficiently.
- get the client's consent before undertaking business on his/her behalf;
- make use of **Treeing**;
- if applicable, comply with the requirements as set out in:
 - the *Global Markets Research Procedure*;
 - the *Procedure on managing Conflicts of Interest during Benchmark rate contributions* (Appendix B of this Col Policy & MS).

C. Managing Confidential and Inside Information

Control Objective:

Confidential and **Inside Information** are identified and safeguarded.

Control related to
Control Objective 'C'

3

Confidential, Inside Information and Information Barriers

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ING has procedures approved by **Senior Management** that are designed to preclude any **Employee** or any ING Bank business unit from the inappropriate use of **Confidential** and **Inside Information**.

Senior Management assesses whether and where **Information Barriers** are needed and must be set up according to this Col Policy & MS and local laws and regulations.

Control related to
Control Objective 'C'

4

Permanent Insider Procedure

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Senior Management designates **Employees** as **Permanent Insiders** and the Compliance Officer assesses and approves the validity of the **Permanent Insider** status, according to the *ING Permanent Insiders Procedure*.

Senior Management checks annually if the **Permanent Insider**:

- has been trained periodically to identify **Conflicts of Interest** and **Inside Information**;
- knows how to act when confronted with a **Conflict of Interest**;
- knows how to act when in possession of **Inside Information**.

5. Roles and responsibilities

5.1 Employees

Employees are responsible for:

- complying with this Col Policy & MS;
- having a good understanding of how the principles of this Col Policy & MS relate to their function and responsibilities;
- being vigilant, challenging questionable behaviour and reporting any (appearance of) violation of this Col Policy & MS to their manager, or to the whistleblowing reporting officer or via the external channel;
- seeking advice from their management and/or Compliance Officer when in doubt about the content of this Col Policy & MS.

5.2 Senior Management

In addition to paragraph 5.1, **Senior Management** is responsible for:

- the implementation, execution and supervision of this Col Policy & MS
- fostering an open environment for **Employees** to discuss possible dilemmas and/or violations of this Col Policy & MS;
- setting the appropriate tone at the top and ensuring that all managers in their ING Bank business unit do the same;
- ensuring that procedures are implemented to prevent any **Employee** or ING Bank business unit from the inappropriate use of **Confidential** and/or **Inside Information**, including the foreseeable appearance thereof;
- Initiating requests for waivers and/or deviations where needed.

5.3 Compliance Officers

In addition to paragraph 5.1, Compliance Officers are responsible for:

- advice **Senior Management** with the implementation and embedding of this Col Policy & MS;
- providing advice to **Employees** on the interpretation of this Col Policy & MS;
- assessing and (dis)approving the validity of the **Permanent Insider** status as determined by **Senior Management** as well as the monitoring of the **Permanent Insider** status;
- advice **Senior Management** about waiver and/or deviation requests;
- second line monitoring on implementation and conduct of employees as required by this Col Policy & MS.

5.4 1st LoD Non Financial Risk Staff

In addition to paragraph 5.1, performing key control testing activities with regard to this Col Policy & MS in adherence with the ICF and ERM Binding Principles.

6. References to other documents

<i>Anti-Bribery and Corruption Policy</i>	The Anti-Bribery and Corruption Policy sets the mandatory principles, control objectives, controls, roles and responsibilities in order to comply with applicable regulations and ING's zero tolerance towards Bribery and Corruption.
<i>Global Record Retention Minimum Standard</i>	This Minimum Standard provides principles, control objectives and controls to ensure that documented information is available when needed for legal, regulatory, fiscal, operational, statistical and historical purposes.
<i>Global Markets Research Procedure</i>	This procedure provides the basic framework for appropriate and effective control of the origination, preparation, review and distribution of equity research and global markets research within ING Bank.
<i>Investor Protection and Markets Policy and Minimum Standard</i>	The principle of investor protection encompasses several protection mechanisms and requirements for firms like ING Bank to act in the best interest of clients, aiming for the protection of the individual investor and market transparency as well as the stability of the financial system.
<i>Market Abuse Policy</i>	The Market Abuse Policy provides the principles and controls aimed at preventing market abuse, which includes: insider dealing, market manipulation and the unlawful disclosure of Inside Information.
<i>Permanent Insiders Procedure</i>	This Procedure outlines the requirements and obligations for ING Bank on Permanent Insiders and supports the effective management of appointment, amendment and removal of the Permanent Insiders status to Employee.
<i>Procurement Policy</i>	The Procurement Policy provides the principles and control objectives that need to be adhered to when Employees procure goods and services or manage procurement processes or activities on behalf of ING Bank.
<i>Product Approval and Review Policy and Minimum Standard</i>	The Product Approval and Review Policy and Minimum Standard outlines the importance of preventing the launch or continuation of products that are not suitable from a customer perspective and/or exceeding ING Bank's financial and non-financial risk appetite by defining the minimum control requirements for all ING Bank's businesses.
<i>Remuneration Framework</i>	This framework sets out the remuneration principles and provisions that apply to Employees.
<i>Special Investigation Policy</i>	The Special Investigation Policy specifies how the investigation of (suspected) misconduct by an Employee is to be initiated, conducted and resolved. Furthermore the Policy specifies which incident is to be investigated under responsibility of Corporate Security & Investigation.
<i>Whistleblower Policy</i>	The Whistleblower Policy specifies the rights, including protection from retaliation, for an Employee who reports a concern in good faith, provides information, causes information to be provided or otherwise assists in an investigation and respects the confidentiality of the matter.
<i>Wholesale Banking Personal Account Dealing Minimum Standard</i>	The Wholesale Banking Personal Account Dealing Minimum Standard provides specific mandatory guidance for Wholesale Banking Employees on the requirements and limitations on their personal account dealing transactions, also reflecting to access and knowledge of Confidential Information, Inside Information and/or Conflicts of Interest.

Appendix A Defined terms

Benchmark

Any rate, price, indices or figures made available to the public or published that is:

- calculated periodically, entirely or partially by the application of a formula or another method of calculation, or an assessment of the value of, one or more underlying assets, prices, or certain other data, including estimated prices, rates or other volumes, or surveys; and
- used for reference for purpose that includes one of the following:
 - determining the interest payable, or other sums due, under loan agreements or under other financial contracts or instruments; and/or
 - determining the price at which a financial instrument may be bought or sold or traded or redeemed, or value of a financial instrument; and/or
 - measuring the performance of a financial instrument.

Confidential Information

Non-public information relating to ING Bank, its clients, suppliers or third parties that is subject to confidentiality (either by agreement or otherwise), which includes, but is not limited to: trading information; financial information; business operations; (internal or external) business processes and methods; data, including market share data; personnel; sales; business plans/business intentions; profits, losses or expenditures; projections; computer software; other information of commercial value.

Conflicts of Interest

Oppositions that can arise in any area of ING Bank's business between the interests of the client, ING Bank and/or the **Employee(s)**. Within the context of this CoI Policy & MS any of the following situations, (whether as a result of providing investment services or ancillary services or investment activities) or otherwise are considered **Conflicts of Interest**:

- ING Bank and/or **Employee** is likely to make a financial gain, or avoid a financial loss, at the expense of the client other than in their normal course of doing business;
- ING Bank and/or **Employee** has an interest in the outcome of a service provided to the client or of a transaction carried out on behalf of the client, which is distinct from the client's interest in that outcome;
- ING Bank and/or **Employee** has a financial or other incentive to favour the interest of another client or group of clients over the interests of the client;
- ING Bank and/or **Employee** carries on the same business as the client;
- ING Bank and/or **Employee** receives or will receive from a person other than the client an inducement in relation to a service provided to the client, in the form of monies, goods or services, other than the standard commission or fee for that service;
- conflicts between ING Bank interests and third parties, not being clients, like: vendors, consultants and/or professional advisors;
- conflicts between ING Bank interests and **Employees** interests (a.o. outside positions);
- conflicts between the interest of two or more clients;
- conflicts between the interest of a client and the interest of ING Bank other than in their normal course of doing business;
- conflicts between the interest of a client and the interest of **Employees** (a.o. outside positions);
- ING Bank's internal organisational conflicts that arise from the nature of the activities of different departments (e.g. corporate finance, advisory, research, **Benchmark (FM)**).

Control Room	<p>The Compliance Control Room, centrally responsible for assisting the 1st Line of Defence in the supervision of controls pertaining to Confidential and Inside Information, Conflicts of Interest management and market abuse prevention.</p> <p>The Control Room assist ING Bank in managing watch lists, restricted lists, in performing conflict checks and in facilitating Employees barrier crossings (crossing of the Information Barrier) when necessary and appropriate.</p>
Employee	<p>Any person not being a third party working for or on behalf of ING Bank, on contract or temporary, including Senior Management and members of the Executive Board, Management Board Banking and the Supervisory Board.</p>
Information Barriers	<p>The system of policies, procedures and physical, operational and system arrangements used to manage Confidential and Inside Information and Conflicts of Interest. In addition, the system is aimed at preventing (the appearance of) the unlawful or inadvertent disclosure of Confidential and Inside Information, as well as the use thereof. Information Barriers separate areas that have access to Confidential and Inside Information from those who do not have such access.</p>
Inside Information	<p>(Confidential) information that:</p> <ul style="list-style-type: none"> • is of a precise nature; • has not been made public; • relates, directly or indirectly to one or more issuers or to one or more financial instruments; and • if it were made public, would likely to have a significant effect on the price of those instruments or on the price of related derivatives of financial instruments (this is the case if the information would be likely to be used by a reasonable investor as part of the basis of his investment decision). <p>In relation to emission allowances or auctioned products based thereon, the above mentioned definition of Inside Information applies mutatis mutandis.</p> <p>In relation to commodity derivatives (and spot commodity contracts), the above mentioned definition of Inside Information applies mutatis mutandis with the addition: where this is information which is reasonably expected to be disclosed or is required to be disclosed in accordance with legal or regulatory provisions at the European Union or national level, market rules, contract, practice or custom, on the relevant commodity derivatives markets or spot markets.</p> <p>For persons charged with the execution of orders concerning financial instruments Inside Information also means information:</p> <ul style="list-style-type: none"> • conveyed by a client and relating to the client's pending orders in financial instruments; • which is precise • relating, directly or indirectly, to one or more issuers or to one or more financial instruments, and • if it were made public, would be likely to have a significant effect on the prices of those financial instruments, the price of related spot commodity contracts, or on the price of related derivative financial instruments.
Insider	<p>Insiders are individuals who have (potentially) access to Inside Information on companies in general:</p> <ul style="list-style-type: none"> • by virtue of their function; or • because they are designated as such.

Individuals can be designated as **Insider** by:

- the Chief Compliance Officer; or
- **(Senior) Management**.

Need-to-Know

The principle that communication of **Confidential** and **Inside Information** must not take place unless required for the proper discharge of the **Employee's** function and for a legitimate business purpose and not contrary to the terms of any confidentiality agreement or non-disclosure agreement unless disclosure is required by law or court process.

Permanent Insider

An **Employee** who has been designated by **Senior Management** as **Permanent Insider**, because of the nature of its function that requires to have access to **Inside Information** from one or more departments (private areas) that are separated by **Information Barriers**. **Permanent Insiders** are subject to restrictions on personal account dealings that accurately reflect their enhanced access to **Inside Information**.

Senior Management

Appointed persons, who are individually or jointly responsible for the decision-making, general operation and administration of legal entities, business lines, business units, and management bodies or similar.

Treeing

Creating separate **Information Barriers** used to manage **Conflicts of Interest**.

Appendix B Procedure on managing Conflicts of Interest during Benchmark rate contributions

This mandatory Procedure is specifically written to manage **Conflicts of Interest** during **Benchmark** rate contributions by **Employees** of Financial Markets and/or Bank Treasury who contribute to **Benchmarks** submissions.

Identification and management of Conflicts of Interest

Management will perform a yearly assessment to identify new **Conflicts of Interest** and to review the existing identified **Conflicts of Interest**.

The assessment will be presented to and needs to be approved by the local Non-Financial Risk Committee or local **Senior Management**.

Ensure that new Financial Markets products or services will be assessed in line with the requirements as set out in the *Product Approval and Review Policy and Minimum Standard* including **Conflicts of Interest**.

Compliance

(Local) Compliance Officers must include incidents pertaining to violations of this Procedure and any policies related to the **Benchmark** submission process in line with the *Internal Event and Reporting & Response Minimum Standard* in their periodic reports to the local Compliance Officer for Bank Treasury and/or Financial Markets and the Global Bank Treasury and Financial Markets Compliance.

Obligations for Employees who are contributing to Benchmark rates

Employees are responsible for acting in accordance with and adhering to this procedure, other local **Benchmark** submission procedure(s) and related laws and regulations.

Employees are responsible for being vigilant, challenging questionable behaviour and reporting any (appearance of) violation of this CoI Policy & MS to their manager, the whistleblowing reporting officer or via the external channel.

Rules

To manage **Conflicts of Interest** with internal- and external parties the following rules must be complied with:

- any advance discussion of ING Bank's submissions each day prior to setting must be strictly limited to those charged/trusted with setting ING Bank's submission/contributions and their managers;
- submitters (**Employees**) must not have any communications with other banks or market participants that could be seen as an attempt to agree on or impact submitted levels;
- any attempt by anyone internally or externally to influence ING Bank's submissions/rate contributions must be promptly reported to the local Compliance Officer for Bank Treasury and/or Financial Markets;
- Bank Treasury and/or Financial Markets will verify if the validated quotes are in line with the actual submission. Any deviation must be promptly

reported to the local Compliance Officer for Bank Treasury and/or Financial Markets;

- include the four-eyes principle throughout all the steps of the **Benchmark** rate submission contribution process;
- rationale of the **Benchmark** submitted rate will be documented;
- organisational measures (e.g. system segregation).

Review of mitigations

A review of the mitigations on the existing- and new identified conflicts will be part of the yearly assessment. At least the following measures will be part of this review:

- measures based on the organisational structure;
- measures of internal policies and procedures;
- awareness;
- organisational measures;
- independent monitoring.

The local compliance chart and monitoring planning need to be up-to-date and followed. Findings resulting from monitoring need to be reported to **Senior Management**, local Compliance Officer for Bank Treasury and/or Financial Markets and reported into iRisk.

Remuneration Framework

Part of the remuneration of the **Employees** that have a role in the **Benchmark** rate submission process, are based on their performance in the submission process or associated responsibilities.

Employees that fulfil a role in the **Benchmark** rate submission process will have to have at least one dedicated Key Performance Indicator, tailored to their role in the submission process.