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ING Group N.V.

Selected CSR issues in 2010

SOMO

May 2011

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Introduction

This company profile has been drafted by SOMO (Centre for Research on Multinational Corporations) and provides a selection of outstanding corporate social responsibility issues that occurred or were addressed in 2010. In the context of the upcoming annual general meeting (AGMs) of shareholders of ING Group N.V. (further referred to as ING), this report aims to provide additional information to shareholders and other stakeholders of ING regarding these selected CSR issues. By highlighting such issues, this report can be used to identify areas of the company's corporate responsibility policies and practices that need improvement and to formulate a more informed assessment of a company's corporate responsibility performance.

Rather than an exhaustive analysis of ING's corporate responsibility policies, operational aspects of corporate responsibility management, implementation systems, reporting and transparency, or total performance on any issue, this report provides a descriptive depiction of a limited number of corporate responsibility-related issues and cases that merit further attention or reflection. ING's positive sustainability achievements in 2010 are not addressed here.

The research methodology for this overview involved primarily desk research methods, relying on information from SOMO's global network of civil society organisations, the website and publications of ING itself and of the branch organisations of which it is a member, media reports, and company information databases. All sources are cited in footnotes in the text. As per SOMO's standard research methodology, ING was informed about the research in advance and was given two weeks to review a draft report and provide comments and corrections of any factual errors in the draft version prior to publication. ING made use of this opportunity and provided SOMO with a written response on 22 April which has been taken into account in the final text. In meetings with ING on 22 March and 14 April and through telephonic conference calls on 30 March and 27 April ING's policy and position has been further clarified. Despite this intensive dialogue all remaining factual errors remain fully SOMO's responsibility and all judgements and opinions are SOMO's and not necessarily shared by ING.

This company profile is part of a joint project of SOMO and the VBDO (Dutch Association of Investors for Sustainable Development – *Vereniging van Beleggers voor Duurzame Ontwikkeling*).

About SOMO

SOMO is an independent, non-profit research and network organisation working on social, ecological and economic issues related to sustainable development. Since 1973, the organisation has been investigating multinational corporations and the consequences of their activities for people and the environment around the world. SOMO supports social organisations by providing training, coordinating networks and generating and disseminating knowledge on multinational corporations in a context of international production, trade, financing and regulation.

Selected CSR issues in 2010

In this report two issues are highlighted:

1. ING shareholdings in controversial companies
2. ING's lobby on financial reform issues

This is not an exhaustive overview of social and/or environmental issues, but a selection of issues that we deem interesting to raise with ING at this point in time and in this manner. For both issues a number of recommendations are formulated.

1. ING shareholdings in controversial companies

Summary

This report looks at the way ING implements its Corporate Social Responsibility (CSR) policies in the field of asset management. Asset management is an important activity of ING. With €387 billion in assets under management, ING Investment Management (ING IM) is one of the larger asset managers worldwide and hence has a role to play in the governance of the companies that it funds through its shareholding, including the social and environmental performance of these companies. We focus solely on the phenomenon of excluding companies from the investment universe and look only at the equities held at the US stock exchanges. Therefore CSR activities like engagement and positive stock selection are not taken into account here.

In 2010 ING started identifying companies that violate its CSR principles severely and in an enduring way. These will be excluded from the investment universe with respect to its investments made for ING's own account. In addition, ING applies its defence policy also to assets managed for third parties. These exclusion policies do not extend to index funds and US mutual funds, for which legal barriers preventing exclusion of these companies from the investment universe. The ING list of excluded companies is not publicly available.

The most recent SEC filing of ING shareholdings in the US shows that ING at the end of 2010 held shares at the US stock markets of companies that are on other publicly available exclusion lists, like the list of the Norway Pension Fund of companies involved in the production of cluster munitions, serious or systemic human rights violation, severe environmental damages and other particularly serious violations of fundamental ethical norms. Some companies are also on the list of companies that are excluded due to their involvement in products that are non-compliant with international treaties of the Dutch pension manager MN Services and the list of controversial companies that SOMO compiled for last year's report on ING. On the basis of the publicly available data it is not possible to determine whether these shares are held in index trackers or mutual funds governed by fiduciary boards, or whether ING holds these shares because these companies are not on its exclusion list.

We conclude that even though ING has taken meaningful steps in recent years, broadening the scope of its CSR policy to the management of its own assets and partly to those managed for third parties, more can and should be done. Currently ING still invests money in controversial companies that do not comply with international treaties, including the production of cluster munitions and landmines. On the basis of the publicly available data it is not possible to judge whether these shareholdings are made through index trackers, mutual funds with fiduciary boards that resist implementation of the exclusion list or whether these companies are not on the ING exclusion list. Increased transparency on the actual shareholdings of ING and of the criteria and procedure used for exclusion and the list of excluded companies itself, would make it possible to have a more focused discussion on ING's CSR policy in the field of asset management.

SOMO therefore recommends that ING:

- Applies the exclusion list to all assets managed, also to those managed for third parties, as is currently the case for the defence policy and is done by for instance BNP Paribas in an increasing number of CSR areas.
- Applies the exclusion list also to index trackers, as is done by for instance the Blackrock Russell 1000 Landmine Free index fund and Storebrand's MSCI index trackers. Phase out existing US mutual funds where fiduciary boards oppose excluding controversial companies from the investment funds, and introduce the requirement to apply the ING exclusion list to new funds and financial products.
- Is more transparent about the CSR policies applied to asset management by publicising these online, including the exact exclusion criteria and process and the exclusion list itself.

ING is planning to sell its insurance activities that include the asset management activities. The short time before this planned public offering may make it difficult to implement these recommendations. However, ING bank will stay active in the field of asset management. The sale of the current asset management activities is a good opportunity to start these new activities on a sound CSR basis.

Context

Asset management

Banks offer their customers a wide range of investment products. The various forms of asset management are:

- Investments at the expense and risk of the bank.

Asset management at the expense of the bank involves the management of investments in shares, bonds and other securities, which the bank realises at its own expense. The gains and losses arising from these investments accrue directly to the bank; after all, the risks of these investments are also borne by the bank. As the bank is the legal owner of these investments, the bank itself determines what the funds should be invested in.

- Investment at the expense and risk of third parties.

In the case of investments at the expense and risk of third parties, the bank manages the assets but the customer is the legal owner of the investments. The forms of investments at the expense and risk of third parties are individual asset management and collective asset management. Most private investors invest their money in these investment funds. Also institutional investors such as insurance companies or pension funds invest in these products.

CSR and asset management

While there is no generally accepted description of CSR, most definitions emphasise the application of CSR to all business activities. The European Union defines CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.'

Asset management, being an important business line of many banks, is therefore not exempt from CSR considerations. Through holding shares of a company funds are invested in that company. Directly in the case of an Initial Public Offering (IPO) or Secondary Public Offering (SPO), or indirectly when shares are bought on the stock market. Through buying and holding shares of a company, the share price of this company is supported and hence its ability to attract finance through either issuing new shares (the current share price being the most important indicator for the cost of attracting new funds) or through related financial instruments like bonds or loans. A financial institution that holds shares of a company therefore contributes to the financing of that company and so enables its operations. Banks should avoid complicity in the violation of internationally agreed core standards and principles throughout the whole range of their activities and financing.

Most companies have CSR guidelines in thematic fields like defence, human rights, the environment etc. and for specific sectors like mining, palm oil or fishery. To implement these guidelines in asset management, a first step is to identify companies that violate the CSR principles and guidelines of the bank. Then it has to be decided how to engage with these companies or to exclude them from the so-called investment universe of the company. Also companies that score positively on CSR criteria can be overweight in the investment portfolio.

This report focuses exclusively on the CSR policy related to excluding companies from the investment universe. The reason is that it is relatively easy to monitor, as information about the stock holdings of companies are available, especially in the US, and can be matched with existing lists of controversial companies that violate CSR guidelines, international treaties etc. Therefore in this report we do not take into account the agreement that ING may make with companies in which it addresses CSR issues as well.

With regard to implementing the exclusion policy in asset management, two fields of asset management have initially been exempted from this by most major banks.[1] Below we will discuss these investments in index funds and asset management for third parties in more detail. This shows that the number of financial institutions applying their CSR exclusion policies also to these fields of asset management has grown in 2010 again.

CSR and Index funds

In asset management the use of index-tracker funds is increasingly popular as they provide a low cost way to match the overall market return. At a first glance, this strategy seems hard to reconcile with a CSR exclusion policy. Since index-tracker funds are meant to follow the index, they normally include all shares that are part of a certain index. The exclusion of certain shares therefore seems at odds with the basic principle of index funds.

However, in practice the number of companies excluded due to CSR policies is relatively low. For instance, several Dutch pension funds invest in index funds that have excluded companies involved in breaching international agreements. So far, this means that only 19 companies are excluded due to breaches of solely international weapon treaties.[2] Excluding these companies does not seem to prevent composing a fund that closely follows the much broader index, as is done by Blackrock BGI through their Russell 1000 Landmine Free index fund.[3]

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1 SOMO, Investing responsibly: a financial puzzle; the limited scope of sustainable asset management (September 2010)

2 MN Services, MVO kwartaalrapportage Verantwoord Beleggen (Q4 2010) http://www.mn.nl/pls/portal/docs/PAGE/MN_CORPORATE_NIEUW/MNSERVICES_BIJLAGEN/KWARTAALRAPPORTAGE%20VERANTWOORD%20AANDEELHOUDERSCHAP%20Q4%202010.PDF

3 This index fund excludes companies with a direct involvement (full ownership of > 20% stake) in production, maintenance or distribution of products/services that are non compliant with international treaties signed by the Netherlands (on controversial weapons and CITES and the Montreal Protocol). See MN Services website.

An even larger group of companies is excluded from index funds managed by Storebrand's Group, a leading player in the Nordic markets for pensions, life and health insurance, banking and asset management. As of Q1 2011, 92 companies were excluded from investments at Storebrand due to involvement in serious human rights violations, grand corruption, serious climate and environmental damage, the production of cluster munitions, landmines or nuclear weapons and the production of tobacco. Storebrand has been able to do this for indexes that track the MSCI World, MSCI Europe, MSCI North-America and MSCI Asia Pacific.[4]

An interesting development in this respect is also the strong growth in Islamic finance and in particular sharia-compliant Islamic-index funds. Index funds like the Dow Jones Islamic Market Index exclude companies involved in alcohol, gambling or tobacco.

CSR and investment for third parties

Previous SOMO research found that large Dutch banks do not have clear CSR-related criteria to exclude companies from their asset management. Only for assets invested at the expense and risk of the bank did the large Dutch banks have criteria to exclude companies that produce the most controversial weapons (e.g. cluster bombs and landmines). For assets managed for third parties, no exclusion criteria were applied at all. Smaller banks like Triodos Bank and ASN bank did apply their CSR policies to all activities in which the bank is involved, including assets managed for third parties.[5] In 2010, SOMO made an international comparison and found that ING, like the French bank BNP Paribas, had now also extended its defence policy to assets managed for third parties. Although ING, like BNP Paribas, still did not apply this exclusion policy to index-tracker funds.[6]

In the banking sector, this trend of broadening the scope of CSR policies still continues. Most recently, the French bank BNP Paribas issued[7] two new policies on armament, palm oil and promised more would follow in 2011 which will broaden the scope by applying them to all activities of BNP Paribas. The bank explicitly includes asset management for third parties: ‘BNP Paribas entities managing third-party assets (with the exception of index-linked products) reflect this policy and develop standards adapted to their businesses which will exclude any stock or issuer that do not comply with their standards.’[8] In February 2011 a new sectoral policy on nuclear power plants was introduced[9] and policies on pulp and paper mill, coal power plants (all 2011) and mining (2012) are expected to follow. With this step BNP Paribas is following DnB NOR ASA, Norway's largest financial services group, in applying its CSR policies to assets managed for third parties related to other themes beyond only the most controversial kinds of weapons.[10]

Another sign of the growing societal attention for the asset management activities of banks is the fact that the Dutch Fair Banking Guide (*Eerlijke Bankwijzer*) will include from 2011 onwards the asset management (including for third parties) in its evaluation reports.[11]

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4 http://www.storebrand.no/site/stb.nsf/Pages/responsibleinvestments.html
5 SOMO, *De beperkte reikwijdte van maatschappelijk verantwoord beleggen* [The limited scope of socially responsible investment] (January 2009)
6 SOMO, Investing responsibly: a financial puzzle; the limited scope of sustainable asset management (September 2010)
7 27 December 2010 http://www.bnpparibas.com/en/news/press-releases.asp?Code=LDIO-8CJF3M
8 See page 3 in http://compresse.bnpparibas.com/applis/wCorporate/wCorporate.nsf/docsByCode/LDIO-8CJF3M/$FILE/Politique%20Sectorielle%20Huile%20de%20palme.pdf
9 http://www.banktrack.org/show/bankprofiles/bnp_paribas
10 https://www.dnbnor.no/about-us/csr/socially-responsible-investment.html
11 http://www.eerlijkebankwijzer.nl/actueel/nieuws/view/160

Role of company

ING Investment Management (ING IM) is the principal asset manager of ING Group, managing assets for institutional clients, fund distributors and the ING labels. ING Investment Management has approximately €387 billion assets under management (4Q2010)[12].

Around a third of these funds are ING's own (proprietary) assets, invested at the expense and risk of the bank and mainly funds from its pension and insurance services. The majority of funds (and especially stocks) is managed for third parties (retail and institutional).

Table 1: ING IM assets under management 4Q2010 by investor category and investor class (in EUR billion)

	Proprietary	Retail	Institutional	Total
Equity	8.2	80.7	32.5	121.5
Fixed income	132.7	59.5	54.8	247.0
Money market	1.9	11.9	4.7	18.5
Total	142.8	152.1	92.0	387.0

Source: ING and ING Group Statistical Supplement 2010 Q4

With 387 billion euro of assets under management ING IM belongs to the biggest asset managers in the world. Even though ING IM almost never holds more than 5% of shares in a company, being amongst the top 30 asset managers in the world, does give it substantial clout and its investments are closely watched by its competitors and the companies seeking the investment of large institutional investors like ING IM.

CSR policy and asset management

The publicly available information on ING's CSR policy for the field of asset management is by no means complete. ING's business principles and ethics do contain several relevant statements regarding responsible corporate behaviour, including:

- ING complies with applicable laws and regulations, as well as internal and external rules, codes, guidelines and policies.
- ING avoids or responsibly manages any negative impact its business activities may have on people or the environment.
- ING aims to pursue a profit but not at the cost of the environment and biodiversity, nor at the expense of people or human rights.

The ING IM website states 'We are committed to investing responsibly.'[13] However, the website of ING IM provides only details of the governance policy[14]. No reference is made to environmental or social policies.

Also, the general CSR guidelines on the ING website do not always make it clear whether or how these apply to asset management. Full clarity is only given with regards to dealing with companies involved in 'Anti-personnel landmines, cluster munitions, depleted uranium ammunition and biological or chemical weapons' where ING states: 'In light of both international agreements banning anti-

[12] See Statistical supplement (PDF) on http://www.ing.com/group/investorrelations.jsp?&menopt=ivr&menopt=ivr|ivr
[13] http://www.inginvestments.com/About/Corporate-Profile/index.htm
[14] Seen in March 2011 http://www.ingtfi.pl/EU/AboutINGIM/CorporateGovernance/Generalintroduction/index.htm

personnel landmines and cluster munitions and society's general concern over depleted uranium ammunition, biological and chemical weapons, we consider these weapons to be controversial. ING will not finance the production, maintenance or trade of these weapons nor provide any financial services to companies involved in these kinds of weapons. ING will not invest its proprietary assets in controversial weapons companies and will, with the exception of discretionary mandates and trackers (ETFs), and wherever legally possible and independently enforceable by ING, ensure customer funds are not placed in such companies through ING managed funds.'

Since the end of 2009 the ING CSR policies apply integrally to management of ING's assets invested at the expense and risk of the bank.[15] This means that companies which severely and enduringly violate the CSR principles of ING in all CSR fields are excluded from investments at the expense and risk of ING. With the exception of the most controversial weapons referred to above, ING CSR policies do not apply to the management of assets for third parties and index-tracker funds. At this moment it is not clear what criteria and procedure ING uses in drafting its exclusion list. The list itself is not made public, as is the case with most banks that have an exclusion list.

CSR practice in asset management

In implementing its exclusion policy to assets managed for its own account and (for defence) for third parties in the US, ING has been confronted with the unwillingness of fiduciary boards to accept the exclusion list for all mutual funds where their approval is needed. Therefore through these funds shares are still held in some of the excluded companies as is done, according to ING's policy, through index-tracker funds.

Informally ING has informed SOMO that currently the exclusion list numbers approximately 45-50 companies, of which around 30 have been excluded for enduring violation of the defence policy. Other companies are on the exclusion list due to breaching the guidelines on gambling, animal testing, adult entertainment, health & safety, environment and human rights.

When comparing the current ING shareholdings in the US, as filed by ING to the SEC under article 13F of the Securities Exchange Act of 1934 on 31 December 2010, with different lists of (highly) controversial companies, it shows that ING currently is a shareholder in many of these companies. A list of the US shareholdings of ING in these controversial companies can be found in annex 1. As can be seen there, the various exclusion lists are partly overlapping.

Because no detailed information on ING shareholdings is available, nor on whether they are part of an index fund or a mutual fund for which legal restrictions apply, it is not possible to make this distinction in this report.

ING has shareholdings in six out of eight companies that have been identified by the Norway pension fund to be involved in the production of cluster ammunition, weapons that through their normal use may violate fundamental humanitarian principles. ING also holds shares in mining corporations that have been banned from the investment universe of the Norway Pension Fund for constituting an unacceptable risk due to the severe environmental damage they cause, such as Barrick Gold Corp, Rio Tinto Plc. and Freeport McMoRan Copper & Gold Inc.

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[15] See ING Corporate Responsibility Report 2009, page 16 'In 2009, we broadened the scope of our environmental and social risk policies from just Commercial Banking activities to include all of our business lines. To do this, we created a Restrictive List of companies that are considered to be worst offenders in all sensitive areas.'

ING also holds shares in seven of the companies that are on the exclusion list of MN Services for breaching international agreements.

ING also still holds shares of 80% of the corporations that SOMO has identified as controversial companies in its report on ING's controversial business practices.[16]

Recommendations

ING has made progress over the last years in expanding the scope of its CSR policies to cover ever greater parts of its asset management business. The most far reaching policy now is ING's policy with regard to 'Anti-personnel landmines, cluster munitions, depleted uranium ammunition and biological or chemical weapons'. For this, clear exclusion criteria exist and are applied also to assets managed for third parties. This policy, however, does not include index-tracker funds and the implementation has been hindered in the US due to legal requirements.

Now that other large banks such as BNP Paribas are expanding their CSR policies, also in asset management for third parties, and that for instance asset managers like Blackrock have landmine-free index funds, the question arises why ING is lagging behind in these fields, thereby compromising its basic CSR principles. As there is no practical, financial or legal requirement to do this, SOMO recommends ING to further expand its CSR policies in the realm of asset management. Specifically SOMO recommends that ING:

- Applies the exclusion list to all assets managed, also to those managed for third parties, as is currently the case for the most controversial weapons and is done by for instance BNP Paribas in an increasing number of CSR areas.
- Applies the exclusion list also to index-trackers, as is done by for instance the Blackrock Russell 1000 Landmine Free index fund and Storebrand's MSCI index trackers. Phase out existing US mutual funds where fiduciary boards oppose excluding controversial companies from the investment funds, and introduce the requirement to apply the ING exclusion list to new funds and financial products.
- Is more transparent about the CSR policies applied to asset management by publicising these on the website, including the exact exclusion criteria and process and the exclusion list itself.

ING is planning to sell its insurance activities that include the asset management activities (ING IM). The short time before this planned public offering may make it difficult to implement these recommendations. However, ING bank will stay active in the field of asset management. The sale of the current asset management activities is a good opportunity to build these new activities on a sound CSR basis.

[16] SOMO, ING; overview of controversial business practices in 2009 (2010) see http://somo.nl/publications-en/Publication_3564/view

2. ING lobby on financial reform

Summary

Banks, like any private entity, can play a socially useful role in public policy making. Through sharing their specific knowledge of the sector with policymakers and the broader public they can contribute to more effective public policies and avoid unnecessary effects of those policies on their private interests. However, there is also the danger that in doing this, banks do not put the public interest first but rather their more limited private interest.

Many analyses of the recent financial crisis find that regulatory -capture did play a significant role, with financial industry lobbyists having too much influence on public policymakers and supervisors. One of the lessons of the financial crisis therefore is that the involvement of the financial industry in public policymaking should be done with sufficient transparency and restraint.

However, at this moment, with many policy proposals for financial reform under discussion at the national, EU and international (G20) level, the financial sector seems to be lobbying in much the same fashion as it did before 2008. More money is spend on the political lobby than ever before and the transparency seems even less. With for instance the international financial lobby organisation, the Institute of International Finance (IIF), publishing even less of its letters to public policymakers and regulators on its website than before the crisis.

In what was the most important debate on financial regulation in 2010 the IIF also played a controversial role. Last year the Basel Committee on Banking Supervision (BCBS) set new minimum requirements for capital and liquidity standards. The IIF influenced this process by publishing an estimation of the economic effects of the first proposals. The effects predicted by the IIF scared most policy makers away from demanding the much higher standards that independent academics were in favour of. In subsequent months many reports appeared by distinguished independent academics and renowned policy research organisations that found much less alarming estimations of the economic impact. The different findings were the result of fundamentally different assumptions than those made by the IIF.

The fact that all reports except the one created by the bankers themselves came to the conclusion that the long term economic effects of higher capital ratios range from low to negligible and do have important benefits, strongly raises the suspicion that the IIF report was specifically manufactured to manipulate the policy discussion. There is a difference between the public and private costs and benefits of higher capital ratios due to system externalities, the preferable fiscal treatment of debt and government guarantees. Low capital ratios may therefore be in the (short-term) private interest of the bankers, they are clearly not in the interest of the public. By presenting such a one-sided argument at such a crucial moment in the public policy making process, the international banks showed they were more interested in preserving their short-term profit opportunities than in contributing to a more stable financial sector.

Whereas this is a case of the international banks, ING bears a special responsibility due to its relatively heavy involvement in producing this report and its rather exclusive place on the IIF board. Banks like ING still struggle to define their proper role in society after the crisis, as is also clear from the discussion following the 2010 remuneration of ING. It is for exactly this reason that ING should not

only explicitly put the public interest first in its public advocacy, but also strive for maximum transparency in this respect This would mean in practice that ING:

- Explicitly makes public advocacy a CSR issue with guidelines on how to ensure that the lobbying is in the public interest, the interest of its clients and financial stability.
- Publishes information about these goals and the instruments used during public advocacy and lobbying on the website.
- Is as transparent as possible about where ING has talked about public policy and regulation, or self-regulation, and which standpoint has been taken (its ‘legislative footprint’). All letters and other lobby documents of ING and the associations it is a member of, like the Dutch Banking Association (NVB), the IIF and the European Financial Services Round Table (EFSRT)17 should be fully available to the public.
- Refrains from aggressive lobbying efforts such as issuing reports that overstate negative effects of banking regulation and also argue in favour of this in the associations it is a member of.

Context

Banks can play a socially useful role in public policy making. Through sharing their knowledge of the sector with policymakers and the broader public they can contribute to more effective public policies and avoid unnecessary side effects of those policies on their private interests.

However, there is always the danger that in doing this, banks, like any other private entity, do not place the public interest first, but rather their more focused limited private interest, possibly even at a cost to the public.

It is in the first place the role of public policymakers to make the distinction between proposals that lead to better policies from a public perspective or whether they would only serve a special interest at a cost to the public.

Policy making for the financial sector has historically been highly sensitive to what is called ‘regulatory capture’, the phenomenon that regulators become dominated by the industry they were intended to regulate. Instead of supervising the sector, they then rather become advocates of this industry towards the ‘outside’ world. The vulnerability to this regulatory capture is in the first place due to the dynamic and complex financial environment. Especially the last decades this complexity and dynamism has grown tremendously due to use of ICT in the financial sector, the internationalisation and deregulation of the sector. Add to that the relatively high salaries in the commercial part of the financial sector that enables it to compete strongly for the ‘best and brightest’ in the industry and you have an environment where it is especially hard for public policymakers to be as well informed as the private sector that is driving the financial innovations. It is for these reasons that in recent decades the influence of the financial sector on policy making has become very strong.

The financial crisis that erupted in 2008 is to a large extent the result of the dominant influence of financial sector industry lobbyists on public policymakers and supervisors. According to Nobel Prize winner Joseph Stiglitz, ‘Much of the inadequacy of current regulations and regulatory structures is the result of financial markets’ political influence.’[18] Equally, Charlie Mc Creevy, Commissioner for Single

[17] The IIF no longer allows the full content of letters it writes to financial policy decision makers to be seen.
[18] Joseph Stiglitz, Professor, Columbia University, Testimony to House Financial Services Committee,(21 October 2008) at http://www.house.gov/apps/list/hearing/financialsvcs_dem/stiglitz102108.pdf

Market and Services of the EU and responsible for financial regulation said: ‘In the case of legislators, I am convinced that over the years there has been too much ‘regulatory capture’ by the sell side of the financial services market: Their lobbies have been strong and powerful.’[19] It has been through the lobbying by the financial industry that the interest of companies was often served at the expense of the public interest.

In the Netherlands, the Dutch Banking Association (NVB) focused its lobbying efforts primarily on the civil servants. The commission of the Dutch parliament that researched the causes of financial crisis (‘*Commissie de Wit’*) found that the NVB was able to do this with great effect and without this being visible for the outside world. In the case of a regulation from 2003/2004 the commission found that part of a law on the securitisation and sell of loans matched exactly the wording of a letter by the NVB. However, reference was given to this letter. The commission concluded that lobbying efforts of the financial sector are not transparent at either the international, EU or national level and therefore recommends more transparency in the lobby process and is exploring the introduction of a ‘legislative footprint’ that records which actors, including lobbyists, have been involved in what way in drafting regulation.[20]

An indication that lobbying has often not been in the interest of the public, but rather the short-term private interest of the financial industry itself are the findings of the IMF. It found that banks that were more involved in lobbying also engaged in riskier lending; lenders lobbying more on issues related to mortgage lending had higher loan-to-income ratios. Afterwards the delinquency rates were significantly higher in areas where lobbyist lending grew faster.[21]

Many expected that following the financial crisis the financial sector lobby would refrain from excessively aggressive lobbying practices. However, there are many indications that the financial lobby is behaving just as it did before the crisis. As is clear for instance from the increase in the money spent by the financial sector on lobbying and campaigns in the US (‘The financial sector is far and away the largest source of campaign contributions to federal candidates and parties’[22]) and UK (‘City financing of the Conservative Party doubles under Cameron’[23]). Probably, just like before the crisis, most lobbying efforts probably go unnoticed as no measures have been taken yet to increase the transparency of the process.

Now that many new regulations need to be decided upon, e.g. the EU legislation of derivatives and the new capital and liquidity requirements (Basel III), the financial lobby is gaining steam again. As the Financial Times noted in a recent op-ed ‘While everyone pays lip service to the need for a safer system, not everyone’s commitment runs very deep. In recent months the financial sector has been lobbying ever more fiercely against structural change or higher capital requirements, arguing that banks are pretty much safe as they are.’[24]

With several banks still indebted to their governments for saving them at the height of the crisis and all of them profiting from extraordinary measures taken by both governments and central banks to support the financial system, one would expect a more modest approach from the financial sector.

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[19] Corporate Europe Observatory, Would you bank on them? (February 2009), http://www.corporateeurope.org/docs/would-you-bank-on-them.pdf (March 2009).
[20] Dutch House of Representatives, 2009-2010, 31 980, nos. 3-4
[21] Igan, Mishra, Tressel, A fistful of dollars: lobbying and the financial crisis, IMF working paper (2009)
[22] http://www.opensecrets.org/industries/indus.php?ind=F
[23] http://thebureauinvestigates.com/2011/02/08/city-financing-of-the-conservative-party-doubles-under-cameron/
[24] Financial Times, King helps the case for banking reform; time for an end to beer and sandwiches with the City, (9 March 2011)

Whereas the financial sector has a legitimate role to play in discussions on public policy by explaining their point of view using their unique first-hand experience, in practice they do much more and argue in favour of their own financial interests which might be at the expense of financial stability and the public interest.

One much debated and controversial example of lobbying by the financial industry in 2010 is the case of the so-called 'interim report on the cumulative impact' of the then proposed Basel III requirements made by the Institute of International Finance (IIF). In this report this case is used as an illustration of how the financial industry still seems to be more interested in promoting its short term private interest, rather than the broader interest of the public. With its report, that sketched a dramatic picture of the economic consequences of the proposals then on the table, the IIF influenced the perception amongst policy makers and the broader public. It did so, however, by making assumptions that have subsequently been criticised by both academics and policy researchers in fundamental ways as 'a basic fallacy'[25].

The case of the interim report on the cumulative impact of Basel III

The new Basel III-guidelines are the centrepiece of the worldwide financial reform. They set the new global regulatory standards on bank capital adequacy and liquidity. At the end of 2010 the members of the Basel Committee on Banking Supervision (BCBS) agreed on a proposal that was endorsed by the G20 leaders at their summit in Seoul in South Korea in November 2010.

With the endorsement of Basel III a fierce battle of arguments ended that had dominated the international debate on bank reform in 2010. Or as the Economist wrote about the process leading to Basel III: 'It is here that the most vicious and least public skirmish between banks and their regulators is taking place.'[26] Indeed much is unknown about the way the banks lobbied the supervisors who intended to make changes in the rules. The Institute of International Finance (IIF), the lobby group of the largest banks worldwide even explicitly asked to have close dialogues with regulators who were writing the new rules.[27] They did not request that such dialogue should be transparent and balanced or that dialogues should be held with other stakeholders.

After the BCBS decided on the broad outlines for new capital requirements standards in September 2009[28], it issued two consultation documents with detailed proposals for the public to review and comment on 19 December 2009. The BCBS allowed a public comment period (ending 16 April 2010) resulting in 272 responses to their request for comment. After the consultation ended, but just before meetings in June by the BCBS[29] and the G20 the IIF published its 'Interim Report on the Cumulative Impact on the Global Economy of Proposed Changes in the Banking Regulatory Framework.'[30]

Even before the official publication of the IIF report, criticism was voiced about the impact that was predicted by the IIF. Details of the IIF report had been leaked in advance. Stephen Cecchetti, chief

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[25] Admati et al. Much More Bank Equity Is Needed and Is Not Socially Costly, Letter Financial Times (9 November 2010), http://www.gsb.stanford.edu/news/research/admatiopen.html see also Admati, A.R., P.M. DeMarzo, M.F. Hellwig en P. Pfleiderer, Fallacies, Irrelevant Facts, and Myths in the Discussion of Capital Regulation: Why Bank Equity is Not Expensive, Stanford GSB Research Paper 2065 (2010).

[26] The Economist, The banks battle back, A behind-the-scenes brawl over new capital and liquidity rules, (27 May 2010)

[27] IIF, Financial Industry Calls for a New Phase of Systematic Dialogue on Global Regulation, press release, (3 October 2009) http://www.iif.com/press/press+releases+2009/press+119.php

[28] BCBS, Comprehensive response to the global banking crisis, Press release, (7 September 2009) http://www.bis.org/press/p090907.htm

[29] http://www.bis.org/press/p100618.htm

[30] Institute of International Finance (10 June 2010) http://www.iif.com/press/press+151.php

economic adviser to the Bank for International Settlements, said the banks 'doomsday scenarios' were based on their assuming 'the maximum impact of the maximum change with the minimum behavioural change.'[31] According to the Economist: 'the Institute of International Finance will release a report on June 10th that can be relied on to paint an apocalyptic picture of the economic cost of Basel III. Later this year the Basel club will publish its own assessment, which should be less alarming.'[32]

According to the IIF,[33] 'by 2015 the level of G3 real GDP under a regulatory change scenario is projected to be about 3.1% below what it would otherwise be. [...] For the US, the path of real GDP is projected to be 2.6% lower by 2015; for Japan, the path is 1.9% lower; but for the Euro Area the path is as much as 4.3% lower.' The predicted cumulative effect on employment was around ten million jobs, which was a scarily high number at a time that unemployment figures were on the rise in many countries.

As the first to issue a report on the impact of the Basel III proposals, the IIF was able to maximally influence the framing of the issue of capital requirements. It was widely reported in the press and drew the attention of policymakers and the general public.

Although the report was explicitly presented as an 'interim-report', and the wish was expressed to further 'strengthen and enrich the technical aspects of our modelling framework,' the report also stated: 'We believe that our methodology (...) is an appropriate balance of theory, reality, detail and generality.'

However, in subsequent months many reports appeared from independent academics and renowned policy research organisation that came to much less alarming conclusions and made fundamentally different assumptions than those of the IIF.
The main reasons for the different predictions of the effect of Basel III lies in the following methodological differences of the studies:

- The IIF assumes the costs of capital to be constant, whereas the others point to the fact that safer banks will have lower capital costs as the risk premium is reduced. Higher capital ratios make banks safer and hence decrease the cost of this capital.
- The IIF ignores the extent to which changes in the average cost of bank funding brought about by shifts in the mix of funding reflect the tax treatment of debt and equity (which can and should be changed, as it currently acts as a subsidy for bankers increasing the risk of default of their institution).
- The IIF ignores the public benefit of increased tax income by government through reducing the tax deductions currently in place for debt financing.
- The IIF in its calculations does not take into account the risk and cost of a financial crisis. Costs that, history has shown, often are approximately 10% of GDP.

It is for these reasons that a group of prominent financial economists around Stanford professor Admati argue that the IIF is mistaken to claim that requiring more equity will lower the banks' return on equity and increases their overall funding costs. 'This claim reflects a basic fallacy. Using more equity changes how risk and reward are divided between equity holders and debt holders, but does not by itself affect funding costs. […] Bankers warn that increased equity requirements would restrict lending and impede growth. These warnings are misplaced. First, it is easier for better-capitalized banks, with

[31] Financial Times, Bankers' 'doomsday scenarios' under fire, Chris Giles in London, (30 May 2010)
[32] The Economist The banks battle back, A behind-the-scenes brawl over new capital and liquidity rules, (27 May 2010)
[33] Institute of International Finance (10 June 2010) http://www.iif.com/press/press+151.php

fewer prior debt commitments hanging over them, to raise funds for new loans. Second, removing biases created by the current risk-weighting system that favour marketable securities would increase banks' incentives to fund traditional loans. Third, the recent subprime-mortgage experience shows that some lending can be bad for welfare and growth. Lending decisions would be improved by higher and more appropriate equity requirements.' Admati et al. conclude that 'If handled properly, the transition to much higher equity requirements can be implemented quickly and would not have adverse effects on the economy.'[34]

Researchers of the Bank of England point to the fact that between different time periods and geographical regions large differences have existed that did not translate into different lending rates or economic performance: 'in the UK and in the USA economic performance was not obviously far worse, and spreads between reference rates of interest and the rates charged on bank loans were not obviously higher, when banks made very much greater use of equity funding. This is prima facie evidence that much higher levels of bank capital do not cripple development, or seriously hinder the financing of investment. Conversely, there is little evidence that investment or the average (or potential) growth rate of the economy picked up as leverage moved sharply higher in recent decades.' Miles et al. therefore conclude that 'the most straightforward and logically consistent model of the overall impact of higher equity capital (and less debt) on the total cost of finance of a company implies that the effect is zero. The Modigliani-Miller (MM) theorem implies that as more equity capital is used the volatility of the return on that equity falls, and the safety of the debt rises, so that the required rate of return on both sources of funds falls. It does so in such a way that the weighted average cost of finance is unchanged (Modigliani and Miller 1958). It is absolutely NOT self-evident that requiring banks to use more equity and less debt has to substantially increase their costs of funds and mean that they need to charge substantially more on loans to service the providers of their funds. [...] recent empirical research for the US suggests that the Modigliani-Miller theorem might not be a bad approximation even for banks. Kashyap et al. (2010).'[35]

Consequently both Admati and Miles recommend capital ratios that are substantially higher than the ones set by the Basel Committee. It is also the level at which Swiss regulators have already announced they will set the capital standards for their largest banks UBS and CreditSuisse[36].

Other reports also arrived at similar, much smaller effects, e.g. the OECD[37], the BIS[38] and the Netherlands Bureau for Economic Policy Analysis, the CPB. The CPB concluded that 'At current capital levels, the long term costs of stricter capital requirements are small relative to the benefits due to a lower probability of a systemic crisis.' The CPB states that contrary to what some banks claim, in the long run higher common equity does not lead to higher capital costs. The CPB does point to possible short term costs due to the preference of banks to increase their capital by demanding higher interest rates. However, this can be countered by the government through obliging banks to not pay

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[34] Admati et al. (9 November, 2010) Much More Bank Equity Is Needed and Is Not Socially Costly, Letter Financial Times, http://www.gsb.stanford.edu/news/research/admatiopen.html

[35] David Miles, Jing Yang and Gilberto Marcheggiano, Optimal bank capital, External MPC Unit for the Bank of England, Discussion Paper No. 31 (January 2011)

[36] http://www.swissinfo.ch/eng/Specials/Rebuilding_the_financial_sector/News,_results,_regulations/Swiss_banks_get_stricter_rules_than_Basel_III.html?cid=28464958

[37] Slovik, P. and B. Cournède, "Macroeconomic Impact of Basel III", OECD Economics Department Working Papers, No. 844, OECD Publishing, (February 2011)

[38] BIS, 'BASEL III: Long-term impact on economic performance and fluctuations,' Monetary and Economic Department, BIS Working Papers, No 338, (February 2011)

dividends and issue new equity. This solution hurts shareholders, but as CPB concludes ‘From a societal point of view these benefits far outweigh the private costs.’[39]

We conclude that the international banks have influenced the discussion on the crucial and complex matter of the global financial reform of raising capital and liquidity standards by using arguments that in later months were found to be unsound by a great number of independent policy researchers. Whereas the financial industry has a right to look after its interests, the IIF has done so in a way that did not take properly into account the long term interest of all affected stakeholders, including its customers and the tax payers, who today suffer the consequences of the recent financial crisis and society at large.

After the experience with regulatory capture in the run-up to the financial crisis, the financial industry should now err on the side of caution when it comes to acting in the public policy arena. In balancing its private interest with the interest of the public and other stakeholders, precedence should be given to the latter. This is clearly not what has happened in the case of estimating the impact of the Basel III proposals where the banks overstated the negative effects (and left out the positive) of higher capital ratios. Low capital requirements may serve the short term narrow financial interest of the financial industry, they clearly do not bring a stable banking sector that works for the long term interest of society. As Admati et al. put it ‘Many bankers oppose increased equity requirements, possibly because of a vested interest in the current systems of subsidies and compensation. But the policy goal must be a healthier banking system, rather than high returns for banks’ shareholders and managers, with taxpayers picking up losses and economies suffering the fallout.’

Role of the company

Although the case of the IIF interim report clearly is about a collective effort of the banks that are members of the IIF, it is in the end these member banks that are responsible for what the IIF does. It is the banks that are the legal entities behind the IIF and it is the biggest banks that are on the IIF board, deciding on the course of the organisation.

It is in this role that ING also has a responsibility here. The role of ING in the IIF is substantial. Of the 400 plus members of IIF only around 30 are board members. ING top managers have long been member of the board of the IIF, as in 2010 Jan Hommen, the CEO of ING, was.

In the specific case of the report on the cumulative effect the involvement of ING is illustrated by the fact that ING and Unicredit Group were the only banks with three committee members in the working group that drafted the report. This means that ING was well aware of the contents of the report and did not disagree with the arguments that put the interests of the banks before those of the public and financial stability.

The involvement of ING in drafting such a one-sided report on such an important topic for the global financial stability seems in conflict with the official line taken by ING and other Dutch banks in order to regain the confidence lost with the public as stated by endorsing the findings and recommendations of the commission Maas and the self-regulatory Banking Code.

The commission Maas, that was installed by the Dutch Banking Association (NVB) to make recommendations on how to improve the functioning of the banking sector, called for a ‘fundamental

[39] CPB, Are stricter capital requirements costly? (December 2010)

change of mentality and reorientation of the banking sector'. By putting the customer first banks would be able to better perform their role in society. 'In the future it can no longer be that profits are for shareholders and bonuses, whereas the bill is given to the tax payer, the client or the employee.'[40]

The banking code stipulates that the executive committee of a bank has the responsibility to balance the interests of all stakeholders of the bank, the clients, the shareholders and its employees, taking into account the continuity of the bank and the society at large.[41]

It is understandable that a 'fundamental change of mentality and reorientation of the banking sector' cannot be realised overnight. Recently the evaluation committee of the banking code concluded that banks still struggle with 'putting the client first.'[42] The recent case of the 2010 remuneration of ING (see textbox) shows clearly how hard it apparently is to strike the right balance between the different interests involved. In the highly polarised and dynamic environment that currently exists, there is no certainty that the right balance has been found. It is for exactly this reason that also ING should err on the side of caution and prevent themselves from going too far astray. Being open and transparent helps to obtain early signals from society when a certain course being taken is not considered acceptable.

Putting the customer first: but how?
A good illustration of the difficulties banks have in implementing their stated intention of 'putting the customer first' is the recent upheaval over the remuneration at ING over 2010. In the ING Annual Report for 2010, ING CEO Jan Hommen writes that 'We are well aware that remuneration is subject to ongoing public debate and we have taken steps to ensure that our remuneration policy strikes a balance between the interests of our customers, employees, shareholders and society at large, and supports the long-term objectives of our company. ING formulated a new moderate and sustainable remuneration policy'. Immediately after the remuneration decisions were published, however, a wave of social protests showed that the public did not agree in the least that a proper balance had been found. In the end the board decided not to take accept the bonuses granted.

Another reason for ING to be especially careful in the public policy arena is the fact that it still has not fully paid back the 10 billion euro loan it got from the Dutch government at the height of the crisis and that ING is still enjoying the benefit of a state guarantee on the riskiest part of its portfolio (the Dutch State has taken over the risk on 80% of ING's EUR27.7 billion portfolio of Alt-A RMBS at ING Direct USA and ING Insurance Americas, the most high-risk part of its portfolio).

In developing public policy for the complex and rapidly changing financial sector, public officials lean quite heavily on input from industry insiders. The influence that ING consequently has comes with the responsibility to use this in a responsible manner. Being one of the leading global banks, and by far the biggest Dutch bank, ING plays an important role in public policy discussions with regard to the financial sector both nationally, at the EU-level and globally. For instance, in addition to ING's involvement in the IIF, ING is also a member of the Board of the European Financial Services Round Table (EFSRT). Also, the EFSRT wrote letters and consultation submissions on Basel III and related

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[40] See introduction of Adviescommissie Toekomst banken, *Naar herstel van vertrouwen* [To recover trust] (7 April 2009)
[41] See preambule Nederlandse Vereniging van Banken, *Code banken* [Bank codes] (9 September 2009)
[42] Monitoring Commissie Code Banken, *Voorrapportage implementatie code banken* [Preliminary report of implementation of bank codes] (2 December 2010)

EU legislation.[43] Moreover, through the Dutch Bankers Association (NVB) the ING is involved in the policy process at the national level.

Given the importance of financial regulation and to avoid that it is too heavily influenced by vested interests (‘regulatory capture’) from the financial industry, as it was before the crisis, there is a need for more transparency in the ‘dialogues’ and lobbying undertaken by the financial industry. Currently ING does not disclose information about its public advocacy, whether it concerns its goals or its instruments, on its websites. Also, the IIF does not fully publicise all the lobby letters it writes to regulators and supervisors deciding on new rules. There actually seems to have been a reduction in the publicly available documentation of the IIF in recent years. Certainly, information on informal meetings and correspondence is not being disclosed.

It is therefore not possible for stakeholders to judge whether the ING advocacy agenda is in line with the interest of the broader public, or whether it serves primarily the smaller interest of the company or the sector itself. As the 2010 bonus case showed, even though bankers may very well do their best to strike the right balance between the different stakeholders, one never knows whether this is done in the right way. Being open and transparent will ensure that signals from society can be given and received when a certain course being taken is not considered acceptable.

Recommendations

Financial policies have proven to be especially sensitive to regulatory capture. Policymakers, the financial industry and others stakeholders all have a role to play to avoid this from happening again.

Whereas much of the advocacy goes unnoticed, some of it does become public. In the case of the IIF impact report, banks lobbied against higher capital requirements successfully, using arguments that subsequently have been rejected by a large number of distinguished academics and public policy research organisations. This adds to the suspicion that banks are still more interested in preserving their short-term profit opportunities, than in contributing to a more stable financial sector.

ING has a responsibility here as well, as it was relatively heavily involved in producing the IIF report and because of its rather exclusive place on the IIF-board.

As the discussion, public and otherwise, on the role of banks in society is far from over, ING should explicitly see its lobbying activities through the lens of its corporate social responsibility and be as transparent as possible about this. This would mean in practice that ING:

- Explicitly makes public advocacy a CSR issue with guidelines on how to ensure that the lobbying is in the public interest, and in the interest of its clients and financial stability.
- Publishes information about these goals and the instruments used during public advocacy and lobbying on the website.
- Is as transparent as possible about where ING has talked about public policy and regulation, or self-regulation, and which standpoint has been taken (its ‘legislative footprint’). All letters and other lobby documents of ING and the associations it is a member of, like the Dutch Banking Association (NVB), the IIF and the European Financial Services Round Table (EFSRT)44 should be fully available to the public.

[43] See for more information about the different meetings and letters: http://www.efr.be/newsarchive.aspx
[44] The IIF now no longer allows the full content of letters it writes to financial policy decision makers to be seen.

- Refrains from aggressive lobbying efforts like issuing reports that overstate negative effects of banking regulation and also argue in favour of this in the associations it is a member of.

Annex: ING US shareholdings in controversial companies

Norway Pension Fund Exclusion List	ING Inv. Management	ING Group	ING Investment Europe
Production of weapons that through their normal use may violate fundamental humanitarian principles			
Anti-personnel land mines			
- Singapore Technologies Engineering (26 April 2002)			
Production of cluster munitions			
- Textron Inc. (31 December 2008)	**X**	**X**	
- Hanwha Corporation (31 December 2007)			
- Poongsan Corporation (30 November 2006)			
- Raytheon Co. (31 August 2005)	**X**		
- Lockheed Martin Corp (31 August 2005)	**X**		
- L3 Communications Holdings Inc (31 August 2005)	**X**		
- General Dynamics corporation (31 August 2005)	**X**	**X**	
- Alliant Techsystems Inc (31 August 2005)	**X**		
Production of nuclear arms			
- Serco Group Plc. (31 December 2007)			
- Gen Corp. Inc. (31 December 2007)	**X**		
- Safran SA. (31 December 2005)			
- Northrop Grumman Corp. (31 December 2005)	**X**		
- Honeywell International Corp. (31 December 2005)	**X**	**X**	**X**
- Finmeccanica Sp. A. (31 December 2005)			
- EADS Finance BV (31 December 2005)			
- EADS Co (31 December 2005)			
- Boeing Co. (31 December 2005)	**X**	**X**	**X**
- BAE Systems Plc (31 December 2005)			
Sale of weapons and military material to Burma			
- Dongfeng Motor Group Co Ltd. (28 February 2009)			
Actions or omissions that constitute an unacceptable risk of the Fund contributing to:			
Serious or systematic human rights violations			

- Wal-Mart Stores Inc. (31 May 2006)	X	X	X
- Wal-Mart de Mexico SA de CV (31 May 2006)			
Severe environmental damages			
- Lingui Development Berhad Ltd. (16 February 2011)			
- Samling Global Ltd. (23 August 2010)			
- Norilsk Nickel (31 October 2009)			
- Barrick Gold Corp (30 November 2008)	X	X	X
- Rio Tinto Plc. (30 June 2008)	X		
- Rio Tinto Ltd. (30 June 2008)			
- Madras Aluminium Company (31 October 2007)			
- Sterlite Industries Ltd. (31 October 2007)		X	
- Vedanta Resources Plc. (31 October 2007)			
- Freeport McMoRan Copper & Gold Inc. (31 May 2006)	X	X	X
Other particularly serious violations of fundamental ethical norms			
- Elbit Systems Ltd. (31 August 2009)	X		
Serious violations of the rights of individuals in situations of war or conflict			
- Africa Israel Investments Ltd. and Danya Cebus Ltd. (23 August 2010)			

MN services exclusion list			
Aerostar S.A.			
Aeroteh S.A.			
Alliant Tech Systems	X		
Aryt Industries Ltd.			
Ashot Ashkelon			
General Dynamics Corp	X	X	
Goodrich Corporation	X	X	
Hanwha Corporation			
Kaman Corp.	X		
L-3 Communications	X		
Larsen & Toubro Ltd.			
Lockheed Martin	X		
Magellan Aerospace			
Norinco International Cooperation Ltd			
Poongsan			
Singapore Technologies Engineering			
Tata Power			
Textron	X	X	
Valentec			
Zodiac			

SOMO's list of controversial companies used in ING research 2010

Weapons			
Alliant Techsystems Inc	X		
Boeing	X	X	X
GenCorp	X		
General Dynamics Corp	X	X	
Honeywell	X	X	X
Jacobs	X	X	X
Lockheed Martin	X		
Northrop	X		
Raytheon	X		
Textron	X	X	
United Technologies	X	X	X
HR Abuses			
Baker Hughes	X	X	X
Celestica			
Chevron	X	X	
China Petrol & Chem			
CRH	X	X	
Flextronics	X		
Jabil Circuit	X	X	
PetroChina			
Total SA	X		
Wal-Mart	X	X	X
Environmental			
Alcoa	X	X	X
AngloGold			
Barrick	X	X	X
BHP Billiton			
Exxon Mobil	X	X	X
Freeport	X	X	X
GoldCorp	X	X	X
Newmont Mining	X	X	X
Petroleo Brasileiro	X	X	X
Rio Tinto	X		
Sterlite Industries		X	
Suncor Energy	X	X	X
Yanzhou Coal			