

Annual Report 2011

Sustainability Report



KEMPEN CAPITAL MANAGEMENT

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1. Introduction

As a signatory of the Principles for Responsible Investments (PRI), Kempen Capital Management (KCM) is committed to reporting its progress in implementing the PRI. We are delighted to present this annual report which demonstrates how we are contributing to a more sustainable investment policy.

KCM signed up to the PRI in 2008. It has since launched a sustainable investment solution based on engagement, both with companies and the investment funds in which it invests. KCM is the asset manager of F. Van Lanschot Bankiers N.V. (Van Lanschot). Van Lanschot signed up to the PRI in 2009. It is market practice for banking groups to sign up to the PRI via their asset managers. Since the end of 2011 therefore, Van Lanschot has been represented by KCM and is no longer listed as a PRI signatory.

In 2008, KCM signed up to the United Nations Global Compact, and we express our continued support for the ten universal principles of the UN Global Compact in respect of human rights, labour standards, the environment and anti-corruption. For the same administrative reasons mentioned above, KCM has decided to deregister from the United Nations Global Compact. As a full subsidiary of Van Lanschot Bankiers, which has also signed up to the United Nations Global Compact, KCM will continue to abide by all of the UN Global Compact Principles.

With a view to pursuing its engagement policy properly, KCM has established a partnership with GES Investment Services (GES), a leading Swedish research and service provider for responsible investors, to provide sustainable investment solutions. GES screens the investment funds for their compliance with the UN Global Compact criteria and, together with KCM, enters into dialogue with the fund managers.

To evaluate the outcome of the engagement process, KCM has set up an ESG Council. In addition to KCM employees, the Council comprises representatives from GES and ECCE (European Centre for Corporate Engagement, University of Maastricht).

In this report we will describe our engagement process in detail. KCM is convinced that engagement is the most effective way to actively monitor and manage our investments in accordance with ESG criteria. We will also report on a range of ESG issues that have been identified and pro-actively solved with various fund managers. We have made good progress in the engagement process both with fund managers and with individual cases, which gives us the confidence to continue pursuing our sustainable investment goals.

Although we focus on engagement as our primary tool for providing sustainable investment solutions, we also foresee that we will occasionally have to conclude that the outlook for a positive outcome to the engagement process is poor. In such cases, we may decide to add these companies to an exclusion list which KCM applies to the selection of externally-managed funds. This list is communicated to the investment funds in which KCM invests and is included in this report.

Engagement is an ongoing process. We are aware that it can take considerable time to obtain the desired results. It is therefore an essential part of any engagement strategy to disclose the results achieved.

KCM reports the results of the assessment of its engagement activities to its clients on a quarterly basis. In this annual report, we will highlight the progress made on our engagement strategy during the past year and how we have contributed to a more sustainable investment portfolio for our clients.

In 2011, all actively-managed equity and actively-managed real estate investment funds that are part of the client portfolios at Van Lanschot and KCM were screened quarterly. We also reviewed all actively-managed equity investment funds on our approved list.

During this reporting period the ESG Council decided to exclude companies involved in the manufacture of nuclear warheads. As these companies are highly dependent on and closely linked to their national defence organisations, the general outlook for engagement is minimal.

Introduction

The guidelines for responsible investment for charities and foundations (Handreiking Verantwoord Vermogensbeheer Fondsenwervende Instellingen), published in 2010, lists the 'responsible' issues that the board of such an institution should take into consideration when defining its investment policy. In this annual report, we demonstrate that our sustainable engagement policy covers the relevant items mentioned in these guidelines.

Our engagement framework supports all general criteria and the majority of the supplementary criteria.

In 2012, we will apply sustainable criteria to our internally-managed (KCM) investment funds that invest in investment grade Euro credits and Euro government bonds. For the latter, we have decided to pursue an inclusion policy for government bonds and prefer these to bonds issued by countries that have signed and ratified a list of 'essential' conventions derived from the UN Global Compact and controversial weapons.

We apply our exclusion list to the former and will screen and engage the underlying investments and companies in line with our existing process.

Erik Luttenberg
COO Kempen Capital Management
Chairman ESG Council

Paul Gerla
CEO Kempen Capital Management

2. ESG Process

► An integrated process

We believe that the achievement of investment results has to be aligned with sustainability criteria. KCM integrates environmental, social and corporate governance into its investment process. By signing up to the PRI and Global Compact, we underline our ambition to pursue an active and involved relationship with our investment funds with respect to ESG. The process involves the screening of government bonds, investment grade credits, equities and real estate funds.

Our proposition is based on active dialogue where applicable.

► Objective and professional screening

KCM has opted for the most far-reaching and intensive implementation of sustainable investments. We have set up a partnership with GES, a leading research and service provider for Responsible Investment based on international guidelines for ESG issues. This enables KCM to contribute actively to improving corporate governance and increasing awareness of sustainability. The assessment of sustainability criteria by GES is objective and independent. GES screens the funds and reports back to KCM and the underlying fund manager. KCM's products are assessed in the same manner as those of external fund managers.

Where applicable our process is based on a dialogue to initiate change. This approach highlights our conviction that active engagement improves the application of ESG criteria by the fund managers.

Dialogue contributes to improved sustainability

KCM has established a partnership with GES and is actively involved in a constructive dialogue with the fund managers in which we invest on behalf of our clients.

Together with KCM, GES holds frequent engagement meet-

ings with fund managers, who in turn speak to the management of the companies in which they invest. The fund managers can exert influence on the companies due to the large positions they hold. The goal of these meetings is to improve corporate governance and increase awareness of sustainable investment.

► Environment, social and governance guidelines

KCM endeavours to use internationally-accepted standards as the basis for its ESG efforts. In that respect, the UN Global Compact offers a globally-recognised framework for environmental, social and governance policies and practices. It consists of ten business principles derived from various UN conventions and treaties. The focus of the UN Global Compact is to provide guidelines for corporate conduct and not necessarily for investment. We have therefore extended the list of UN conventions and treaties from those that form the Global Compact to a more comprehensive set of guidelines that is relevant for global investment.

Our engagement framework provides guidelines for the following issues.

Human rights

Companies should support and respect the protection of internationally-proclaimed human rights and make sure that they are not complicit in human rights abuses. A range of 16 conventions defines civil, political, economic, social and cultural rights and the rights of children, indigenous people, migrant workers and refugees. In addition, these conventions provide guidance for the elimination of racial discrimination and discrimination against women. A number of human rights treaties is specific to the protection of victims of international armed conflicts and as such provides indirect guidance for a definition of inhumane weapons.

Labour standards

Various conventions issued by the International Labour Organization (ILO) outline that companies should not be complicit in any form of forced labour, child labour or

ESG Process

discrimination in respect of employment. Furthermore, companies should uphold the freedom of association and the effective recognition of the right to collective bargaining. The ILO has also provided principles for health and safety measures as well as hours of work.

Environment

The development of international environmental standards finds its roots in the 1972 Declaration on the Human Environment. Since then many specific treaties have been agreed upon to outline best practice in order to protect biological diversity and to prevent climate change and air pollution. Additional conventions govern the movement of hazardous waste, hazardous chemicals and pesticides in international trade as well as dealing with persistent organic pollutants and specifically oil pollution.

Companies should support a precautionary approach to environmental challenges and encourage the development and diffusion of environmentally-friendly technologies.

Anti-corruption

The OECD Anti-Bribery Convention establishes legally-binding standards against bribery of public officials in international transactions. Companies should work against corruption in all its forms, including extortion and bribery.

Inhumane weapons

The Geneva Convention has set the standards for humanitarian treatment of victims of war. It also provides indirect guidance for the definition of inhumane weapons. More explicit conventions have been agreed upon to prohibit the use, production and stockpiling of chemical weapons, anti-personnel mines, cluster munitions and the non-proliferation of nuclear weapons.

In our engagement activities, we have experienced complexity arising from the fact that certain conventions are not globally accepted. In particular, the United States has opted out of specific weapons-related conventions. KCM bases its engagement activities on the conventions that the Dutch government has ratified, which includes the 1997 Mine Ban Treaty and the 2008 Convention against Cluster Munitions.

Pornography

Human rights conventions indirectly provide guidelines for protection against sexual abuse. It could be considered as a specific form of forced labour or inhumane and degrading treatment. Equally, abuse is considered a violation of the conventions on discrimination against women and the rights of the child. In addition, there is a specific protocol against child pornography and child prostitution.

Just as companies should respect human rights in general, they should not be complicit in sexual abuse.

Animal welfare, including the production of fur

The European Convention for the Protection of Animals kept for Farming Purposes provides guidelines for keeping, care and housing of animals that are kept for the production of food, wool, skin or fur. KCM does not exclude companies producing or trading fur but our engagement efforts are aimed at ensuring that companies and their suppliers adhere to these guidelines. Furthermore, the use of animal testing as such will not be a reason to exclude companies from investment as long as three demands are met, i.e. if the aim of the experiments cannot be satisfied by use of another method, if as few animals as possible are used and if the animals are not exposed to more suffering than absolutely necessary.

Nuclear energy

The International Atomic Energy Agency (IAEA) was established within the United Nations organisation and made responsible for international activities concerned with the peaceful use of atomic energy. The IAEA guards best practice in the field with specific guidelines for the safety of radioactive waste management.

KCM does not categorically exclude companies whose business is related to the production of nuclear energy from investments, however we do exclude companies that are involved in the production of nuclear warheads. Our engagement efforts are directed at adherence to the standards set by the IAEA.

Tobacco

The World Health Organization (WHO) Framework Conven-

tion on Tobacco Control governs the production, sale, distribution, advertisement and taxation of tobacco. KCM does not exclude tobacco companies from investments. However, we focus our engagement efforts on the provisions of the Convention on Tobacco Control that ultimately aim to limit the use of tobacco worldwide. A specific issue within these provisions is related to the marketing practices of tobacco companies in developing countries.

► KCM's sustainable investment solution

Independent engagement manager fully embedded in sustainable solution

KCM believes in focus. We concentrate first and foremost on the financial returns of our mutual funds and client solutions. To give sustainable investment a central and solid foundation, we have opted for the process of engagement with the fund manager, whereby financial criteria have the highest priority. To maintain this focus and ensure that our sustainable assessment is validated by an independent party, KCM has teamed up with GES, an external engagement manager.

The selection of fund managers is based on a large number of financial and non-financial criteria. ESG criteria form an integral part of the selection process. Prior to approval of a newly-selected fund, we verify whether the fund manager is a PRI signatory, open to discussion on (potential) ESG issues and whether the current portfolio contains excluded companies. GES continuously assesses these managers according to sustainability criteria and reports back to KCM and its fund managers.

Screening of equities and real estate based on engagement and exclusion

Equities and real estate are the asset classes most suited to the application of sustainability criteria. The shareholder owns a part of the organisation and is therefore ultimately responsible for the company. Moreover, shareholders can use their voting rights.

Furthermore, investors in equity and real estate mutual funds

have the option to exert influence through dialogue with fund managers. The fund managers are active as shareholders and frequently contact the management of companies.

Engagement manager: the best results in the long term
As an independent engagement manager, GES brings expertise to KCM thanks to its access to extensive databases, its ability to keep a close track of trends/events in the market and report on these issues. As with sustainable investments, ethical views will also be subject to change (e.g. our view on nuclear energy).

The criteria for exclusion of certain investments today may not be the same as tomorrow. This is where GES ensures that we are at the forefront of the most recent developments. In the case of changing ethical views on specific topics, this will be extensively discussed in the ESG Council.

Exclusion list

We are convinced that focus on engagement in the long term will lead to the best results for our clients. However, the impact of engagement is limited for some companies.

We held extensive discussions in the ESG Council on nuclear weapons and decided to exclude companies that are involved in the production of nuclear warheads. The manufacture of warheads is the root cause of the violation of the Geneva Conventions that the use of nuclear weapons would pose. Furthermore, the production of warheads would go directly against the disarmament objective embedded in the NPT. As these companies are highly dependent on and closely linked to their national defence organisations, the general outlook for engagement is minimal. All companies on the exclusion list can be classified as companies involved in cluster munitions, anti-personnel mines and/or nuclear weapons and are listed on the next page.

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Company	Home country	Involved with	Violation of
Alliant Techsystems	US	Production of components for cluster munitions	Convention on Cluster Munitions (Dublin, 2008)
Babcock & Wilcox – New*	US	Production of warheads	The Treaty on the Non-Proliferation of Nuclear Weapons (New York, 1968)
Gencorp Inc.	US	Production of components for cluster munitions	Convention on Cluster Munitions (Dublin, 2008)
General Dynamics Corp	US	Production of cluster munitions	Convention on Cluster Munitions (Dublin, 2008)
Hanwha Corp	Korea	Marketing and Production of cluster munitions	Convention on Cluster Munitions (Dublin, 2008)
Jacobs Engineering Group – New*	US	Production of warheads	The Treaty on the Non-Proliferation of Nuclear Weapons (New York, 1968)
L-3 Communications Holding	US	Production of components for cluster munitions	Convention on Cluster Munitions (Dublin, 2008)
Lockheed Martin Corp	US	Production of weapon systems for cluster munitions	Convention on Cluster Munitions (Dublin, 2008)
Poongsan Corp	Korea	Marketing of cluster munitions	Convention on Cluster Munitions (Dublin, 2008)
Raytheon	US	Marketing of cluster munitions	Convention on Cluster Munitions (Dublin, 2008)
Serco Group – New*	UK	Production of warheads	The Treaty on the Non-Proliferation of Nuclear Weapons (New York, 1968)
Singapore Technologies Engineering	Singapore	Production of cluster munitions Production of anti-personnel mines	Convention on Cluster Munitions (Dublin, 2008) Mine Ban Treaty (Ottawa, 1997)
Textron	US	Production of cluster munitions	Convention on Cluster Munitions (Dublin, 2008)

* The companies highlighted as new were added to the exclusion list in Nov 2011.

KCM will review the criteria for engagement and exclusion annually. The potential impact on the exclusion list will be examined and, if necessary, the list will be updated and communicated to the fund managers and published on our website.

► **Inclusion of new Euro Government bonds and investment grade credits in the 2012 ESG process**

KCM is continuously looking to expand its ESG efforts to cover a broader part of its clients' portfolios. In this respect, we have decided to add the Euro Government bonds and investment grade Euro credits asset classes to ESG screening.

ESG screening for Euro Government bonds based on inclusion

The extension of ESG screening to cover Euro Government bonds is based on the same international norms and values that are used for the equities and real estate asset classes. However, as our engagement impact will be limited as a bond holder, we believe this strategy is ineffective for bonds in general and government bonds specifically.

Starting with the internal KCM funds, we have decided to pursue an inclusion policy for government bonds and prefer these to bonds issued by countries that have signed and ratified the 'essential' conventions¹ derived from the UN Global Compact and controversial weapons. Countries included as of 1 January 2012 are:

- Austria
- Belgium
- Denmark
- France
- Germany
- Ireland
- Italy

- The Netherlands
- Portugal
- Spain
- Sweden

In 2012 we will examine non-Euro government bonds. The policy is based on inclusion and does not mean that countries that are not listed above will be excluded.

Exclusion and engagement screening for investment grade Euro credits

Although KCM acknowledges that the position of a credit bond holder is different from an equity shareholder, we have decided to apply the exclusion and engagement ESG process to the Euro investment grade bond funds starting with our internal funds. With respect to Euro investment grade credits, the above exclusion list applies to the universe and holdings of KCM Euro investment grade credits funds and these are screened accordingly. If the portfolio includes engagement cases, GES will start its engagement process with the fund manager responsible for managing the portfolio. The fund managers will join forces with KCM's equity fund managers where applicable to increase the impact.

We expect to extend this approach to external funds in the second half of 2012.

Overview of ESG screening

The table below gives an overview of the efforts with respect to ESG screening. With the latest additions, the majority of the model portfolio is subject to ESG screening.

Asset class	Internal funds	External funds
Euro government bonds	Yes	No
Euro investment grade credits	Yes	No
Equities	Yes	Yes
Real estate	Yes	Yes

¹ The list of conventions is included in the Appendix.

ESG Process

Screening results

KCM, supported by GES, distinguishes three types of screening results: Evaluate, Engage and Exclude issues.

- **Evaluations** are reports from the media, non-governmental organisations or ongoing official investigations signalling potential violations of global norms by a company. A legal investigation is ongoing and no other information is available. The type of incident can be described as less severe or probable.
- **Engage issues** are cases with systematic incidents or an isolated incident that has severe consequences for the environment or humans. GES has been able to verify the existence of the violation through reports from two or more independent credible sources. GES feels that there is a reasonable chance of effective company engagement.
- **Exclude issues** are cases with business ideas/operations in violation of international norms, which are deemed to be impossible to influence. Cases with poor or no progress and/or poor or no response from the company within a timescale of two (2) years will also be excluded. All the reporting criteria are fulfilled, ranging from official sources, company admittance or triangulation from three or more credible independent sources.

Fund managers are expected to follow up on Engage and Exclude Issues within six (6) months and Evaluate within twelve (12) months after formal notice to the fund manager.

Funds that choose to maintain investments in companies on our exclusion list will ultimately lose their eligibility for KCM and Van Lanschot client portfolios. The results of the engagement meetings will be monitored and reported on a quarterly basis by the KCM ESG Council that advises KCM's investment committee.

► KCM policy supports VFI guidelines

The guidelines for responsible investment for Dutch charities and foundations (*Handreiking Verantwoord Vermogensbeheer Fondsenwervende Instellingen*)², published in 2010, lists the 'responsible' issues that the board of such an institution should take into consideration when defining its investment policy.

The guidelines distinguish between general and supplementary criteria. The board of trustees is expected to express a clear view on the general criteria. In addition, the guidelines list a number of supplementary criteria for the board to consider.

The general criteria are:

- Violations of human rights
- Child labour
- Forced labour
- Freedom of association and the effective recognition of the right to collective bargaining
- Discrimination
- Corruption
- Protection of nature, environment and climate
- Production and supply of weapons systems

The supplementary criteria include:

- Production of nuclear energy
- Production of pornography
- Production of fur
- Industrial biotechnology
- Preservation of biodiversity
- Use of animal testing
- Responsible chain management

As explained in the previous chapter, KCM has a clear view on the general criteria. Our views have their roots in a set of

² <http://www.vfi.nl/website/rol-taken/standpunten/vermogensbeheer>

international treaties and conventions. Please refer to www.kempen.nl/sustainability for the complete list of conventions. Our engagement framework also covers the majority of the supplementary criteria. Furthermore, our framework is dynamic and follows international developments. If the UN or an equivalent international body sets new standards, KCM will incorporate these. This means that the list of supplementary criteria is likely to grow over time.

► **The engagement monitoring and evaluation process**

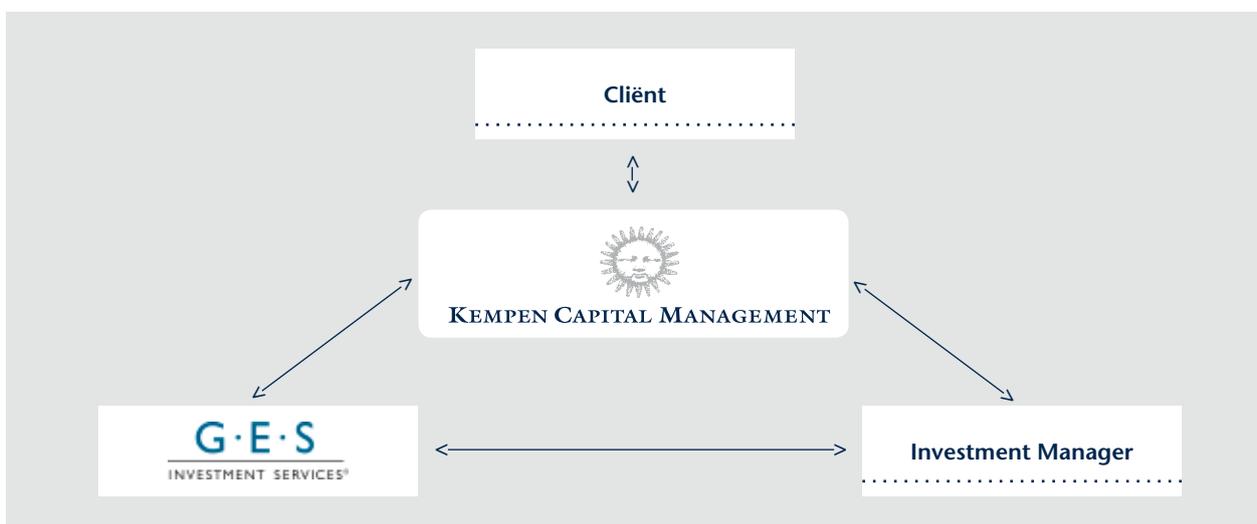
The figure below shows how the selection procedure works. KCM selects fund managers and GES subsequently assesses the fund managers according to sustainability criteria based on international norms and values, as described above, and reports the results to KCM.

ESG Council

The ESG Council has been set up to monitor the results of this process and keep up with trends in this area of expertise. This council is responsible for monitoring the engagement results of GES. The Council consists of members of GES, ECCE and internal specialists from KCM and Van Lanschot. ECCE is a research consortium established by experts from the University of Maastricht and the RSM Erasmus University.

The KCM specialists are:

Erik Luttenberg (Chairman), Karen McGrath, Reinoud van leperen Bokhorst, Ulrike Beyrich, Almar Rietberg and Bas Haasnoot. The specialist from Van Lanschot is Hans Kempen.



3. Fund managers screened and engaged

In 2011, investment funds that are part of client portfolios at Van Lanschot and KCM were screened at each quarter end. By the fourth quarter, the list of funds to be screened comprised 28 investment funds. This means that all actively-managed equity funds and actively managed listed real estate funds have been screened. Passively-managed equity funds – also known as index trackers - are not included in the screening.

Engagement meetings were held with internal KCM portfolio managers and with the following external asset managers in relation to the investment funds between brackets:

- Acadian Asset Management (RIC - Acadian Global Equity Fund)
- TT International (TT European Equity Fund)
- T. Rowe Price (T. Rowe Price Global Emerging Markets Equity Fund)
- SKAGEN AS (Skagen Global, Skagen Kon-Tiki)
- Neptune Investment Management (Neptune European Opportunities Fund)
- Cullen Capital Management (Pioneer Funds – North American Basic Value Fund)
- Hamon Investment Group (Hamon Asian Market Leaders Fund)
- Invesco Asset Management (Invesco Japanese Value Equity Fund)
- Keppeler Asset Management (SSgA Global Advantage Funds – Major Markets High Value, SSgA Global Advantage Funds – Emerging Markets High Value)
- Fidelity International (Fidelity Funds – South East Asia Fund)
- Edinburgh Partners (EP European Opportunities Fund)
- Calamos Investments (Calamos Global Funds – US Growth Fund)
- BlackRock Investment Management (BGF European Fund)
- Montanaro Asset Management (Montanaro European Smaller Companies Fund)
- Waddel & Reed and Pictet Funds SA (Pictet – US Equity Growth Selection)
- NWQ Investment Management (Nuveen NWQ Large- Cap Value ESG Fund)

Our general conclusion from the engagement we had in 2011 is that fund management organisations are willing to cooperate with our efforts to engage on ESG issues. In one case, we found the fund manager willing to launch a separate fund incorporating ESG views prevalent in Europe; Acadian developed a new fund that will be launched in early 2012. We achieved similar success last year with US equity manager NWQ. In 2010, NWQ developed and launched the NWQ Large-Cap Value ESG Fund that will, among other things, exclude producers of controversial weapons. We switched existing positions from the NWQ Large-Cap Value Fund to the new fund. Unfortunately, the NWQ Large-Cap Value ESG Fund lagged behind NWQ's flagship strategy in terms of financial return in 2011. We are of the opinion that it is too early to draw firm conclusions about the impact of the exclusions on the performance of the investment strategy but continue to monitor the differences between the flagship strategy and the Large-Cap Value ESG Fund.

► Positive engagement results

Barrick Gold

Norms area	Company	Action
Environment	Barrick Gold	Engage

Fund managers screened and engaged

Barrick Gold was subject to discussions with Calamos in 2010 and 2011. Barrick Gold has been associated with environmental damage at its Porgera gold mine in Papua New Guinea. Since then, a lot of progress has been made and the company has published a detailed water quality monitoring report for the Porgera river (into which the mine discharges its waste). Unlike most publicly-available monitoring reports produced by the mining industry, Barrick Gold follows established scientific reporting protocols and reports on the key parameters. The report represents a considerable improvement in the quality of environmental information disclosed by the Porgera gold mine in recent years. The next step of our engagement with Barrick Gold will be to focus on reducing and ultimately stopping the riverine tailings disposal.

Rio Tinto

Norms area	Company	Action
Environment	Rio Tinto	Engage

Rio Tinto is associated with environmental damage caused by its mining activities. On behalf of KCM and other investors, TT International and GES Investment Services engaged with the firm on this topic. As a result, the firm disclosed both externally and internally-communicated standards on mine waste management, which rule out the use of rivers for the dumping of process wastes at Rio Tinto-operated sites. These standards go beyond what most other large mining companies are currently willing to commit to. We regret that the standards do not cover the Grasberg mine where Rio Tinto is a non-operating partner. Freeport McMoRan, the operator of the Grasberg mine, continues to dispose of chemical waste from the mining process into the Aikwa river. The next step in the engagement process is to lobby for better reporting on Grasberg's environmental impacts by Rio Tinto's partner Freeport McMoRan.

H&M

Norms area	Company	Action
Labour rights	H&M	Engage

H&M has been associated with the violation of health and safety standards in Bangladesh and Cambodia. GES Investment Services engaged with H&M on this topic, also on behalf of KCM. The company has responded appropriately and has taken prompt and decisive steps to investigate and rectify the problems in these two cases. H&M has tried to make a positive impact beyond its immediate operations to improve the working conditions in both countries more widely, which is particularly commendable. Based upon the analysis of GES Investment Services, we conclude that there are no shortcomings in the company's supply chain management and successfully closed the case.

Posco

Norms area	Company	Action
Human rights	Posco	Engage

Fund managers screened and engaged

Posco is associated with human rights violations in its steel project in India. After a long period of zero communication, Posco agreed in December 2011 to discuss the matter with us in detail in a conference call. During and after the call, Posco provided us with the social cost and benefit analysis carried out by the National Council of Applied Economic Research, NCAER, with respect to expected social impact on local communities from Posco's operations. Posco has also been transparent about its code of conduct that addresses human rights as well as other aspects of its various operations. The company has assured us that it will fulfil the environmental requirements laid down by the Indian Ministry of Environment and Forests for its steel plant and port once operations have started. The improved transparency and clear commitments allow us to monitor the behaviour of Posco in India and the engagement process will thus continue.

Barry Callebaut

Norms area	Company	Action
Labour rights	Barry Callebaut	Engage

The portfolio managers of the Kempen European Sense Fund continued their engagement with Barry Callebaut, associated with the continued labour rights risks related to cocoa harvesting in Ivory Coast. One of the achievements of this ongoing engagement effort is the public acknowledgement of these issues and the improved external communication and reporting on critical ESG issues. Barry Callebaut has demonstrated that it takes the issue of child labour seriously and is actively searching for solutions. KCM continues to engage with the company and receive updates on the situation in Ivory Coast and the initiatives taken to safeguard human rights.

Total

Norms area	Company	Action
Human rights	Total	Engage

Several of our managers (Edinburgh Partners, Neptune Investment Management and Kempen Capital Management) engaged with Total about onshore safety incidents in the UK. As a result the firm has taken measures to appropriately mitigate the effects of the Hertfordshire oil terminal explosion and has put systems in place to prevent future similar incidents. As a result, we were able to close the case successfully in December 2011.

Update on ongoing engagement

Acadian Asset Management

Norms area	Company	Action
Inhumane weapons	Lockheed Martin	Exclude
Inhumane weapons	GenCorp US	Exclude

Fund managers screened and engaged

In 2011, the RIC - Acadian Global Equity Fund took a position in Lockheed Martin and GenCorp US, both associated with the development and production of cluster munitions. Both companies are on the exclusion list of KCM. We engaged with the investment manager about removing the two positions from the portfolio to comply with our ESG policy. In response to our engagement, Acadian developed a new fund which will be launched in early 2012. The new fund will use the same investment process as the RIC - Acadian Global Equity Fund but in addition it will incorporate ESG issues in the process. Partly as a result of our referral, Acadian has appointed GES Investment Services to provide advice on what companies should be excluded from the investment universe. The exclusion list is likely to be more extensive than the KCM/Van Lanschot exclusion list but all companies on our exclusion list will be excluded by the new Acadian fund. We are very pleased with the response from Acadian and view this as a success in our approach to engagement with the investment manager. We envisage switching existing investments with Acadian to the new fund soon after its launch.

TT International

Norms area	Company	Action
Human rights	Alstom SA	Engage
Environment	Rio Tinto	Engage
Labour rights, environment	BP	Engage
Human rights, environment	Royal Dutch Shell	Engage

We continued our engagement with respect to Alstom SA and Rio Tinto. As described above, Rio Tinto made strong progress in its mine waste management. For financial reasons, the portfolio manager sold the shares held in Alstom SA. We also discussed two new cases with the fund manager, BP and Royal Dutch Shell and the manager has engaged with these companies.

T. Rowe Price

Norms area	Company	Action
Environment	Astra International	Engage
Environment	Kingboard Chemical Holdings	Engage
Human rights	Posco	Engage
Environment	Rosneft	Engage
Human rights	Türkiye Garanti Bankasi	Engage
Human rights	Türkiye Halk Bankasi	Engage

T. Rowe Price incorporates environmental and social governance analysis into the investment process. Amongst others, the firm employs dedicated ESG specialists who work together with the analysts and portfolio managers on ESG issues. Engagement efforts with regard to the abovementioned companies will be limited to those that are also prioritised by T. Rowe Price internally.

It was positive to see that the investment manager was aware of all the issues raised and is willing to discuss these companies with us. The investment manager is also willing to share the results of their engagement efforts with us.

Fund managers screened and engaged

Skagen AS

Norms area	Company	Action
Environment, Labour rights	BP	Engage
Environment	Transocean	Engage
Environment	AP Moller Maersk	Engage

We continued our discussions with the investment manager on the above companies. The fund manager was very responsive with regard to the issues raised and continues to engage with BP, Transocean and AP Moller Maersk on the issues presented. Skagen has no formal ESG policy but aligns itself with the Norwegian Government Pension Fund which operates a very strict ESG policy.

Neptune Investment Management

Norms area	Company	Action
Labour rights	Nestle SA	Engage
Human rights	Total	Engage

We discussed Nestle SA, associated with labour rights issues linked to child labour in cocoa harvesting in Ghana, and Total, associated with repeated onshore safety incidents in the UK. The fund manager had already sold the shares in Nestle SA purely for financial reasons, but was willing to address the issues with the company management as they meet the company regularly. The Total case was successfully closed as described above.

Cullen Capital Management

Norms area	Company	Action
Labour rights	Kraft Foods	Engage
Labour rights	Nestle SA	Engage
Environment, human rights	Petrochina	Engage

We continued our engagement on Kraft Foods, Nestle SA and Petrochina. The investment manager made a careful assessment of the cases and contacted all three companies. The investment manager demonstrates good understanding of the issues and is committed to having a continuous dialogue with the companies about the ESG issues we consider to be important.

Hamon Investment Group

Norms area	Company	Action
Environment	PTT Public Plc	Engage

Fund managers screened and engaged

We discussed PTT Public Plc, associated with environmental damage in the sea of Australia due to a crude oil and gas leak. Hamon undertook to write a letter to the company and ask for an independent audit. We are pleased that Hamon is putting the issue forward and will monitor the implementation of PTT's action plan.

Invesco Asset Management

Norms area	Company	Action
Labour rights	Toyota Motor Corp	Engage

The investment manager is proactive in ESG discussions with Toyota Motor Corp. The company is associated with a violation of the right of workers to join a trade union of their own choice. This right, generally referred to as freedom of association, is anchored in ILO conventions but not embedded in the laws of the Philippines. Invesco has assessed the case and is holding a continuous dialogue with Toyota about its Corporate Social Responsibility policy in line with our recommendations.

In addition, Kempen co-signed a letter to Toyota asking them to clarify in their Corporate Social Responsibility policy that the company seeks to adhere to international norms even if local law does not strictly require them to do so. Toyota is open to discussing the matter and has stated in private discussions that it will commit to international standards but so far it has not published a new Corporate Social Responsibility policy.

Kepler Asset Management

Norms area	Company	Action
Environment	Rio Tinto	Engage
Environment	PTT Public Plc	Engage
Environment	Rosneft	Engage
Human rights	Andritz AG	Engage
Environment	BP	Engage
Labour rights	Toyota Motor Corp	Engage
Human rights	Türkiye Garanti Bankası	Engage
Human rights	Türkiye Halk Bankası	Engage
Environment	Norilsk Nickel	Engage

We continued our discussions on PTT Public Plc, Rosneft and Rio Tinto with Kepler Asset Management. We are pleased to report that the investment manager has been in contact with the aforementioned companies to engage on the issues raised in previous meetings. Kepler Asset Management remains in continuous contact with these companies and continues to engage about the issues we consider important. We also presented a range of new cases to the portfolio manager and he is committed to engage with the companies about the issues raised. The investment manager has not formally incorporated ESG issues in his investment process but shows strong awareness of and interest in the issues brought forward.

Fund managers screened and engaged

Fidelity International

Norms area	Company	Action
Environment	Astra Int.	Engage
Environment	Kingboard Chemical	Engage
Environment, human rights	Petrochina	Engage
Human rights	Posco	Engage

Fidelity has made significant efforts to allocate more resources to ESG analysis and incorporated ESG information and scores into its analytical tools during 2010 and 2011. The firm is currently evaluating potential PRI membership.

As a result of our discussions about Kingboard Chemical, Fidelity will help to open up a dialogue with the firm with regard to the discharge of toxic wastewater from its factories located in Guangdong province in China. Fidelity also agreed on the engagement goals for Petrochina, associated with two major oil spills causing pollution to Chinese waters, and will engage with the company to gather more information on its oil spill prevention policies and programmes.

Being one of the largest global asset managers, the firm is well-positioned for having a positive impact on corporate social responsibility.

Edinburgh Partners

Norms area	Company	Action
Human rights	Royal Dutch Shell	Engage
Human rights	Total	Engage

We continued our discussions with the portfolio manager about Royal Dutch Shell associated with the violation of indigenous rights in Brazil. The investment manager has engaged in a dialogue with the company and has sent follow-up questions to the company after reviewing the company's risk management system regarding the issue. The Total case was successfully closed as described above.

Calamos Investments

Norms area	Company	Action
Human rights, environment	Barrick Gold	Engage

We continued our engagement with respect to Barrick Gold and achieved good progress with regard to environmental information disclosed from the Porgera gold mine in Papua New Guinea as described above. Barrick Gold is also associated with human rights abuse in Tanzania. Barrick Gold has been addressing the issues pro-actively by conducting an investigation into the allegations at its North Mara mine in Tanzania and training employees in human rights. Calamos will follow up on these initiatives.

Fund managers screened and engaged

BlackRock Investment Management

Norms area	Company	Action
Environment	Rio Tinto	Engage
Environment, human rights	Royal Dutch Shell	Engage
Environment	Xstrata	Engage
Human rights	Eutelsat SA	Engage
Labour rights	BP	Engage

BlackRock has published a policy on corporate governance and engagement. The firm employs dedicated ESG specialists who prioritise ESG activities at a global level. As a result, the firm tends to focus on those issues that apply to several of their funds.

BlackRock was very aware of the issues brought forward and has already engaged with the companies discussed on several occasions in line with their own ESG framework. The dialogue is ongoing and we are pleased that BlackRock is putting forward the issues we consider to be important to company management.

Being one of the largest global asset managers, the firm is well-positioned for having a positive impact on corporate social responsibility.

Montanaro Asset Management Limited

Norms area	Company	Action
Human rights, environment	AF AB	Engage

We have discussed AF AB, associated with a hydro power project in Turkey breaching World Bank environmental and social standards.

The portfolio manager has been very responsive and has assessed the case. In meetings with AF AB, the portfolio manager raised general concerns about incidents in Iran, Latvia and Turkey. The portfolio manager also held a conference call with the firm specifically regarding the Ilisu project in Turkey.

Kempen Capital Management

Norms area	Company	Action
Environment	Mattel	Engage
Environment, human rights	Royal Dutch Shell	Engage
Labour rights	Nestle SA	Engage
Labour rights	H&M	Engage
Labour rights	Kraft Food	Engage

Fund managers screened and engaged

Norms area	Company	Action
Human rights	Total	Engage
Labour rights	Barry Callebaut	Engage

The fund managers of the Kempen European High Dividend Fund and the Kempen Global High Dividend Fund continued to engage with Royal Dutch Shell which is associated with the violation of indigenous rights and environmental damage after an oil spill in Nigeria. A new case brought forward was Mattel, associated with rainforest destruction in Indonesia. Mattel has been rather opaque about the accusations made, but eventually responded to KCM's engagement efforts after several attempts. The portfolio managers continue to engage with the firm on the sourcing of their packaging materials. For financial reasons, the managers had already sold the shares held in Kraft Food. The Total case has been successfully closed as described above.

The portfolio managers of the Kempen European Smallcap Fund successfully continued their engagement with Barry Callebaut, associated with child labour in cocoa harvesting in Ivory Coast, as described above.

In 2011, the fund managers of the Kempen European Property funds started engaging with their portfolio companies about environmental performance. The companies are rated according to two criteria: preparedness and performance. Preparedness is measured by explicit targets stated by the company. Performance measures whether and to what extent the company reaches its goals. Amongst other things, CO2 emissions are taken into account. Overall, the companies were very willing to cooperate with our efforts to improve their environmental performance.

Norms area	Company	Action
Environment	PSP	Engage
Environment	Atrium European Real Estate	Engage
Environment	Immobiliare Grande Distribuzione	Engage

PSP acknowledged the fact that they were behind on reporting on sustainability measures and have promised to include a sustainability report in the annual report. Furthermore, they have hired a sustainability expert who is in the process of collecting all sustainability data on the existing portfolio and writing a plan for improvements. Immobiliare Grande Distribuzione takes environmental issues into account when renovating the existing portfolio and acknowledged that a 'green' building is more attractive to their tenant mix. They will set out an environmental policy for their portfolio. Furthermore, they informed the fund managers that an energy consumption control programme is in place for all existing buildings which measures energy performance. Although Atrium European Real Estate has a partly green portfolio, they currently do not feel that they have enough resources to improve reporting on the issues and set up a formal environmental and social responsibility policy.

Negative engagement results; one fund removed from the approved list

Waddell & Reed and Pictet Funds SA

Waddell & Reed is responsible for the management of the US Equity Growth Selection Fund and manages it on behalf of Pictet Funds SA. Waddell & Reed was unwilling to take part in our engagement efforts because in their view they are only accountable to Pictet Funds SA. Pictet Funds SA on the other hand was unwilling to include ESG criteria in the investment mandate issued to Waddell & Reed. Since Pictet Funds SA is a signatory of the UN PRI, we expected there would be an opening to 'incorporate ESG issues into our ownership policies and practices' (Principle 2). We therefore tried to encourage Pictet to include ESG criteria in the Waddell & Reed mandate. Unfortunately, repeated attempts to do so failed. This contributed to our decision to remove the Pictet - US Equity Growth Selection Fund from the approved list.

4. Individual Cases

This section highlights a number of engagement cases as an illustration of the type of cases we encountered and the progress that has been made. We present four types of cases:

- 1) **Closed:** cases where the issue has been solved by the company or the issue is not verifiable;
- 2) **Engage:** cases with systematic incidents or an isolated incident that has severe consequences for the environment or humans. GES has been able to verify the existence of the violation through reports from two or more independent credible sources. GES feels that there is a reasonable chance of effective company engagement.
- 3) **Exclude:** cases with business ideas/operations in violation of international norms, which are deemed to be impossible to influence. Cases with poor or no progress and/ or poor or no response from the company within a timescale of two (2) years will also be excluded. All the reporting criteria are fulfilled, ranging from official sources, company admittance or triangulation from three or more credible independent sources.
- 4) **Divested:** cases where the fund manager has decided to divest the company.

► Examples of closed cases

HENNES & MAURITZ

Domicile	Sector	Country	Area	Status
Sweden	General retailers	Cambodia		

Incident	Association with labour rights violations in the supply chain
Process Goal	To ensure that the company respects labour rights within its supply chain and that living wages are promoted instead of legal minimum wages. The company's management of labour rights should align with ILO core conventions, in this case especially convention 87 and 98 on freedom of association and collective bargaining.
Conclusion	The case was archived in December 2011, because H&M has taken decisive and concrete steps to promptly investigate and fix the problems as well as to put in place measures aimed at preventing the issues from recurring. All workers affected by the dismissals have been rehired and compensated. The company includes references to ILO conventions both in its contracts and in the supplier Code of Conduct.

Individual Cases

BARRICK GOLD CORP

Domicile	Sector	Country	Area	Status
Canada	Mining	Tanzania & Papua New Guinea		

Incident Association with human rights abuses

Process Goal To ensure that Barrick properly investigates and deals with the alleged human rights abuses by security forces. The company should also implement measures to prevent reoccurrence and to improve the long term behaviour and culture of the mine's security forces.

Conclusion There are confirmed reports about incidents of sexual assault and security force shootings at a mine in Tanzania operated by Barrick's subsidiary. However, the company has changed its attitude and takes the incidents in Papua New Guinea and Tanzania seriously, initiating investigations and implementing a new human rights compliance programme.

STARBUCKS CORP

Domicile	Sector	Country	Area	Status
United States	Travel & leisure	United States		

Incident Association with anti-union practices

Process Goal To have the company implement effective management systems to ensure it respects the international conventions on freedom of association and the right to collective bargaining in the company.

Conclusion For the first time next year, Starbucks baristas across the United States will begin receiving a time-and-one-half holiday premium for working on Martin Luther King, Jr. Day. The move comes after a three-year initiative by the IWW Starbucks Workers Union (SWU) which made public the company's second-class treatment of Dr King's birthday and called on the coffee giant to pay the same premium that it pays workers on six other federal holidays.

Legend

Problem areas:



Environment



Labour Rights



Human Rights



Corruption



Weapons

Status:



Excellent progress



Good progress



Standard progress



Poor progress



No progress

Individual Cases

► Examples of engage cases

Lindt & Spruengli AG

Domicile	Sector	Country	Area	Status
Switzerland	Food producers	Ghana		

Incident Association with child labour in cocoa industry

Process Goal Lindt & Spruengli should adopt a clear corporate policy on labour rights with specific focus on child labour by referring to the ILO Convention 182 on the Worst forms of Child Labour as well as the Convention of the Rights of the Child. Company management should ensure that this policy is properly implemented and communicated both internally and externally. Lindt & Spruengli must demonstrate and report on a regular basis on how it is working towards the development and purchase of certified cocoa.

Conclusion The company admits the problem but is involved in some initiatives to improve the conditions. The criticism remains due to the limited progress on improving the overall situation.

YAHOO! INC

Domicile	Sector	Country	Area	Status
United States	Software & computer services	China		→

Incident Association with violation of the freedom of expression

Process Goal Yahoo must develop a clear set of policies and guidelines on human rights, preferably for its operations globally, but at a minimum for its joint-venture operations in China. The measures should include adequate protection against the release of user data to repressive regimes when it risks being used to prosecute users who exercise their freedom of speech.

Conclusion The company has engaged with US and European public bodies regarding freedom of expression. Yahoo believes that the multi-stakeholder group Global Network Initiative (GNI) is a valuable forum for exchanging ideas and developing measures to meet industry challenges. In 2011, third-party verification of the GNI implementation will commence and results will be published in 2012.

APPLE INC

Domicile	Sector	Country	Area	Status
United States	Technology hardware & equipment	Taiwan		→

Incident Association with poor labour practices at suppliers

Process Goal The company should prevent labour rights violation in its supply chain and ensure that the suppliers follow industry standards and the company's Code of Conduct. The company should be more transparent about the actions it takes towards incidents.

Conclusion Although the company has released an extensive Supplier Responsibility Progress Report, it should be more transparent about the actions it takes towards incidents at its suppliers.

Legend

Problem areas:



Environment



Labour Rights



Human Rights



Corruption



Weapons

Status:



Excellent progress



Good progress



Standard progress



Poor progress



No progress

EXXON MOBIL CORP

Domicile	Sector	Country	Area	Status
United States	Oil & gas producers	Russian Federation		

Incident Association with inadequate precautions in high-risk environment.

Process Goal Exxon should demonstrate openness towards all relevant stakeholders and transparently disclose key data that enables independent verification of the potential impact of the Sakhalin-1 operations on the health and survival of the endangered Western Gray Whale species. The company's management of Western Gray Whale conservation should align with the UN Convention on Biological Diversity.

Conclusion The company has fulfilled the first revision criteria by supplying data to the scientific community. A robust biodiversity protection process is still lacking. IUCN also notes more transparency but wants more cooperation in order to have effective mitigation efforts.

► Examples of exclude cases

SERCO GROUP

Domicile	Sector	Country	Area	Status
United Kingdom	Commercial services & supplies	United Kingdom		

Incident Association with nuclear weapon programmes.

Process Goal Register changes in the company's policies regarding involvement in nuclear weapon programmes.

Conclusion Serco Group is associated with the provision of key products and services for nuclear weapons. The company's joint venture Atomic Weapons Establishment (AWE) (33.3%) is involved in manufacturing and maintaining warheads for the Trident II missile system, which is part of the UK nuclear deterrent programme. The reported practices can be associated with a violation of international humanitarian law (IHL).

JACOBS ENGINEERING

Domicile	Sector	Country	Area	Status
United States	Construction & engineering	United Kingdom		

Incident Association with nuclear weapon programmes.

Process Goal Register changes in the company's policies regarding involvement in nuclear weapon programmes.

Conclusion Jacobs Engineering Group is associated with the provision of key products and services for nuclear weapons. The company's joint venture, Atomic Weapons Establishment (AWE) (33.3%), is involved in manufacturing and maintaining warheads for the Trident II missile system, which is part of the UK nuclear deterrent programme. The reported practices can be associated with a violation of international humanitarian law (IHL).

BABCOCK & WILCOX COMPANY

Domicile	Sector	Country	Area	Status
United States	Commercial services & supplies	United States		

Incident Association with nuclear weapon programmes.

Process Goal Register changes in the company's policies regarding involvement in nuclear weapon programmes.

Conclusion Babcock & Wilcox Company is associated with the provision of key products and services for nuclear weapons. Babcock & Wilcox Company operates two nuclear weapon plants, Y-12 National Security Complex and the Pantex Plant, on behalf of the US government. The reported practices can be associated with a violation of international humanitarian law (IHL).

Legend

Problem areas:



Environment



Labour Rights



Human Rights



Corruption



Weapons

Status:



Excellent progress



Good progress



Standard progress



Poor progress



No progress

► Examples of divested cases

ALSTOM

Domicile	Sector	Country	Area	Status
France	Electronic & electrical equipment	Sudan		

Incident Association with complicity in human rights violations in hydro-electric project.

Process Goal To have Alstom acts responsibly regarding human rights violations and to ensure that the recommendations of the UN Special Rapporteur are adhered to. The company should also adopt a corporate policy that addresses the risks associated with operations in weak governance zones like Sudan.

Conclusion The company does not admit responsibility in Sudan and is proceeding with the project. The company has implemented some internal procedures within Alstom to assess and deal with social impacts in future projects. The company was divested by Neptune European Opportunities Fund for financial reasons.

KRAFT FOODS

Domicile	Sector	Country	Area	Status
United States	Food producers	Ghana		

Incident Association with child labour in the cocoa industry.

Process Goal Kraft Foods should adopt a clear corporate policy on labour rights with specific focus on child labour by referring to the ILO Convention 182 on the Worst forms of Child labour as well as the Convention of the rights of the Child. The policy should include the company's cocoa supply chain. The company's management should ensure that this policy is properly implemented and communicated both internally and externally. Kraft Foods must demonstrate and report on a regular basis on how it is working towards the development and purchase of certified cocoa.

Conclusion The company admits the problem and is involved in several initiatives to improve conditions. The criticism remains due to the limited progress on improving the overall situation. The company was divested by KCM for financial reasons.

5. Corporate Governance and Voting

The Dutch Corporate Governance Code, in which the principles for ethical company management and best practices were laid down by the Tabaksblat Committee, came into effect on 1 January 2004. The Code comprises 21 principles which are worked out in more detail in 113 best practices. KCM has responded positively to the Code. KCM believes that the Code can contribute to restoring faith in the capital markets and can therefore also lead to a higher shareholder value. The Code lays down a number of provisions on the responsibilities held by institutional investors.

KCM has adopted voting policies and procedures that serve as a guideline for our voting decisions. The execution of voting rights is an important part of a well-functioning corporate-governance system. KCM takes its fiduciary responsibility by voting at shareholder meetings for its own funds and for discretionary mandates at the client's request. The overriding principle behind KCM's governance activity, including voting and engagement, is to protect shareholder value and enhance our clients' returns. KCM aims to have progressive, open and transparent voting practices for clients. KCM adheres to the Dutch Corporate Governance Code and the Stewardship Code and strives to align itself with initiatives such as Eumedion best practices.

Voting policy

Our policy is to vote wherever possible and where we have been given discretion by our clients. In exercising voting authority, we endeavour to implement best practices and follow the relevant applicable regulatory and legislative requirements, both in the Netherlands and other jurisdictions in which we are regulated.

KCM uses independent governance research and voting advice from a specialist international proxy advisor. KCM exercises votes and where applicable intervenes in an objective and informed way. In the case of controversial or important agenda items, the KCM portfolio manager involved can be consulted to discuss the vote. KCM ultimately decides how to vote at a meeting.

Voting process

Our voting process consists of

- Proxy voting;
- Active voting;
- Handling share blocking and securities lending.

Voting records are retained for all votes cast with accompanying explanations as appropriate.

When evaluating corporate governance and voting issues, the overriding principle is the fiduciary duty to our clients. For mandates, KCM exercises voting rights according to the proxy voting agreement in place with the client.

KCM will continue to integrate its voting procedures in a way that best serves the interests of our clients and funds, taking into account ESG issues and developing regulations and standards of the countries and sectors in which we operate. Ultimately, each vote must reflect the specific situation at stake, and these vary broadly. Therefore, portfolio managers and analysts have discretion to exercise proxy votes in the best interests of each client portfolio they manage. For more information on corporate governance, please refer to our website www.kempen.nl.

Voting summary of the third and fourth quarter of 2011

Kempen Best Selection European Property Fund
Kempen European Property Fundamental Index® Fund
Kempen European Dividend Fund
Kempen European High Dividend Fund
Kempen Global High Dividend Fund
Kempen European Participations
Kempen European Smallcap Fund
Kempen SeNSE Fund

Corporate Governance and Voting

The following table summarises the voting data of Kempen Capital Management. The information contains data from the third and fourth quarter of 2011.

Number of shareholders meetings	54	
Voted	54	100 %
Not voted	0	0 %
Votes:		
Number of votes:	852	
Votes for	809	94.9 %
Votes against	39	4.6 %
Votes abstained	4	0.5 %
Voting proposal:		
Total number	854	
From shareholders	0	0 %
From management	854	100 %

6. Key figures

Annual Sustainability Report key figures	2011	2010
Number of ESG Council meetings	4	4
Number of asset managers engaged	15	18
Number of engagement meetings	23	56
Number of engage issues	49	42
Number of exclude issues	1	6
Number of closed cases	7	22
Number of excluded companies	13	10
Assets Under Management KCM (Sustainable, in m) ³	7636	3598
Assets Under Management Total Funds ⁴	25,971	31,844
% coverage active equity funds ⁵	100%	100%
% coverage active real estate funds ⁶	100%	100%
% coverage internal funds ⁷	71%	63%
% coverage total funds ⁸	54%	40%

³ Assets Under Management that are part of the Sustainable Investment Solution.

⁴ The total assets of both internal and external investment funds that are part of the Sustainable Investment Solution.

⁵ All selected active equity funds are part of the Sustainable Investment Solution.

⁶ All selected active real estate funds are part of the Sustainable Investment Solution.

⁷ % of internal funds that are part of the Sustainable Investment Solution.

⁸ % of total selected funds that are part of the Sustainable Investment Solution. The percentage for 2010 decreased compared to 2009 due to the addition of the number of selected funds in other asset classes.

Appendix: GES Convention List

► Labour

ILO- Abolition of forced labour Convention, 1957*
ILO - Discrimination (Employment and Occupation) Convention, 1958*
ILO - Equal Remuneration Convention, 1951*
ILO- Forced Labour Convention, 1930*
ILO- Freedom of Association and Protection of the Right to Organise Conventions, 1948*
ILO- Hours of work Convention, 1930
ILO- Minimum Wage Fixing Convention, 1970
ILO- Minimum Age Convention, 1973*
ILO- Occupational Safety and Health Convention, 1981
ILO- Prevention of Major Industrial Accidents Conventions, 1993
ILO- Equal Remuneration Convention, 1951*
ILO- Right to Organize and Collective Bargaining Convention, 1949*
ILO-Worst Forms of Child Labour Convention, 1999*
ILO- Hours of Work (Industry) Convention, 1919
ILO- Termination of Employment Convention, 1982

► Human Rights

ILO- Indigenous and Tribal Peoples Convention, 1989
Basic Principles on the Use of Force and Firearms by Law Enforcement Officials, 1990
Code of Conduct for Law Enforcement Officials, 1979
Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, 1984*
Convention on the Rights of the Child, 1989*
General Assembly Resolution 1803 (XVII) of 14 December 1962, "Permanent Sovereignty over Natural Resources"
Geneva Convention relative to the Treatment of Prisoners of War, 1949
Geneva Convention relative to the Protection of Civilian Persons in Time of War, 1949
International Covenant on Civil and Political Rights, 1966*
International Covenant on Economic, Social and Cultural Rights, 1966*
Convention on the Elimination of all Forms of Racial Discrimination, 1965*
Convention on the Elimination of all Forms of Discrimination against Women, 1979*
International Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, 1990*
UN Convention relating to the Status of Refugees, 1951
First Additional Protocol to the Geneva Convention, relating to the Protection of Victims of International Armed Conflicts, 1977
(both for Human Rights and Inhumane Weapons)
The Hague Convention, 1907
UN Declaration on the Rights of Indigenous Peoples, 2007

* Based on the UN Global Compact and controversial weapons, this convention is considered "essential".

► Corruption and bribery

United Nations Convention against Corruption, 2003*
 OECD Anti-bribery Convention, 1997

► Environment

Basel Convention on the Control of Transboundary Movements of Hazardous Wastes, 1989.
 Convention for the Protection of the Marine Environment of the North-East Atlantic, 1998
 Convention on Biological Diversity, 1992*
 The Stockholm Convention on Persistent Organic Pollutants, 2001
 The Cartagena Protocol on Bio safety, 2000
 Kyoto Protocol to the United Nations Framework Convention on Climate Change, 1997
 The Montreal Protocol on Substance that Deplete the Ozone Layer, 1987
 The United Nations Framework Convention on Climate Change, 1992*
 Vienna Convention for the Protection of the Ozone Layer, 1985
 International Convention on Oil Pollution Preparedness, Response and Cooperation, 1990
 UN Rotterdam Convention on the Prio Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade, 2004
 UN Stockholm Declaration on the Human Environment, 1972
 UN Convention on the Law of the Sea, 1982
 The Convention on Long-range Transboundary Air Pollution, 1979
 Convention on the Protection and Use of Transboundary Watercourses and International Lakes, 1992
 The Rio Declaration on Environment and Development, 1992*
 Statement of Forest Principles, 1992*

► Arms/Weapons

The 1997 Convention on the Prohibition of the Use, Stockpiling, Production and Transfer or Anti-Personnel Mines and on Their Destruction*
 Treaty on the Non-Proliferation of Nuclear Weapons, 1968*
 Convention on the Prohibition of Development, Production, Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction, 1972*
 Convention on Certain Conventional Weapons (CCW), 1980*
 Chemical Weapons Convention (CWC), 1993*
 Convention on Cluster Munitions, 2008*
 Geneva Convention relative to the Treatment of Prisoners of War, 1949*
 Geneva Convention relative to the Protection of Civilian Persons in Time of War, 1949*
 First Additional Protocol to the Geneva Convention, relating to the Protection of Victims of International Armed Conflicts, 1977 (also under norm area Human Rights)*

Appendix

► Pornography

Optional Protocol to the Convention on the Rights of the Child on the sale of children, child pornography and child prostitution, 2000

► Nuclear energy

Joint Convention on the Safety of Spent Fuel Management and on the Safety of Radioactive Waste Management, 1997

► Animal welfare (including fur)

European Convention on the Protection of animals Kept for Farming Purposes, 1976

► Tobacco

The WHO Framework Convention on Tobacco Control and the Tobacco Industry, 2003

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