

KAS BANK and UN PRI

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In 2009, KAS BANK undersigned the United Nations Principles for Responsible Investment (UN PRI) as a custodian. In this document KAS BANK reports how we incorporate the undersigned principles in practice. At KAS BANK we are convinced that UN PRI provides clear guidelines to enhance responsible investments.



We apply the principles in our investment policy as well as in our compliance and sustainability risk screening services for our clients. In this manner we support the dissemination of UN PRI in the best possible way.

Principle 1: We will incorporate ESG issues into investment analysis and decision-making processes.

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| Address ESG issues in investment policy statements | KAS BANK does not hold shares in companies that do not comply with the UN Global Compact Principles. |
| Support development of ESG-related tools, metrics, and analyses | The topic of good governance in particular ties in with the bank's strategy and position. KAS BANK has good governance implemented as a cornerstone of its internal organization. We also encourage good governance within the investment and securities industry. Through our asset servicing products and services we actively support pension funds and other institutional investors to fulfill their administrative and social responsibilities. |
| Ask investment service providers (such as financial analysts, consultants, brokers, research firms, or rating companies) to integrate ESG factors into evolving research and analysis | We do point out the importance of UN PRI to our worldwide network of sub custodians and branch organisations which we are member of. We do encourage investors to adopt the Principles in our role as service provider. KAS BANK does not act as an active asset manager and does not make investment decisions for its clients nor does KAS BANK provide investment advice. |

Principle 2: We will be active owners and incorporate ESG issues into our ownership policies and practices.

KAS BANK has a very limited own investment portfolio which is mainly used to hedge our liquidity risk and for balance sheet management purposes.

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| Develop and disclose an active ownership policy consistent with the Principles | KAS BANK has only a limited number of equities in its investment portfolio. These are mainly strategic investments in companies which play a key role in Europe’s securities infrastructure. KAS BANK looks to its investments from a long-term stakeholder and shareholder value perspective. |
| Exercise voting rights or monitor compliance with voting policy (if outsourced) | As a service provider we enable our clients to engage actively in shareholder meetings of the companies they invest in. Through our Proxy Voting services we facilitate our clients to vote electronically through an online platform at shareholder meetings worldwide or to exercise their vote through KAS BANK as their representative at the meeting. We actively inform our clients of upcoming shareholder meetings in their portfolio by sending them the agenda and vote deadline dates. We provide our clients with an online proxy voting tool which enables them to have direct access to voting advice on sustainable aspects of parties selected by the client. After the GMS our clients receive a report on the outcome of the voting points on the agenda. |
| Ask investment managers to undertake and report on ESG-related engagement | To stress the importance of PRI KAS BANK will launch a campaign soon to actively draw attention to our ESG monitoring tool for pension funds and insurers. |

Principle 3: We will seek appropriate disclosure on ESG issues by the entities in which we invest.

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| Ask for information from companies regarding adoption of/adherence to relevant norms, standards, codes of conduct or international initiatives (such as the UN Global Compact) | KAS BANK does not hold shares in companies that do not comply with the UN Global Compact Principles. This is monitored on a regular basis. |
| Support shareholder initiatives and resolutions promoting ESG disclosure | In examining (other) shareholder initiatives and resolutions KAS BANK starting point is long-term stakeholder and shareholder value. |

Principle 4: We will promote acceptance and implementation of the Principles within the investment industry.

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| Include Principles-related requirements in requests for proposals (RFPs) | When selecting suppliers, we also rate their sustainability performance, especially in the field of environmental impact. |
| Align investment mandates, monitoring procedures, performance indicators and incentive structures accordingly (for example, ensure investment management processes reflect long-term time horizons when appropriate) | KAS BANK makes limited use of investment manager services. KAS BANK’s current investment manager also undersigned the UN PRI. |
| Support the development of tools for benchmarking ESG integration | We enable our clients to adhere to their responsible investment policies by using the Sustainability Risk Screening module which forms an integral part of our compliance services. KAS BANK further develops this ESG module by enabling ‘look through’ monitoring of investment fund portfolios. |

Principle 5: We will work together to enhance our effectiveness in implementing the Principles.

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| Support/participate in networks and information platforms to share tools, pool resources, and make use of investor reporting as a source of learning | KAS BANK encourages good governance in the financial sector and particularly in the pension industry. In this regard we have started a new initiative in April 2013 with the launch of 10TALKS, an interactive online discussion platform on good governance and other developments in the securities and pensions industry. In 2011 KAS BANK organised a Governance Event at which Kofi Annan was welcomed as guest speaker. |
| Seek to determine the impact of the Principles | KAS BANK actively asks feedback of experts to improve our ESG results (for example by implementing the Principles and embedding its sustainability policy in its organisation). |

Principle 6: We will each report on our activities and progress towards implementing the Principles.

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| Disclose how ESG issues are integrated within investment practices | KAS BANK publishes its sustainability policy on its website. Reporting on ESG results is integrated in our annual report. |
| Communicate with beneficiaries about ESG issues and the Principles | KAS BANK has an active dialogue on ESG topics with its stakeholders, clients and prospects. Transparency is a key element in the relationship with our clients and other beneficiaries. We actively communicate with our suppliers on ESG issues. Good governance and ESG issues are main factors in selecting our sub custodians and service providers. |
| Report on progress and/or achievements relating to the Principles using a 'Comply or Explain' approach | KAS BANK reports every 3 years on the progress and/or achievements relating to the Principles. If needed, we will report in between on important changes or other developments relating to the Principles. |

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