

PGGM Investments Listed Equity Ownership Policy

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Listed Equity Ownership Policy

1. Introduction

Active equity ownership plays an important role in PGGM Vermogensbeheer B.V.'s (hereinafter PGGM Investments) Responsible Investment (RI) Policy. This Listed Equity Ownership Policy defines our general principles and best practices with regard to PGGM Investments' responsibilities and discusses the way PGGM Investments fulfills the role of an active shareholder on behalf of its clients. The Listed Equity Ownership Policy hierarchically falls under our RI Policy and as such the Listed Equity Ownership Policy primarily addresses environmental, social and corporate governance (ESG) issues. However, in PGGM Investments' voting and/or engagement other issues may arise or will be addressed that do not (directly) fall into this category of ESG issues. For example, the company's strategy, operational performance and/or mergers and acquisitions can be subject to voting and/or engagement. Although not part of this Listed Equity Ownership Policy, such issues will in general be addressed along the same lines as stipulated for the ESG issues in this Listed Equity Ownership Policy.

PGGM Investments manages share interests held in listed companies. These interests are held in funds in which PGGM Investments' clients participate and in segregated accounts for PGGM Investments' clients. In this Listed Equity Ownership Policy the word 'clients' refers to both clients that participate in (one or more of) the equity funds managed by PGGM Investments as well as to clients for whom we manage segregated equity accounts. Apart from outlining our general principles, this Listed Equity Ownership Policy lays down the balance between the various rights and responsibilities that are associated with the beneficial ownership of the funds in which PGGM Investments' clients participate and of the client's themselves with regard to segregated accounts. For example, we see that informed voting (Chapter 4) and engagement (Chapter 5) are closely linked; voting enhances the effectiveness of engagement activities and vice versa. Another example of the relation between two separate interests and activities is realizing corporate governance objectives (Chapter 3) through our shareholder litigation activities (Chapter 6). Our activities

bring along constraints and dilemmas. These are addressed in detail and guidelines are presented. Since this Listed Equity Ownership Policy cannot be exhaustive, we will exert ourselves to live up to the spirit of this Listed Equity Ownership Policy when confronted with new situations, constraints and/or dilemmas.

The Listed Equity Ownership Policy only considers the listed share ownership of PGGM Investments' clients. This Listed Equity Ownership Policy is not applicable to other forms of share ownership, such as situations where PGGM Investments' clients are shareholders in a fund (other than the funds and segregated accounts managed by PGGM Investments) or fund of funds that subsequently invests in listed or non-listed companies, unless explicitly stated otherwise.

Where possible, such shareholdings of PGGM Investments' clients shall be managed in line with the spirit of the principles of this Listed Equity Ownership Policy.

Our Responsible Investment (RI) Policy in a nutshell

Responsible Investment is a necessity for PGGM Investments. We have two reasons for this:

1. Responsible Investment is part of our investment beliefs:
 - PGGM Investments believes that Responsible Investment contributes to a high and stable return. ESG issues have an impact on the risk and return of the investments of PGGM Investments' clients.
 - As a universal investor PGGM Investments has an interest in the quality and continuity of the global investment world.
2. Responsible Investment is part of our identity:
 - PGGM Investments links its investment policy to its identity and to the identity of its clients and the values of their participants.
 - PGGM Investments has a social responsibility, which has to be integrated into our investment policies.

Responsible Investment is part of our investment beliefs and identity and PGGM Investments' clients' identity. In our view, Responsible Investment has a long term horizon. PGGM Investments defines Responsible Investment as all investment activities which consciously take into account the impact of environmental, social and corporate governance (ESG) issues. By integrating Responsible Investment into our investment policy, PGGM Investments seeks to achieve a higher, more stable and more responsible return.

The United Nations Principles for Responsible Investment (PRI) are a voluntary framework. PGGM Investments has adopted PRI as a binding umbrella framework for its activities in the field of Responsible Investment. The Responsible Investment Policy is an integral part of PGGM Investments' Investment policy and is applicable to all asset classes.

2. Executive summary

The Listed Equity Ownership Policy sets out PGGM Investments' role as an active representative of its clients. It defines our general principles and our best practices with regard to our duties. Below, a brief synopsis for each chapter is given.

Chapter 3. General Principles

PGGM Investments has a responsibility towards its clients. In order to achieve a high and stable return on its worldwide investments, PGGM Investments requires well functioning and sound markets. Given the exposure to multiple markets and a potentially wide variety of ESG issues, PGGM Investments considers it to be an important part of its duty to promote market improvements.

The Listed Equity Ownership Policy is principle based and sets out PGGM Investments' general principles and guidelines towards its duty as a representative of its clients.

Chapter 4. Corporate Governance Principles

PGGM Investments endorses internationally recognized and accepted basic principles of good corporate governance and proper checks and balances. Our policy refers to the six basic 'Principles of Corporate Governance' by the OECD and the 'Global Corporate

Governance Principles: Revised (2009)' by the ICGN. PGGM Investments complements the above with specific principles of the Dutch corporate governance system and Dutch law, rules and regulations. Accountability, transparency and shareholder rights are key corporate governance issues to PGGM Investments.

Chapter 5. Voting Policy and Guidelines

Voting must contribute to our investment beliefs and be practicable. In voting activities PGGM Investments acts as representative its clients. It is PGGM Investments' ambition to vote all shares in an informed manner. PGGM Investments will give extra attention to shareholders resolutions and ESG. In markets where voting will entail a blocking for trade of the shares that are voted for ('blocking markets'), PGGM Investments will use all reasonable endeavors to be able to vote without constraints. The companies on the PGGM Investments' Voting Focus List are excluded from securities lending around the important dates for voting. PGGM Investments' 'Dutch descent' is most discernable in its voting on these companies. For all other companies the lending of shares is in general permissible, provided however that PGGM Investments is able to vote at least 10 % of the shares held in all companies. PGGM Investments reserves the irrevocable right to recall all shares on loan at all times and for reasons of its own.

Chapter 6. Engagement Policy

ESG engagement is one of the tools that contribute to PGGM Investments' investment beliefs and identity. PGGM Investments engages both with companies and markets (such as - but not limited to -, stock exchanges and regulators). Subject to our Responsible Investment Policy, our engagement focuses on the following ESG themes: corporate governance, human rights, climate change and health. Collaboration with other institutional investors may be necessary to enhance the effectiveness of an engagement project. Companies that do not respond sufficiently to our engagement may ultimately and as a last resort be excluded.

Chapter 7. Shareholder Litigation Policy

PGGM Investments sees litigation as an ultimatum remedium. PGGM Investments is generally reluctant to litigate, but will not hesitate to litigate on behalf of its clients if needed. The main objectives of becoming active in shareholder litigation are indemnification, long term value creation, the company's business continuity and/or accomplishing good corporate governance and corporate behavior.

3. General Principles

The Listed Equity Ownership Policy is principle based and discusses PGGM Investments' general principles and guidelines towards its duty as representative of its clients. From this duty arises the investment assignment to PGGM Investments, whose objective is to achieve a high and stable return. In order to fulfill this investment assignment in a prudent way, PGGM Investments invests globally – amongst others – in shares of listed companies. PGGM Investments requires well functioning and sound markets. Given the exposure to multiple markets and ESG issues, PGGM Investments considers it to be an important part of its duty to promote market improvements in order to achieve this high and stable return on its worldwide investments.

PGGM Investments acts as the representative its clients. We see shareholders as (co-) owners of the company. Being an owner brings along responsibilities. As a representative of responsible owners we will make prudent use of the rights and obligations that come along with share ownership. This means that:

- long term value creation of the business has top priority, and we relate this to our belief that ESG issues are a determining factor;
- PGGM Investments takes its identity and that of its clients into account in its investments and its actions resulting thereof;
- PGGM Investments puts the interests of its clients on the forefront, considering that weighing the interests of other stakeholders is important.

PGGM Investments is an asset manager and views itself as a universal investor serving the benefits of its clients. The universal investor concept presumes that large institutional investors (i) hold shares of many or even most listed companies in all major indices worldwide, (ii) tend to invest for long-term returns, and (iii) possess economic interests that are compatible (or even identical)

to those of the broader society. Hence, it is in the best interest of universal investors to promote social and environmental goals, as laid down in international conventions like the UN's Global Compact or the OECD's Guidelines for Multinational Enterprises, by and/or through the shares in companies they own or manage. PGGM Investments indeed considers this to be an important part of its management of shares.

Based on this universal investor concept, PGGM Investments requires well functioning and sound markets. Risk and return of its investments are to a large extent determined by well functioning markets, economies, sectors and companies. Given the exposure to multiple markets and ESG issues, we consider it to be an important part of our duty to promote market and ESG improvements.

PGGM Investments believes that companies with involved and active owners will tend to perform better and as such PGGM Investments expects to create value for its clients. Considering the large number of companies in the equity funds and segregated accounts managed by PGGM Investments, PGGM Investments will have to be selective, seek collaboration with others or utilize the services of third parties when implementing and executing this Listed Equity Ownership Policy. Nevertheless, PGGM Investments always remains fully responsible for the execution of this Listed Equity Ownership Policy as well as the determination of its objectives and agenda. In weighing the various interests we will take into account principles of reasonableness and fairness, as well as proportionality.

Seperation of roles of PGGM Investments and the company's board

The board of a company is responsible for the management of the company. PGGM Investments acts on behalf of the interests of its clients and holds the board accountable for the execution of the board's tasks by means of voting, engagement and/or shareholder litigation procedures. Where relevant, PGGM Investments will utilize the right to submit shareholder resolutions to the agenda of a shareholders' meeting, for example on ESG issues.

PGGM Investments will execute this Listed Equity Ownership Policy within the applicable laws and regulations. Although these differ per jurisdiction, PGGM Investments views the underlying norms and values of Dutch laws and regulations as the leading framework for our actions as the representative of its clients. In this respect, operating on a global scale could mean that local laws and regulations make it troublesome or even impossible for PGGM Investments to execute this Listed Equity Ownership Policy to the fullest extent. Hence, under certain circumstances, PGGM Investments will partly or completely relinquish itself from its active role. As a last resort, PGGM Investments could decide to exclude a company, sector and/or an entire jurisdiction from its investments.

The Listed Equity Ownership Policy is principle based and takes into account the principles of the International Corporate Governance Network (ICGN) 'Statement on Institutional Shareholder Responsibilities' (2007). The Listed Equity Ownership Policy provides guidelines that will be applied and/or interpreted depending on the circumstances of each case. All in all, PGGM Investments will live up to the spirit of this policy, implement it, be transparent about the process and will report accordingly. The policy will evolve over time. PGGM Investments follows relevant developments closely and will update its Listed Equity Ownership Policy when necessary. The Responsible Investment department is responsible for (the supervision of) the implementation and the execution of this policy and subsequently internal and external reporting thereof.

4. Corporate Governance Principles

PGGM Investments endorses internationally recognized and accepted basic principles of good corporate governance and proper checks and balances. It refers to the six basic 'Principles of Corporate Governance' by the OECD and the 'Global Corporate Governance Principles: Revised (2009)' by the ICGN. PGGM Investments complements the above with specific principles of the Dutch corporate governance system and Dutch law, rules and regulations. Accountability, transparency and shareholder rights are key corporate governance issues to PGGM Investments.

PGGM Investments recognizes that corporate governance describes the division of tasks and responsibilities between the management board of a company and its shareholders, including proper supervision and accountability thereof. Corporate governance should underwrite a proper management system with proper checks and balances. It provides shareholders with the necessary tools to bring about changes within companies, for example ESG improvements. Furthermore, it describes the relationship between the company and its stakeholders and its conduct towards these stakeholders.

PGGM Investments believes that good corporate governance is essential for our investments. As such, it is part of our investment beliefs. As an investor in publicly traded companies, we are convinced that good corporate governance and practices have an impact on the risk and returns of the investments in these companies. Where applicable, good corporate governance will therefore be addressed in our investment analysis and decision-making processes whether to invest in a company or not. Long term value creation, realizing that ESG issues are a part thereof, is our main objective in this.

PGGM Investments favors a principle based and best practices approach towards corporate governance with a firm 'comply or explain' regime, allowing for the consideration of individual circumstances, and a pragmatic approach by all involved. PGGM Investments treats its Corporate Governance Principles as guidelines and not regulations. Locally different views on corporate governance standards and/or local corporate governance codes may be taken into account. We endorse the six basic OECD Principles of Corporate Governance as revised by the Organisation of Economic Co-operation and Development (OECD) in 2004. These OECD Principles are in first instance aimed at legislators.

The OECD Principles in a nutshell

1. Ensuring the basis for an effective corporate governance framework;
2. The protection of the rights of shareholders and key ownership functions;
3. The equitable treatment of shareholders, such as minority shareholders;
4. The recognition of the role of various stakeholders in corporate governance;
5. Timely disclosure of and transparency in the company's performance, ownership structure and activities; and
6. The responsibilities of the board and their accountability to the shareholders.

These principles have been amplified by the ICGN Global Corporate Governance Principles: Revised (2009).

The ICGN Global Corporate Governance Principles: Revised in a nutshell

1. The objective of companies is to generate sustainable shareholder value over the long term; that is to manage effectively both ESG as financial aspects;
2. The board of directors should act as fiduciaries for all stakeholders, generate effective debate on operations, risks and developments, be sufficiently qualified and its majority should be independent;
3. The board of directors is responsible and accountable for monitoring the company's strategy, setting performance objectives, risk management and safeguarding continuity;
4. The members of the board of directors should be individually reelected at least every three years. Majority voting should be the standard for all elections;
5. All related party transactions should be made public in annual reports and any conflicts of interests of directors should be avoided at all times;
6. Boards are responsible for sustaining an ethical corporate culture in companies through the implementation of codes of ethics and conduct, compliance policies and whistle-blowing procedures;
7. Boards need to understand and ensure that proper risk management is put in place for all material and relevant risks that the company faces. Companies should disclose sufficient information about their risk management procedures to reassure their shareholders that they are appropriately robust;

8. Remuneration structures for senior management should be transparent and appropriately aligned with the drivers of value-creation over both short- and long-term. The share-linked remuneration for key executives should always be subject to shareholder approval;
9. Companies should aspire to robust, independent and efficient audit processes using external auditors in combination with the internal audit function;
10. Every company should aspire to transparent and open communication about its aims, its challenges, its achievements and its failures. Companies should also report relevant and material non-financial information and disclose their ownership structure;
11. Shareholder rights, – such as but not limited to – voting rights and the right to call shareholders' meetings or submit proposals, should be respected by companies. Shareholders should be able to vote on any major decisions made by the company they invest in. Shareholders' meetings should be announced well in advance and the results should be published promptly after the meeting;
12. Shareholders should act in a responsible way, aligned with the company's objective of long-term value creation. Furthermore, shareholders should take governance factors into account in their investment decisions and actively vote all meetings in a considered manner.

Whereas the OECD Principles are focused at jurisdictions, the ICGN Principles are aimed at companies and their shareholders. We consider both the OECD- and ICGN Principles as internationally recognized and accepted basic principles of good corporate governance and proper checks and balances. This is the reason why we adopt these international corporate governance standards as the core of our Corporate Governance Principles.

In the PGGM Investments Corporate Governance Principles these international standards are complemented with our 'Dutch descent'. As a Dutch asset manager with generally Dutch clients, our views on specific corporate governance issues are, next to the OECD- and ICGN Principles, also mainly guided by Dutch law, rules and regulations, the Dutch Corporate Governance Code, and the recommendations of Eumedion (the Dutch representative of the interests of institutional investors in the field of corporate governance). An example of such rule is the principle of reasonableness and fairness. The implementation of these global corporate governance principles and 'Dutch descent' are most discernable in our Voting Policy and PGGM Investments' Corporate Governance Principles.

5. Voting Policy

Voting must contribute to the investment beliefs and identity of PGGM Investments and its clients and be practicable. It is PGGM Investments' ambition to vote all share interests held in an informed manner. PGGM Investments will give extra attention to shareholders resolutions and ESG. PGGM Investments votes all shares of companies that are part of PGGM Investments' Voting Focus List. This means that all shares in these companies must be available at the important dates when the votable positions are established (such as the record dates) and cannot be part of a securities lending arrangement around those times. PGGM Investments' 'Dutch descent' is most discernable in its voting on these companies. For all other companies the lending of shares is in general permissible, provided however that PGGM Investments is able to vote at least 10 % of the shares of all companies.

PGGM Investments reserves the irrevocable right to recall all shares on loan at all times and for reasons of its own.

Ambition and objective

The right to vote shares is one of the most important ownership rights of a shareholder. It is a key factor in accomplishing good corporate governance, such as – but not limited to – proper checks and balances and the accountability of a company to its shareholders. The execution of voting rights is an important chain in a well functioning corporate governance system. A high attendance at a company's meeting of shareholders (as measured in percentage of the votes cast) brings stability in a company's decision making process and

prevents that effectively small groups of shareholders, in the absence of other shareholders, can determine the decisions made at the meeting of shareholders.

Decisions on whether to vote or not, how and where, have to be considered accordingly. We consider informed voting crucial in our role as active representative of our clients. This means understanding the relevant issues at hand at a particular company and subsequently vote in line with our Voting Policy and Guidelines. For this reason voting has been centralized within PGGM Investments.

It is PGGM Investments' ambition to vote all shares in an informed manner. In an ideal situation this would mean that we vote all shares at every shareholders' meeting and for all items on the agenda, for every company in the equity funds and segregated accounts managed by PGGM Investments. However, acquiring the necessary information to vote in a considered, careful and transparent manner, the costs and/or time associated with that, or any other practical constraints, could mean that this ambition cannot reasonably be met. Apart from blocking markets (see hereafter), PGGM Investments' objective is to vote at least 10% of the shares in companies in which we invest. In practice PGGM Investments votes on average over 80% of the shares held in each individual company.

Methods of voting

Various methods of voting are at our disposal, the most common ones being (i) attending shareholders' meetings in person, (ii) indirectly attending shareholders' meetings by means of authorized representative, and (iii) proxy voting. Where possible we give the authorized representative a power of attorney with a binding instruction. The advantages of attending a meeting in person or by power of attorney, in order to give statements and have discussions with the management of the company, are paramount. However, voting in this manner can be costly and time consuming especially in light of the large number (over 4,000) of listed companies in the equity funds and segregated accounts managed by PGGM Investments. This is one of the main reasons why most of our voting is executed by proxy.

PGGM Investments' Voting Focus List

The large number of companies in the equity funds and segregated accounts managed by PGGM Investments and limited resources to vote all of the meetings of these companies in a considered, careful and transparent manner ourselves, dictate us to carefully select the methods of our vote execution and the level of outsourcing. PGGM Investments will therefore periodically compile a Voting Focus List ('VFL') with companies where we will do the informed voting in-house.

The VFL consists of the companies whose shares are part of the equity funds and segregated accounts managed by PGGM Investments, and are:

- listed in the Netherlands or have an obvious Dutch background; or
- on PGGM Investments' Engagement Focus List; or
- part of PGGM Investments' largest stakes in companies (>3%, indicative for voting power); or
- part of listed real estate equity fund managed by PGGM Investments; or
- part of PGGM Investments' top-10 holdings in Euro terms; or
- part of the Responsible Equity Portfolio.

Voting of companies on the PGGM Investments' Voting Focus List can be executed by each of the three methods of voting mentioned above.

Our fund and portfolio managers are responsible for the voting of the PGGM Investments' Voting Focus List companies in which they have invested in case their selection has been based on fundamental research. The Responsible Investment department provides them with the necessary assistance with the voting, concerning the content, method, and the execution of the voting. It is our intention, as far as reasonably practicable and where their investments have been based on fundamental research, to involve all our external portfolio managers in the voting process of the PGGM Investments' Voting Focus List companies.

The Dutch Corporate Governance Code and the guidelines hereto provided by Eumedion, guide our initial viewpoint when voting the companies on the PGGM Investments' Voting Focus List. Local best practices and/or customs are being taken into account, next to the global OECD- and ICGN Principles, but it is here where our 'Dutch

descent' is most discernable. PGGM Investments has developed custom voting guidelines ('PGGM Investments Global Voting Guidelines') which are available through our website <http://www.pggm.nl>. These guidelines are updated annually.

Level playing field

We advocate a level playing field for both management and shareholders, especially in the proxy voting process. Therefore PGGM Investments encourages for example that ideally all proxies are embargoed until the outcome of the actual voting has been revealed in the meeting or alternatively the outcome of the proxy voting process is known to both management and shareholders present at the shareholders' meeting at the same time.

Voting by third parties

Companies that are not on the PGGM Investments' Voting Focus List shall be voted by us through third parties, such as – but not limited to – other asset managers and/or voting service providers. By default, all our votes on such companies – including those of companies managed by external mandates – will be exclusively cast through a dedicated specialist voting service provider. As such, the voting has been centralized within PGGM Investments. The prerequisite is that the casting of our votes is performed in a considered, careful, and transparent manner and at reasonable costs. We will utilize voting service providers that will best facilitate us in executing our Voting Policy and Guidelines in this respect.

All of our voting decisions are executed in accordance with our own custom voting guidelines. PGGM Investments continuously monitors and assesses the implementation of these guidelines and the third parties that execute it. In all situations PGGM Investments reserves the right to vote itself and/or overwrite a vote cast by a third party before a meeting. PGGM Investments is and remains responsible for the actual voting of all companies that are part of the equity funds and segregated accounts managed by PGGM Investments. As such, we will monitor the voting by third parties on behalf of PGGM Investments prior to and/or after the meeting and vote ourselves in specific situations.

Shareholder resolutions

Apart from the agenda items raised by the management of a company, we increasingly see shareholders initiating shareholder resolutions and bringing these to the agenda of the shareholders' meeting. PGGM Investments, indirectly being the representative of its clients, may in certain cases decide to do so as well. These shareholder resolutions generally have in common that they address extraordinary issues and/or are contested by the company's management. The impact of these resolutions on the long term value creation will be considered carefully. Furthermore, for some shareholder resolutions the question can be raised whether they can be practically implemented by the company's management. This is a key concern in our voting. However, in specific circumstances PGGM Investments might waive this concern if it deems it to be crucial to raise the management's awareness of the relevance to the company of the issue put forward in the shareholder resolution. To closely monitor shareholder resolutions and be able to respond to them, we request the third parties that vote on our behalf to notify us on every shareholder resolution they come across. We then vote all such resolutions in an informed manner.

Voting on ESG issues

Increasingly, both management and shareholders put ESG issues on the agenda of the shareholders' meeting to vote upon. We will give extra attention to such items in our vote execution, especially on environmental and social issues. Therefore, we request the third parties that vote on our behalf to notify us on these issues. The impact of these ESG issues on the long term value creation, the company's business continuity, and the company's ESG performance, will be considered carefully. All resolutions containing ESG issues are voted by ourselves in an informed manner.

Constraints and dilemmas

Conflicts of interest

As a universal investor PGGM Investments invests on behalf of its clients in various asset classes and can have different interests in the same markets and/or companies. Therefore the voting of shares potentially conflicts with other PGGM Investments policies, asset classes and/or interests. Although we believe that there is limited risk for a material conflict of interest, voting will be utilized firstly in the best interest of the investment

beliefs and identity of PGGM Investments and its clients and secondly of their ownership rights as shareholders.

Other jurisdictions and Corporate Governance Codes

Due to our worldwide investments, we vote in numerous jurisdictions and under a broad range of rule based and principle based corporate governance regimes. Although there are a lot of similarities, the differences and nuances between jurisdictions can be considerable. Where the regulatory framework deviates too much from our general policies and/or 'Dutch descent', we may decide as a last resort to exclude these companies and/or jurisdictions from our investment universe.

Blocking markets

In blocking markets shares are blocked for a specific duration when these shares are voted. This depends on the local customs and/or regulations of that jurisdiction. During this blocking period shares that are sold cannot be transferred and/or settled. This complicates the investment process disproportionately and can have a significant effect on the performance of our investments. For this reason we are opposed to the blocking of shares and we seek for the abolishment of blocking in these markets. Blocking markets will therefore be one of the areas of attention in our engagement. As for voting, apart from the companies on the PGGM Investments' Voting Focus List, PGGM Investments in principle does not vote on behalf of its clients in blocking markets.

Securities lending

During the period that shares are on loan, the ownership rights of these shares are also transferred. This means that the borrower of these shares acquires all rights that are attached to these shares. Therefore, shares that are on loan due to securities lending cannot be voted by PGGM Investments as a representative of our clients. In return PGGM Investments receives a loan fee, an extra income that is in the interest of its clients. PGGM Investments endorses the best practices of the ICGN 'Stock Lending Code and Best Practices' (2007). PGGM Investments will exert to live up to these best practices as much as possible and where it is in the power of PGGM Investments to do so. For example, we are opposed to lending shares to third parties that borrow shares for the sole purpose of voting these shares. We will seek for the abolishment of these practices, making it one of the areas of attention in our engagement and

our contractual arrangements in securities lending. Faced with the two conflicting responsibilities of seeking high returns and executing our role as a responsible investor and subsequent interest in voting, it is our policy to exclude all companies on the PGGM Investments' Voting Focus List from securities lending around the important dates for voting, such as, for example, the record date. In order to be able to vote for at least 10% of the shares of all companies that are part of the equity funds and segregated accounts managed by PGGM Investments, the lending of shares is in general permissible up to a maximum of 90% of the shares held per company in the funds in which PGGM Investments' clients participate, or in segregated accounts, for all companies that are not on the PGGM Investments' Voting Focus List. In practice PGGM Investments votes on average over 80% of the shares held in each individual company. PGGM Investments will use all reasonable endeavors to vote as much as reasonably possible of the shares outside the PGGM Investments' Voting Focus List above the minimum of 10%. Furthermore, PGGM Investments reserves the irrevocable right to recall all shares that are on loan at all times and for reasons of its own.

Reporting

Reporting enables us to be transparent about the process, activities and our actual voting. PGGM Investments deems reporting to be an important element of accountability. We apply the reporting requirements under Dutch law and endorse the basic reporting guidelines and recommendations on voting disclosure as put forward by the United Nations Principles of Responsible Investment (PRI) and Eumedion.

Principle based

Just as our Corporate Governance Principles, our Voting Policy and Guidelines are principle based. We allow ourselves to deviate from a strict interpretation of our voting policy and guidelines should our duty dictate us to do so in specific circumstances.

6. Engagement Policy

PGGM Investments engages both with companies and markets. Subject to our Responsible Investment Policy, our engagement focuses on the following ESG themes: corporate governance, human rights, climate change and health. Collaboration with other institutional investors

may be necessary to enhance the effectiveness of an engagement project. Companies that do not respond sufficiently to our engagement may ultimately and as a last resort be excluded.

PGGM Investments' objective of engagement

PGGM Investments aims for a constructive dialogue (engagement) with the companies it invests in, as well as with (financial) market parties, such as – but not limited to – regulators and umbrella organisations. The main objective of this engagement is contributing to the duty and identity of PGGM Investments as an asset manager for clients with a focus on the enhancement of ESG issues. With this Engagement Policy, PGGM Investments further expresses its responsibility as a universal investor. Every engagement project has concrete objectives and timelines. This enables for adequate assessment whether the objectives have been achieved. On a yearly basis, an evaluation is conducted on the effectiveness of the activities.

Two methods of engagement

In its ESG engagement, PGGM Investments uses two methods:

1. Company engagement: a dialogue is conducted with individual companies.
2. Market engagement: a dialogue is conducted with market parties; this matches the role PGGM Investments plays as a universal investor. It mostly concerns ESG issues which go beyond the scope of individual companies.

A further distinction can be made in:

- Regulatory engagement: this concerns engagement with authorities or regulators aiming for improvements of laws and regulations;
- Best practices engagement: this concerns initiatives to enhance best practices in a sector or to put specific ESG issues on the agenda of umbrella organisations and/or sectors.

PGGM Investments Engagement Themes

Within the Engagement Policy, PGGM Investments has selected the following ESG themes: corporate governance, human rights, climate change and health. These themes can be adapted and/or expanded over time. On a yearly basis, a general list of engagement spearheads is defined within this set of themes, which PGGM Investments will make more specific for each case. In principle, the following criteria are used when selecting the PGGM Investments Engagement Spearheads:

1. Relevance of the ESG theme or issue to PGGM Investments;
2. The role PGGM Investments can play in this;
3. The expected impact on the ESG issue due to PGGM Investments' efforts;
4. The expected contribution to long term value creation for PGGM Investments' clients.

PGGM Investments' Engagement Focus List

Based on the PGGM Investments' Engagement Spearheads, periodically a list is compiled of companies on which PGGM Investments will focus. This list stands alone or will run parallel to engagement programs on PGGM Investments' behalf sourced from external providers. That is, PGGM Investments will be directly involved or lead the engagement project itself with the companies on the Engagement Focus List. For this list the following selection criteria will be applied:

1. The size of the investment within the equity funds and segregated accounts managed by PGGM Investments;
2. The relative stake in the company and relative voting power;
3. The expected impact on the ESG issue due to PGGM Investments' efforts;
4. The expected contribution to long term value creation for PGGM Investments' clients.

Collaboration with other institutional investors

In many engagement projects collaboration with other institutional investors may be necessary to enhance the effectiveness of an engagement project. When acting together, more can be accomplished as scale, expertise and capacity are enlarged significantly. PGGM Investments participates in ad hoc coalitions, structural coalitions and/or existing platforms and collaborations. In case other parties start initiatives which fit into the PGGM Investments Engagement Spearheads, PGGM Investments

will consider participation in such engagement initiatives where local laws allow us to do so.

Constraints and dilemmas

External communication

Confidentiality may play an important role in an engagement process. In such situations external communication may not be desirable or may even have a contrary effect. Nevertheless, whenever desirable or necessary, PGGM Investments may choose to express its views through external communication in order to meet its engagement objectives. In its external communication PGGM Investments makes a distinction between company engagement and market engagement in ongoing engagement projects. When engaging with individual companies, PGGM Investments will have a cautious approach in publishing its actions concerning these companies.

Active positions

Engagement projects sometimes proceed over a longer period of time. Meanwhile fund and portfolio managers may decide to decrease positions or even sell these off completely. The reasoning behind such a decision may differ from merely the objectives of the ongoing engagement project. This is one of the reasons why we try to involve PGGM Investments' (internal) fund and portfolio managers in company engagement as much as possible from a practical point of view. Under some circumstances PGGM Investments may decide to stop trading shares in a particular company in order to ensure that the company that is subject to engagement will remain part of the equity funds and segregated accounts managed by PGGM Investments.

Compliance

Most jurisdictions have laws and regulations which regulate the collaboration between institutional investors, especially 'acting in concert' provisions. Therefore, compliance is important whenever there is collaboration with other institutional investors, in an engagement project. Compliance is relevant in other situations as well. Compliance may address – amongst others – insider knowledge, mandatory public offerings and/or various

public announcement obligations. This could mean that in some jurisdictions the possibilities for engagement and/or collaboration between institutional investors are restricted. Applicable laws and regulations, grasped in our Compliance Manual, may prevent us from trading securities of the companies we are actively engaged in. To a large extent this issue is mitigated by the fact that any possible insider information is generally exclusively received by the Responsible Investment team that conducts the engagement with companies. In all other cases, our compliance framework, which amongst others contains a one-on-one protocol, should sufficiently prevent that any possible insider information does become available to our (internal) fund and portfolio managers. In specific cases PGGM Investments may decide to put companies on a list of companies for which there will be no transactions for a specific period of time.

Exclusion

Exclusion is a last resort (ultimum remedium) in our Engagement Policy. If companies do not change their practices and/or policies in the desired direction or simply do not (sufficiently) respond to a specific engagement program of PGGM Investments, PGGM Investments can choose to ultimately exclude this company. The specific criteria for such a decision are laid down in the objectives and planning of an engagement project at the beginning of such a project.

We do not in principle directly exclude companies from funds and portfolios, but prefer our role as an active representative of our clients by firstly pursuing an engagement approach. In exceptional cases, where human rights are violated within the company's sphere of influence to a very serious and systematic degree, PGGM Investments can opt for direct exclusion.

Periodically companies will be added to the Exclusions list based on PGGM Investments' Exclusion Policy (available on <http://www.pggm.nl>).

Reporting

PGGM Investments will periodically report on its engagement activities, both in PGGM Investments' annual responsible investment report as well as through its quarterly voting and engagement report (available on PGGM Investments' website, www.pggm.nl).

Such reporting will include (cases of) achieved (interim) engagement milestones, as soon as these can be disclosed from a confidentiality standpoint.

7. Shareholder Litigation Policy

PGGM Investments sees litigation as a last resort. PGGM Investments is generally reluctant to litigate on behalf of its clients; however PGGM Investments will not hesitate to litigate if deemed necessary. The main objectives of becoming active in shareholder litigation are indemnification, long term value creation, the company's business continuity and/or accomplishing good corporate governance and corporate behavior.

Introduction

Most jurisdictions worldwide provide shareholders and/or interested parties an opportunity to litigate. It is an important right of a shareholder. In this chapter PGGM Investments, being the representative of its clients, states its policy on shareholder litigation in general and in the United States of America (US). Overall, litigation takes a prominent place in US society as one of the primary ways to settle disputes. For this reason, and the fact that shareholders are generally afforded few rights in US companies, the US has a well-developed and common practice of shareholder litigation.

In the Netherlands litigation is seen as a last resort. The Dutch society generally prefers to settle disputes without going to court. Therefore, due to our 'Dutch descent' and apart from the US, PGGM Investments is generally reluctant to litigate. However, PGGM Investments will not hesitate to litigate on behalf of its clients if needed.

Shareholder Litigation objective

Decisions on whether or not to enter into shareholder litigation, how and where, have to be considered according to the identity and investment beliefs of PGGM Investments and its clients. As a universal investor our main objectives of becoming active in shareholder litigation are indemnification, long term value creation for PGGM Investments' clients, the company's business continuity and/or accomplishing good corporate governance and corporate behavior. Seeking indemnification can be proceeded for PGGM Investments' clients and/or other shareholders as well as for the company. Private direct action against corporate wrong-doers can complement criminal prosecution or can be an alternative hereto. When litigating against directors,

officers and/or third parties on behalf of the company, the interests of the company become an additional objective.

Methods of shareholder litigation

Generally and in varying degrees, most jurisdictions allow for public and private litigation. In public litigation the government, regulatory bodies, or other public (criminal law) authorities can pursue cases of corporate fraud and misconduct. In some jurisdictions and cases shareholders are able to participate as stakeholder. Within private litigation generally four main methods can be distinguished which are at the disposal of shareholders:

1. Direct legal action: All legal actions that can be initiated by a shareholder or an interested party, as a group of plaintiffs or separately, representing their interests.
2. Collective actions (for example class actions): All legal actions that can be initiated by one or more plaintiffs representing the interests of an entire group of unknown shareholders.
3. Derivative actions: All legal actions that can be initiated by a shareholder or an interested party, as a group of plaintiffs or separately, representing the interests of the company.
4. Joinder of defendant: All legal actions in which a shareholder can join the defendant (for example the _company) when he feels there is no merit to a case brought against the defendant or, for example, the case is clearly to drain the company of its vital resources.

Where it serves PGGM Investments' objectives, we prefer litigating together with local institutional investors.

Legal merit

PGGM Investments will become an active litigator on behalf of its clients when circumstances dictate so. Cases will be analyzed by our internal specialists and an external legal counsel. We will only pursue cases where there is a clear legal merit to it, such as – but not limited to – fraud and/or improper corporate governance. Pursuing these cases can have a purifying effect on the company, especially when going after the wrong-doers and when pursuing corporate governance and changes in corporate behavior.

Reputation risk

Shareholder litigation may instigate publicity and reputation risks for both PGGM Investments and/or its clients and the company involved. On the other hand, risks may also exist when we do not litigate against a company, its directors, its officers and/or third parties. As a universal investor we will take this factor into account when assessing whether or not to enter into shareholder litigation.

Trading restrictions

Applicable laws and regulations may prevent us from trading securities of the companies with which we are actively engaged in shareholder litigation. For a large extent this issue may arise prior or at the beginning of a shareholder litigation process or at the end. Especially when negotiating a settlement internal trading restrictions may be appropriate. PGGM Investments will assess on a case by case basis whether or not trading restrictions will be applied.

PGGM Investments' Engagement Focus List or Exclusion List

Companies with severe cases of corporate, director and/or officer fraud and/or misconduct can be added to the PGGM Investments' Engagement Focus List and possibly, as an ultimatum remedium, on the PGGM Investments' Exclusion List.

Budget and recovery

PGGM Investments will seek for the most effective, cost and time efficient way of litigating its objectives. An annual budget for (external) legal advice and attorney's fees is available for litigation purposes and a part of the recovery is contributed to a litigation budget. The remaining recovery is administrated differently from our regular investment returns.

Our US Shareholder Litigation Policy

In the US, shareholders have limited shareholder rights to realize changes in the companies they own. As such, US based shareholder litigation can be an effective tactical instrument in engaging with US companies and achieving shareholder objectives. For this reason PGGM Investments may utilize US shareholder litigation proceedings in the form of (i) federal and/or state securities class actions, (ii) derivative actions, (iii) direct legal actions, and/or (iv) joinder of defendant actions.

In US securities class actions a (group of) shareholder(s) usually with the largest financial interest in the litigation, commonly a large institutional investor or its representative, will lead and litigate on behalf of themselves and all other shareholders with similar interests and positions, the class. PGGM Investments will file a US securities class action if deemed necessary for securing the interests of PGGM Investments and its clients. In the event a third party files a securities class action, PGGM Investments will assess within the statutory time period whether (i) to remain an inactive class member, (ii) file a (co-)lead plaintiff motion or (iii) opting out of a securities class action ('opt-out') to initiate a direct action or to reserve its clients' right to do so.

Options in a US securities class actions

In the event a third party files a US securities class action, we will assess within the statutory time period whether:

(i) to remain an inactive class member. In most securities class actions filed, PGGM Investments' clients do not have the largest financial interest in the litigation. In these cases filing a (co-)lead plaintiff motion is not a real option. Unless there is a justification for opting out, remaining an inactive class member and eventually filing a proof of claim to recover a part of the loss, is the most effective, cost and time efficient option. Our default position is to remain an inactive class member.

(ii) to file a (co-)lead plaintiff motion. As a universal investor with significant assets managed in the US, a responsibility may arise towards all (non-US) shareholders in an US securities class action litigation. Filing a motion in order to become a (co-)lead plaintiff may well be in the interest of PGGM Investments' clients and/or for all (non-US) class members. Taking the (co-)lead enables PGGM Investments to represent the interest of non-US shareholders like our clients' – that otherwise may not be represented adequately – and to have a significant influence on the process and/or outcome of the securities class action. This is especially the case when negotiating settlement conditions and achieving other shareholder objectives than just loss recovery in cash. Depending on the loss of its clients and/or other shareholder objectives, PGGM Investments will assess on a case by case basis whether or not to file a (co-)lead plaintiff motion.

(iii) to opt out. There can be various reasons to opt-out of a securities class action. On the one hand potential non-US shareholder jurisdictional issues could exist. Other reasons might be that higher recoveries or stronger corporate governance or corporate behavior improvements can be gained from a direct legal action. PGGM Investments will assess on a case by case basis whether or not to opt-out of a class action and to start or join other legal proceedings.

A derivative action enables PGGM Investments to litigate on behalf of the company of which the funds managed by PGGM Investments or PGGM Investments' clients are or have been shareholders, against directors, officers and/or third parties. In severe cases of corporate, directors and/or officers fraud and/or misconduct, PGGM Investments may seek for indemnification of the company and/or improvement of corporate governance and corporate behavior. All other forms of private US direct legal actions can be undertaken in those circumstances where PGGM Investments feels that litigation contributes to its objectives. Direct legal actions may originate from opting out of a securities class action or simply as the most effective tactical instrument to pursue our objectives.

Monitoring of US shares

We monitor the US shares within the equity funds and segregated accounts managed by PGGM Investments for (i) possible loss and/or damages and litigation filing purposes and (ii) whether or not federal and/or state securities class actions have been filed by third parties. PGGM Investments uses a loss and/or damages threshold to determine whether or not the incurred losses and/or damages are material enough to become active in shareholder litigation.

Important information

This document has been solely prepared for informational purposes and is not an offer, or a solicitation of an offer, to buy or sell any security or financial instrument, or any investment advice. This policy does not confer any rights to any third parties. PGGM Vermogensbeheer B.V. has taken all reasonable care to ensure that the information contained in this document is correct, but does not accept liability for any misprints. The information contained herein can be changed without notice.

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For additional question or information with regard to the Responsible Investment policy of PGGM Investments, please contact PGGM Investments, Responsible Investment department, phone number: 030 277 13 77, or visit our website: www.pggm.nl/about_pggm/investments/responsible_investment/responsible_investment.asp