



Henderson Global Investors

Sustainable & Responsible Investment



European SRI Transparency Guidelines

Statement of Commitment

Period covered: January 2008 – December 2008

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Statement of Commitment

Henderson Global Investors has been involved in SRI since 1977, and we welcome the European SRI Transparency Guidelines, formerly referred to as the EUROSIF Transparency Guidelines. Henderson has supported the development and introduction of the European SRI Transparency guidelines, which were launched in June 2005. Our first statement of commitment was published in October 2005. This is our fourth statement of commitment (which is available on our website (www.henderson.com/sri) and that of eurosif (www.eurosif.org). The information is correct as of the period under coverage, which is between **1st January 2008 to 31st December 2008** for the following funds:

- Henderson Global Care Growth OEIC
- Henderson Global Care UK Income OEIC
- Henderson Global Care Managed OEIC
- Henderson Industries of the Future OEIC
- Henderson Industries of the Future (US mutual)

Statement of Compliance with the Transparency Guidelines

Henderson Global Investors is committed to being open and transparent in the policies and performance of its Sustainable and Responsible Investment (SRI) funds. Our website (www.henderson.com/sri) contains extensive information on our SRI funds, strategy and performance, and we also provide regular updates to investors via a monthly briefing (the *Fund Fact Sheet*) and a twice yearly newsletter, *Investing in the Future*. We have also pioneered the use of 'carbon audits' to measure and compare the performance of our funds in terms of carbon dioxide emissions.

Henderson meets the full recommendations of the European SRI Transparency Guidelines.

June 2009

Contact details

Any questions or feedback on the statement should be directed to:

- Email: sri@henderson.com
- Address: Henderson Eurosif Transparency Guidelines, c/o My-Linh Ngo, SRI, Associate Director – SRI Research, Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE

Definitions of key terms used in the guidelines (extract from the European SRI Transparency Guidelines for retail funds)

Term	Definition
Divestments	Companies that are sold from the fund portfolio.
Engagement	A long term process of dialogue with companies which seek to influence company behaviour in relation to their SEE practices.
Exclusion	The exclusion of sectors or companies from a fund if involved in certain activities based on specific SRI fund criteria e.g. no tobacco or no animal testing.
Fund(s)	A legal entity, the purpose of which is solely the acquisition of portfolio investments. This also includes compartments and sub-funds.
Fund manager	The entity responsible for overall management of the fund.
Fund purpose	The spirit and overall focus of the fund, but not the investment criteria employed.
Holdings	Equities and/or bonds of companies that collectively comprise the fund portfolio.
Portfolio	A collection of investments managed by the fund manager.
SEE	Social, ethical and environmental
Signatories	Fund(s) and/or fund manager that commits to disclose SRI information in line with the Guidelines.
SRI investment criteria	The principle or standard of judgement used to determine what the fund can and cannot invest in from a SEE perspective.
Voting policy	Policy of a fund to exercise its voting rights as investors to influence company behaviour.

National social investment fora to date include:

- Belsif, Belgium
- Forum Nachhaltige Geldanlagen, Germany
- Forum per la Finanza Sostenibile, Italy
- Forum pour l'Investissement Responsable, France
- Swesif, Sweden
- UKSIF (UK Sustainable Investment & Finance)
- VBDO (Vereniging van Beleggers voor Duurzame Ontwikkeling), The Netherlands

For further information contact Eurosif at +331 40 20 43 38 or at contact@eurosif.org.

SECTION 1: Basic Details

Signatories should be clear about who they are and provide background information on the fund and the fund manager

Founded in 1934, Henderson Global Investors the asset management business of the Henderson Group Plc (www.hendersongroupplc.com), which is a holding company listed on the London and Sydney stock exchanges. Henderson Global Investors' objective is to build a scaleable, profitable, active investment management business, based on its core equity, fixed income, property and emerging alternative products. As of 31st December 2008, assets under management totalled £49.5 billion. Henderson employs around 840 people around the world.

Henderson has been managing SRI funds since 1977 and currently has £568.5 million in assets under management (as of 31st December 2008) in both retail and institutional funds – see Figure 1 for information on the retail funds.

Figure 1: Henderson SRI Retail Funds

Retail SRI Funds / Criteria Area	Henderson Global Care Growth Fund OEIC	Henderson Global Care Managed Fund OEIC	Henderson Global Care UK Income Fund OEIC	Henderson Industries of the Future Fund OEIC	Henderson Industries of the Future Fund (US Mutual)
1a: Provide the name of the fund(s) and fund manager to which these guidelines apply	<ul style="list-style-type: none"> Fund: Henderson Global Care Growth Fund <ul style="list-style-type: none"> Type: growth Region: global Asset Allocation: equities Launched: 1991 Manager: Tim Dieppe, Henderson Global Investors 	<ul style="list-style-type: none"> Fund: Henderson Global Care Managed Fund <ul style="list-style-type: none"> Type: balanced Region: international Asset Allocation: equities & bonds Launched: 1996 Manager: George Latham, Henderson Global Investors 	<ul style="list-style-type: none"> Fund: Henderson Global Care Income Fund <ul style="list-style-type: none"> Type: UK income Region: UK Asset Allocation: equities & bonds Launched: 1995 Manager: George Latham, Henderson Global Investors 	<ul style="list-style-type: none"> Fund: Henderson Industries of the Future <ul style="list-style-type: none"> Type: growth Region: global Asset Allocation: equities Launched: 1995 (Henderson Ethical Fund) and re-launched as current fund 2005 Manager: Tim Dieppe, Henderson Global Investors 	<ul style="list-style-type: none"> Fund: Henderson Industries of the Future <ul style="list-style-type: none"> Type: growth Region: global Asset Allocation: equities Launched: 2008 Manager: Tim Dieppe, Henderson Global Investors
1b: Provide contact details for further information regarding the funds	Further fund information not included on the SRI website (www.henderson.com/sri) can be requested by emailing: SRI@henderson.com				Amber Milam Senior Product Manager Henderson Global Investors (North America)
	Existing policy holders requiring administration assistance or those interested in investing in the fund should contact Henderson Retail Client Services either by telephone: 0800 832 832, by e-mail to retailclientservices@henderson.com or by post at: Retail Client Services, Henderson Global Investors, 201 Bishopsgate, London EC2M 3AE				312.915.9178 Amber_milam@hendersonna.com

Retail SRI Funds / Criteria Area	Henderson Global Care Growth Fund OEIC	Henderson Global Care Managed Fund OEIC	Henderson Global Care UK Income Fund OEIC	Henderson Industries of the Future Fund OEIC	Henderson Industries of the Future Fund (US Mutual)
1c: What is the size of the fund? ¹ (in GBP/euros at a specific date)	GBP 151m	GBP 168.6m	GBP 69.14m	GBP 63.62m	GBP 0.33m
1d: Where can financial performance history data about the fund be found?	Cumulative and discrete performance data for the SRI funds is shown on the Fund Fact sheets at the website address: http://www.henderson.com/sites/henderson/sri/funds.aspx				http://www.henderson.com/sites/henderson/usretail/mutualfunds/industriesofthefuture.aspx
1e: Provide details of the content, frequency, and means of communicating information to investors	<p>Annual reports</p> <ul style="list-style-type: none"> All investors in the OEICs receive copies of the manager's annual and semi-annual report in hard copy <p>Bi-annual</p> <ul style="list-style-type: none"> All retail SRI investors receive a printed copy of 'Investing in the Future' newsletter twice a year (April and October). This includes a summary of fund activity, select stock profiles, and information on SRI research & engagement activities. Current and old editions of the newsletter can be found on individual product pages, at the website address: http://www.henderson.com/sites/henderson/sri/documentlibrary.aspx?phid=TabbedPHolder3 Full listing of fund holdings with a short SRI rationale are published on the website twice a year (holdings as of 30th June and 31st December): http://www.henderson.com/sites/henderson/sri/funds.aspx <p>Monthly</p> <ul style="list-style-type: none"> Fund Fact Sheets summarising fund performance, and top 10 holdings are updated monthly and available at http://www.henderson.com/sites/henderson/sri/funds.aspx Financial advisers can also subscribe to a monthly e-newsletter 'SRI Investment News', which includes a summary of fund performance, select stock profiles and information on SRI research & engagement activities <p>Ad-hoc</p> <ul style="list-style-type: none"> The SRI website is the main channel through which the team communicates its SRI activities, and this includes copies of reports on the latest SRI research & engagement activities (www.henderson.com/sri). 				<p>Henderson supports the Industries of the Future Fund with a number of regular materials as well as ad hoc communications to both investment advisers and shareholders.</p> <p>The following details the regular materials and frequency of distribution:</p> <ul style="list-style-type: none"> Quarterly Fact Sheet Page in Quarterly Data Guide Monthly Fund Commentary and Performance Update Quarterly Pitchbook Presentation Quarterly Theme Update with holdings <p>Ad hoc items</p> <ul style="list-style-type: none"> SRI Whitepaper Roadshow

¹ All figures are as of 31st December 2008.

Retail SRI Funds / Criteria Area	Henderson Global Care Growth Fund OEIC	Henderson Global Care Managed Fund OEIC	Henderson Global Care UK Income Fund OEIC	Henderson Industries of the Future Fund OEIC	Henderson Industries of the Future Fund (US Mutual)
					presentations <ul style="list-style-type: none"> • Avoidance Criteria • RFP's

Additional: Briefly describe the corporate responsibility policies of the organisation that manages or promotes the fund(s), or give direction to where this information can be located

Henderson Global Investors has adopted a corporate responsibility (CR) policy and reports on its progress in the company's Annual Report, covering issues such as business standards, the environment, workplace practices and community involvement. Details of the CR policy is available at: <http://www.henderson.com/sites/henderson/hendersongroup/financials/annualreports/2005annualreport.aspx>

The latest annual report with CR commentary can be found at: <http://www.henderson.com/content/hendersongroup/public/annualreport2008/corpresponsibility.pdf>

Some notable features of its approach to corporate responsibility include:

- A Responsible Investment policy for all UK and International Equities, available at <http://www.henderson.com/content/henderson/responsibleinvestment/documents/ukresponsibleinvmtpolicy.pdf>
- Membership of the UNEP Finance Initiative (UNEP FI), UKSIF (SRI trade association in the UK), EUROSIF (SRI trade association in Europe), and SIF (SRI trade association in the US) as well as the Institutional Investors Group on Climate Change (IIGCC); and
- Support for the UN Principles for Responsible Investment (UN PRI) and the Carbon Disclosure Project (CDP) through our membership of these initiatives.

SECTION 2: SRI Investment Criteria

The following information is available at:

<http://www.henderson.com/sites/henderson/sri/home.aspx>

<http://www.henderson.com/sites/henderson/sri/philosophy.aspx>

<http://www.henderson.com/sites/henderson/sri/funds.aspx>

<http://www.henderson.com/sites/henderson/usretail/mutualfunds/industriesofthefuture.aspx>

Signatories should be clear about their purpose and investment criteria

Henderson's SRI philosophy

Henderson has been managing SRI funds since 1977 and as of 31st December 2008 has £568.5 million in assets under management in seven retail and institutional funds (five pooled funds and two segregated accounts).

Our experience suggests that extra-financial factors – covering social, environmental, ethical and governance – are powerful drivers of investment performance and we apply an integrated, five-pronged strategy to SRI:

- First, we invest globally in companies providing solutions to sustainability challenges – seeking out the **'Industries of the Future'** through positive thematic investing. We have identified 10 sustainability themes: Cleaner Energy, Efficiency, Environmental Services, Health, Knowledge, Quality of Life, Safety, Social Property & Finance, Sustainable Transport, and Water Management
- Second, we invest in **responsible companies** from the broader market in the UK with good standards of corporate responsibility (CR) - including corporate governance, business ethics, workplace practices, human rights, environmental management and community relations
- Third, we **actively engage with companies** both to understand the social and environmental challenges they face, and also to exert influence for improved performance where this is required
- Fourth, we take into account our **clients' social, ethical or environmental values** by excluding companies whose products or activities conflict with these. We can screen on a wide range of ethical factors including alcohol, animal testing, arms, automotive, chemicals, fossil fuels, gambling, genetic engineering, meat & dairy, mining, nuclear, ozone layer depletion, pesticides, pornography, road-building and tobacco
- Fifth, we **engage with policy makers and other stakeholders** to understand and shape the markets we seek to invest in

We take a long-term approach to investment, which enables us to fully crystallise the investment benefits of acknowledging sustainability and responsibility trends in the portfolios we manage for our clients.

Figure 2 summaries the SRI investment criteria of our funds.

Figure 2: SRI Investment Criteria

Retail SRI Funds / Criteria Area	Henderson Global Care Managed Fund Henderson Global Care UK Income Fund	Henderson Global Care Growth Fund	Henderson Industries of the Future Fund OEIC & US Mutual
2a: How does the fund define SRI?	<ul style="list-style-type: none"> Seeks out Industries of the Future opportunities <ul style="list-style-type: none"> Income: 20-40% of the fund Managed: 30-50% of the fund Extensive engagement to encourage improved CR practices Core ethical exclusions 	<ul style="list-style-type: none"> Dedicated 100% focus on Industries of the Future opportunities Limited emphasis on engagement Focus on acceptable business CR standards Comprehensive ethical exclusions 	<ul style="list-style-type: none"> Dedicated 100% focus on Industries of the Future opportunities Limited emphasis on engagement Focus on acceptable business CR standards Core ethical exclusions
2b: What are the SRI investment criteria of the fund?	<p>Common criteria applicable to all 3 Global Care funds are:</p> <p>Business ACTIVITIES – POSITIVE selection</p> <ul style="list-style-type: none"> <i>Education and training:</i> Companies supplying education or training services to enhance the quality of life and opportunity in the workplace. <i>Energy conservation:</i> Companies engaged in the supply of energy conservation services such as domestic or industrial insulation, or electronic energy efficiency devices. <i>Healthcare services:</i> Companies supplying medical equipment, nursing services, care for the elderly or holistic therapies. <i>Health & safety equipment:</i> Stricter legislation and corporate focus on employee safety has created a demand for equipment that minimises the risk of industrial accidents and improves workplace conditions. We look for companies supplying specialist equipment or devices that have a health, safety or environmental application. <i>Mass transit systems:</i> Companies engaged in the provision of bus and rail services, or manufacture of bicycles, buses and trains. <i>Multimedia & telecommunications:</i> Companies which are directly involved in transforming the use of information, communication or ways of working, including developments in the internet, CD-ROMS, tele-working and mobile telephony. 		<p>Business ACTIVITIES – POSITIVE selection</p> <p>The 10 Industries of the Future themes are about investing in companies which provide solutions to sustainability (environmental or social) challenges</p> <ul style="list-style-type: none"> Cleaner energy Efficiency Environmental services Health Knowledge Quality of life Safety Social property & finance Sustainable transport Water management <p>.. more details on each of these themes are available on the website: http://www.henderson.com/sites/henderson/sri/approach/topdowntheme/overview.aspx</p> <p>Business ACTIVITIES – NEGATIVE screening</p>

Retail SRI Funds / Criteria Area	Henderson Global Care Managed Fund Henderson Global Care UK Income Fund	Henderson Global Care Growth Fund	Henderson Industries of the Future Fund OEIC & US Mutual
	<ul style="list-style-type: none"> • <i>Pollution monitoring/pollution control equipment:</i> Companies engaged in the manufacture, supply or operation of pollution control equipment or monitoring devices. • <i>Process control equipment:</i> Companies engaged in the manufacture or supply of efficiency improvement devices that provide water, energy or materials savings. • <i>Recycling services:</i> Companies engaged in the collection and recycling of waste or which use a high proportion of recycled waste in their products. • <i>Renewable energy:</i> Companies involved in the generation of electricity from renewable resources such as wind, solar and hydro power. • <i>Textiles:</i> Companies developing alternative textiles to leather. • <i>Vegetarian foods:</i> Companies active in processing or retailing vegetarian foods. • <i>Water management:</i> Companies involved in the protection and provision of water supplies, or provide water purification services or equipment. <p>... essentially these activities have been formalised within the 10 Industries of the Future themes:</p> <ul style="list-style-type: none"> • Cleaner energy • Efficiency • Environmental services • Health • Knowledge • Quality of life • Safety • Social property & finance • Sustainable transport • Water management <p>.. more details on each of these themes are available on the website: http://www.henderson.com/sites/henderson/sri/approach/topdowntheme/overview.aspx</p> <p>Business ACTIVITIES – NEGATIVE screening</p> <ul style="list-style-type: none"> • <i>Alcohol:</i> We avoid companies involved in the production of alcoholic drinks or which generate more than 10% of their turnover from its sale. • <i>Armaments:</i> We avoid companies involved in the sale or production of strategic goods or services for military weapons or operations. • <i>Gambling:</i> We avoid companies with activity related to gambling, including the 		<p>In applying avoidance criteria, the fund managers take into account the significance of a company's involvement in following areas in terms of their contribution to the company's overall business.</p> <ul style="list-style-type: none"> • <i>Alcohol:</i> Companies deriving turnover from the production of alcohol, or more than a third of their turnover from the sale of alcohol. • <i>Animal testing:</i> Companies involved in animal testing for cosmetic products. Companies may be considered for investment where animal testing is legally required, for example, for medical products. • <i>Armaments:</i> Companies producing strategic military goods and services. • <i>Automotive industry:</i> Companies deriving more than a third of their turnover from manufacturing cars or private commercial vehicles. • <i>Chemicals:</i> Companies manufacturing ozone depleting chemicals, PVC or phthalates or irresponsibly marketing pesticides. • <i>Forestry:</i> Companies involved in unsustainable timber extraction or trading. • <i>Gambling:</i> Companies deriving turnover from gambling. • <i>Genetic engineering:</i> Companies involved in the deliberate release of genetically modified organisms. Medical and industrial applications in a contained setting will be assessed on a case by case basis. • <i>Greenhouse gas emissions:</i> Companies which are major contributors to climate change, unless they show a responsible approach to reducing emissions. • <i>Intensive farming:</i> Companies involved with intensive farming, fish farms or abattoirs. • <i>Nuclear power:</i> Companies involved in nuclear energy production or manufacturers of nuclear equipment (excluding safety equipment). • <i>Pornography:</i> Companies which publish, print or distribute pornography • <i>Road building:</i> Companies deriving more than a third of their turnover from road building. • <i>Tobacco:</i> Companies deriving turnover from the production of tobacco or more than a third of their turnover from the sale of tobacco products. <p>Business CONDUCT/CORPORATE RESPONSIBILITY (CR) – POSITIVE selection</p> <p>We evaluate its business practices to ensure that they have acceptable standards of corporate responsibility. We focus on the following factors, looking for positive practices in terms of:</p>

Retail SRI Funds / Criteria Area	Henderson Global Care Managed Fund Henderson Global Care UK Income Fund	Henderson Global Care Growth Fund	Henderson Industries of the Future Fund OEIC & US Mutual
	<p>National Lottery and ownership or operation of betting shops, horse and greyhound racing tracks, licensed bingo halls, casinos or gaming clubs.</p> <ul style="list-style-type: none"> • <i>Nuclear power:</i> We avoid companies which are involved in the uranium fuel cycle, treat radioactive waste, or supply nuclear related equipment or services for constructing or running nuclear plant or facilities. • <i>Ozone layer:</i> We avoid companies that make or sell ozone depleting chemicals or users of ozone depleting chemicals that have yet to set dates for their phase-out. • <i>Pesticides:</i> We avoid companies which manufacture, store, wholesale or retail pesticide products in the UK which are on the Department of the Environment Red List, which have been restricted in five or more countries or which have been implicated in incidents investigated by the Health and Safety Executive. • <i>Road building:</i> We avoid companies generating more than 10% of turnover from road building. • <i>Tropical hardwood:</i> We avoid companies active in the extraction, clearing, processing or import of tropical hardwood products. • <i>Fur:</i> We avoid companies involved in the sale or manufacture of animal fur products • <i>Genetic engineering:</i> We seek to avoid companies whose primary activity is research into life forms involving the transfer of genes across species and alteration of plant or animal genes for commercial use. • <i>Pornography:</i> We avoid companies that publish, print or distribute newspapers or magazines, or distribute films or videos, classed as pornographic. • <i>Tobacco:</i> We avoid companies that engage in activities related to the production of tobacco products or generate more than 10% of turnover from tobacco sales. <p>Business CONDUCT/CR – POSITIVE selection</p> <ul style="list-style-type: none"> • <i>Community involvement:</i> Companies active in the community with programmes that may include staff secondment, support of Business in the Community, the Per Cent Club or charitable giving and fundraising. • <i>Corporate governance:</i> Companies which demonstrate accountability to their investors and are seeking compliance with the recommendations of the Cadbury Committee on Corporate Governance. • <i>Employee relations:</i> Companies with good industrial relations records and policies that include, for example, measures to encourage employee participation, support for women and minorities, and Employee Share Ownership Plans. • <i>Policy statements, audits & openness:</i> Companies with clear policies and systems of accountability. For example, those that publish a statement of business ethics or code of conduct, have environmental management systems (such as EMAS) or 		<ul style="list-style-type: none"> • <i>Corporate standards:</i> Corporate governance policies and performance Ethical business policies and performance • <i>Workplace:</i> Employee involvement and relations; equal opportunities and diversity; health and safety policies and performance • <i>Social:</i> Human rights in business operations and supply chains; access to essential goods; community impacts. • <i>Environment:</i> Environmental policies, management systems and disclosure; management of climate change, pollution, resource use and biodiversity. <p>Business CONDUCT/CR – NEGATIVE screening</p> <p>The fund will not invest in companies which:</p> <ul style="list-style-type: none"> • Persistently breach laws and regulations concerning corporate governance, competition, customer relations, health and safety, employment practices, and the environment. • Are complicit in cases of bribery & corruption, abuses of human rights or irresponsible marketing practices. • Actively resist the shift to more sustainable and responsible corporate behaviour.

Retail SRI Funds / Criteria Area	Henderson Global Care Managed Fund Henderson Global Care UK Income Fund	Henderson Global Care Growth Fund	Henderson Industries of the Future Fund OEIC & US Mutual
	<p>conduct social audits and make them publicly available, and respond fully to external enquiries.</p> <ul style="list-style-type: none"> • <i>Progressive relationships & strategy:</i> Companies that clearly outline and explain the environmental implications of their corporate strategy. Companies which actively promote the interests of staff, such as maternity/paternity leave, counselling services; customers, for example those with eco-labelling of products; suppliers, such as those implementing audits for environmental performance and fair trade; and the public, such as those which contribute to community activities. <p>Business CONDUCT/CR – NEGATIVE screening</p> <ul style="list-style-type: none"> • <i>Irresponsible marketing:</i> We avoid companies that have consistently had public complaints upheld against them by the Advertising Standards Authority (ASA) or have irresponsibly marketed products, such as breast milk substitutes, to developing countries. • <i>Oppressive regimes:</i> Companies with subsidiaries or associated interests which support the activities of oppressive regimes, or companies which use forced labour are avoided. • <i>Water pollution:</i> We avoid companies consistently exceeding discharge consents. <p>Additional criteria – ONLY applicable to UK Income and Managed funds</p> <p>Business ACTIVITIES – NEGATIVE screening</p> <ul style="list-style-type: none"> • <i>Contentious industries:</i> Investments will not be made in companies in contentious industries such as mining, oil, chemicals, car manufacture, or in pharmaceutical companies using animal testing, unless the company can demonstrate an outstandingly positive response towards environmental and social concerns. <p>Additional criteria – ONLY applicable to Growth fund are:</p> <p>Business ACTIVITIES – NEGATIVE screening</p> <ul style="list-style-type: none"> • <i>Animal testing:</i> We avoid companies which manufacture pharmaceuticals, medicines, vitamins, cosmetics, soaps or toiletries, unless they make it clear that their products and ingredients are not animal tested. 		

Retail SRI Funds / Criteria Area	Henderson Global Care Managed Fund Henderson Global Care UK Income Fund	Henderson Global Care Growth Fund	Henderson Industries of the Future Fund OEIC & US Mutual
	<ul style="list-style-type: none"> • <i>Greenhouse gases:</i> We avoid companies generating high emissions of carbon dioxide, the main greenhouse gas, including the extraction, refining or distribution of fossil fuels except natural gas, oil exploration and distribution and fossil fuel power stations that use coal or oil. • <i>Meat & dairy production:</i> Any companies involved in the production or processing of meat/poultry or dairy products or eggs, or whose primary activity involves their sale, are avoided. • <i>Mining:</i> We avoid companies directly involved in mining or quarrying 		
2c: How are the SRI criteria defined, how frequently and by whom are the criteria reviewed?	SRI criteria were defined at launch, with input from the independent SRI Advisory Committee. The team and the Advisory Committee keep the criteria and their interpretation under review.		
2d: How are the criteria changes communicated to investors?	Any material changes to the criteria have to be approved by investors at an Extraordinary General Meeting (EGM)		

SECTION 3: Research Process

The following information is available at:

<http://www.henderson.com/sites/henderson/sri/approach/overview.aspx>

<http://www.henderson.com/sites/henderson/sri/approach/corporateresponsibilityevaluation.aspx>

<http://www.henderson.com/sites/henderson/sri/approach/activeinvestment.aspx>

Signatories should provide information on their research process

3a: Describe your SRI research methodology and process

Henderson conducts both company and strategic SRI research.

Company Research

All companies are assessed in terms of both the sustainability of their core business and the corporate responsibility (CR) of their operations.

Business sustainability – the companies' product & service offerings

In the first step, companies are assigned to one of five business sustainability categories: Industries of the Future, Gatekeepers, Sensitive, Controversial and Extreme, as illustrated in Figure 3.

Figure 3: Business Sustainability Categories

Business Sustainability Categories	Key Characteristics	Indicative Themes & Sector Focus
Industries of the Future	<ul style="list-style-type: none"> Emerging themes offering solutions to sustainability challenges Driven by key technological breakthroughs and rising societal expectations 	<ul style="list-style-type: none"> Cleaner energy Health Water management
Gatekeeper	<ul style="list-style-type: none"> Established companies with few direct impacts, and key focus on product stewardship and value chain impacts 	<ul style="list-style-type: none"> Financials Media Retail Support services
Sensitive	<ul style="list-style-type: none"> Includes companies which offer high potential, but also pose high risks or major ethical dilemmas Also includes basic industries or services where preference depends on the nature of the product or services 	<ul style="list-style-type: none"> Construction Engineering & machinery Healthcare Technology
Controversial	<ul style="list-style-type: none"> Covers companies with high and long-term social and environmental costs, whose transformation is part of the sustainability transition Typically associated with natural resource exploitation 	<ul style="list-style-type: none"> Chemicals Mining & quarrying Oil exploration & production Power generation
Extreme*	<ul style="list-style-type: none"> Unacceptable social, health and environmental costs according to individual fund criteria 	Core concerns include: <ul style="list-style-type: none"> Military Nuclear power Tobacco

NOTE

*Each SRI fund will have its own specific set of exclusion criteria

These categories enable us to assign preference to potential investments and understand the level of corporate responsibility we need to see demonstrated prior to approval for investment. From a positive perspective, we seek out Industries of the Future companies. Conversely, we never invest in companies with an 'extreme' categorization; other sectors may also be excluded from investment depending on specific fund criteria, and the team's own analysis.

Corporate responsibility (CR) – how the company conducts its business

Once a company has been categorized as potentially investable from a sustainability perspective, it is then subject to a CR evaluation that assesses policies, systems and performance in terms of business standards, workplace practices, environmental management and community relations – as illustrated in Figure 4.

Figure 4: Corporate Responsibility Analysis Clusters

Corporate Standards

A company's obligations towards its economic stakeholders - shareholders, customers, suppliers and competitors - through its corporate governance rules, business ethics and disclosure.

Workplace Practices

A company's responsibilities towards its employees in terms of labour standards, health and safety, wages and benefits, equal opportunities and diversity, skills and career development, consultation and participation.

Environmental Management

A company's responsibilities for reducing its impact on the natural environment, minimising pollution and waste, conserving resources, eliminating hazards and respecting animal welfare and biodiversity.

Interactions with Society

A company's responsibilities for protecting and enhancing human rights (both indigenous peoples' rights and supplier labour standards), its practices towards the communities it operates within and its community investment and involvement

For each sector, Henderson has a CR benchmark containing core and sector-specific issues against which we measure corporate practices. Following our evaluation, each company is awarded one of five CR gradings, expressing our conclusion as to whether a company is essentially 'resisting' responsible practices, simply 'reacting' to external developments, 'developing' policies and program, 'integrating' these into core business or 'leading' the drive for corporate responsibility, as shown in Figure 5.

Figure 5: Corporate Responsibility Gradings

CR Grades	Key Characteristics
Leading	<ul style="list-style-type: none"> • Proactive in seeking improvement and opportunities in the sustainability agenda • Corporate responsibility integrated into business practices and extended along value chain • Processes for stakeholder dialogue and involvement • Detailed disclosure and quantified reporting
Integrating	<ul style="list-style-type: none"> • Formal policies and systems in place to manage key corporate responsibilities • Tangible improvements in performance in key corporate responsibility areas • Examples of key innovations • Good disclosure track record
Developing	<ul style="list-style-type: none"> • Putting in place policies and programmes • Management commitment to improvement • Focus on key risks (e.g. environment) • Descriptive reporting
Reacting	<ul style="list-style-type: none"> • Compliance focused • Internal controls only • Little/no reporting
Resisting	<ul style="list-style-type: none"> • Continual non-compliance in key responsibility areas • Actively resisting the corporate responsibility and sustainability agendas • Little/no formal policies and systems in place • Poor disclosure

Depending on sector risk, these gradings determine whether a company then enters the approved universe for stock selection. In addition, it is at this stage that we can apply ethical screens or exclusions depending on client needs.

Ideas for company research emerge from both the SRI analysts and SRI portfolio managers. In addition to evaluating new companies, we also monitor and review existing holdings; all holdings will be fully re-assessed at least every three years, and in some cases, more frequently as deemed appropriate and necessary.

Strategic Research (sector/issue/thematic)

Henderson also carries out strategic research on critical sustainability themes and CR issues. By this, we mean the investigation of macro-level sustainability trends and pressures, along with policy and market responses in terms of regulation and technology, as well as emerging investment opportunities in companies providing solutions to these challenges. This research is critical to the top-down dimension of our investment process. We draw on a range of sources for this research, including the outputs of international research institutes, industry reports, sell-side brokers, and specialist expert network organisations. We also use our independent SRI Advisory Committee to review this analysis on at least an annual basis.

In the year in question, we examined a number of critical sustainability & CR issues, including:

- **Sector reviews:** conducted analysis on UK companies in sectors such as banking, food producers, food retailers, insurance and media
- **Industries of the Future theme reviews:** updated our knowledge and understanding of development in the themes, which include Cleaner Energy, Environmental Services, Health, Safety, Sustainable Transport and Water Management
- **Issues reviews:** continued to further our understanding of the investment implications of climate change adaptation; continued to explore the challenges of access to medicines within the global pharmaceutical industry; worked collaboratively with other investors on the issue of ethical supply chain management, as well initiated research exploring chemical safety in consumer products
- **Fund analysis:** continued to review ways to assess and demonstrate how our SRI funds perform on extra-financial parameters e.g. continuing to assess the climate footprint of some of our SRI funds

3b: Does the fund manager use an in-house research team and/or an external research team? Please explain.

Henderson has an in-house SRI research team and also uses external SRI research. For the period covered by this statement, the SRI research team was made up of the following individuals:

- Seb Beloe, Head of SRI Funds
- My-Linh Ngo, Associate Director SRI Research
- Hyewon Kong, Junior SRI Analyst

In addition, for SEE and governance matters, the team works closely with Antony Marsden, Corporate Governance Manager.

In terms of external research, Henderson subscribes to Innovest's 'intangible value' evaluation for the constituents of the MSCI World, Euro300 and FTSE350. It also buys-in research from other institutions, such as Trucost and the GLG Group. Finally, we also commission SRI research from sell-side investment banks.

3c: Is there an external control or external verification process in place for the research process? Where an Advisory Committee is used, please state its responsibilities.

The SRI team has established a number of mechanisms to ensure the integrity of the research process, including:

Electronic trading system

Henderson's electronic dealing system is programmed so that only companies approved for investment can be purchased for the funds.

External Reviews

Henderson also commissions external research to assess the SRI 'quality' of its funds, such as the assessment the 'carbon footprint' of some of our SRI retail funds.

External SRI Advisory Committee

The SRI team is supported by an independent Advisory Committee, whose role is to provide strategic advice to the team, acting as a sounding board and offering a source of information and new ideas. It also helps to ensure the accountability of the team in its activities and conduct to its stakeholders. Committee members are as follows:

- *Ram Gidoomal (Chair)*: an entrepreneur, and former UK Group Chief Executive of the Inlaks Group. He is Chairman of Employability Forum, helping refugees and asylum seekers into jobs and a council member of the Institute for Employment Studies. Ram is a Trustee of Forum for the Future.
- *Adrian Henriques*: an independent adviser on corporate responsibility, social accountability and sustainability and Director of JustAssurance, a social enterprise promoting stakeholder-oriented report assurance. His main areas of activity are advice and auditing for companies and other organisations, research and training

- *Paul Hohnen*: an Australian national with extensive experience in global environmental and sustainability policy formulation. An international lawyer by training, he has worked as a diplomat (including to the OECD and the EU), as an international civil servant, as international political director of Greenpeace, and as a private consultant to a range of UN, business, and non-profit organisations

The Committee's Terms of Reference is available at:

<http://www.henderson.com/content/sri/publications/other/advisorycommitteecommentary/committeetermsreference.pdf>

The Committee also publishes an annual commentary on its activities and interactions with the SRI team, details of which are also available on the website.

<http://www.henderson.com/content/sri/publications/other/advisorycommitteecommentary/sri%20advisory%20committee%20commentary%202008.pdf>

3d: Does the research process include stakeholder consultation? If yes, please provide details.

Henderson's SRI research process involves dialogue with stakeholders to better understand perspectives and expectations of corporate performance from regulators, trade unions, whistleblowers and environment & human rights NGOs.

3e: Do companies have the opportunity to see their profile or analysis? If yes, how often?

The SRI team does not routinely disclose the details SRI analysis to companies, but this is available on request. We also provide feedback to companies on their eligibility for SRI investment and the quality of their CR.

3f: How frequently is the research process reviewed?

The effectiveness of the research process is reviewed formally on an annual basis and more frequently as deemed appropriate and necessary.

3g: What research findings are disclosed to the public? How?

Fund holdings

- Top 10 holdings for the funds are disclosed on a monthly basis on the website and monthly fund sheets
- Full fund holdings are disclosed on a bi-annual basis (for periods 31st June, 31st December) on the website, accompanied by a short description of the investment – we believe we are one of the few fund managers to do this proactively

The data for fund holdings can be found on the website: <http://www.henderson.com/sites/henderson/sri/funds.aspx>

Research activities

- We communicate and report on our activities to other stakeholders on a monthly (e-bulletin to financial advisors), and bi-annual basis (client newsletters in April and October, available on the website: <http://www.henderson.com/sites/henderson/sri/transparency.aspx>)

Other

- We report and share with other stakeholders our activities at conferences and seminars, we well as on our website (www.henderson.com/sri)
- We respond to ad-hoc investor and stakeholder queries on a case by case basis

SECTION 4: Evaluation & Implementation

The following information is available at:

<http://www.henderson.com/sites/henderson/sri/approach/overview.aspx>

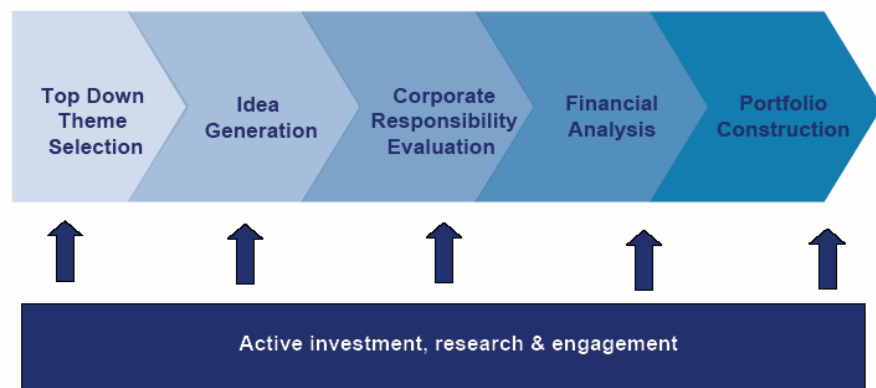
Signatories should provide information on how the research is used to build and maintain their portfolio

4a: How are the results of research integrated into the investment process, including selection and approval of companies for investment?

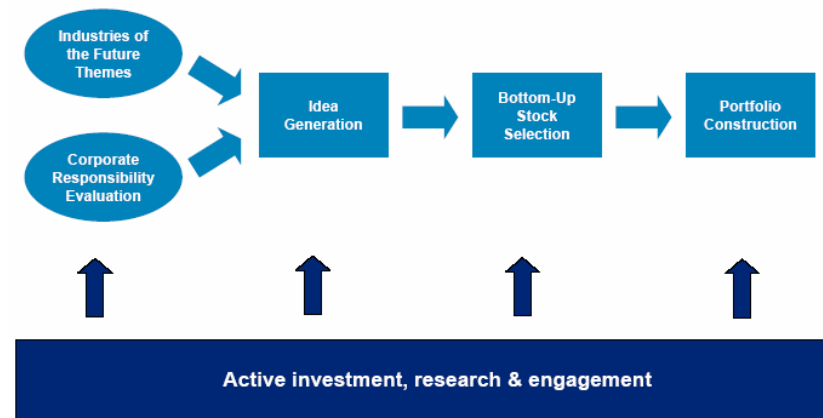
For our SRI funds, we broadly have two approaches to integrating research into the investment process, as illustrated in Figure 6.

Figure 6: SRI Investment Process

a) Approach for Global Care Growth, Industries of the Future funds



b) Approach for Global Care Managed, and Global Care UK Income funds



4b: What internal or external measures are in place to ensure portfolio holdings comply with SRI investment criteria?

The majority of these have already been described in Section 3c. In addition to these, the SRI team monitors news flow affecting companies, and attends regular updates with company management.

4c: What is the policy and procedure for divestments on SRI grounds?

De-approval or divestment (if the company is held at the time of the decision) of a company, on SRI grounds is rare, and may result due to one of two possible reasons:

- ***Business activity falls under one of the excluded activities:*** the company is involved in a business activity which falls under the category of being excluded from investment in the fund;
- ***Corporate responsibility (CR) practice becomes unacceptable:*** the company's CR management and/or performance deteriorates to such a level that it is no longer considered acceptable for approval in the fund; and/or the company is unwilling to change its practices.

In either instances, the decision generally follows a period of extensive research to investigate the issue of concern, and in the case of the latter, time is taken to carefully explore allegations of poor practice and/or engagement to encourage improved practices. If the company that is having its approval status revoked is currently held in a fund, the fund manager has a 3 month period in which to divest of the holding. This is so to ensure the fund does not incur any unnecessary financial costs.

4d: Are investors informed about divestments on SRI grounds? If yes, how frequently and by what means?

The SRI team endeavours to inform investors of divestments on SRI grounds in the bi-annual '*Investing in the Future*' newsletter.

4e: Does the fund manager inform companies of portfolio exclusions or divestments due to non-compliance with its SRI policy and criteria?

Where a divestment is made on SRI grounds the SRI team may inform the company if we believe there to be a benefit in doing so.

Additional: To what extent do any results of engagement activities feed into company selection?

The results of engagement activities feed directly into the company selection process. It is a critical element for the investment process, enabling us to have a better understanding of company performance and use our position as shareholders to encourage improved performance. As a result of engagement activities, companies may continue to be approved for SRI investment or have their approval status questioned and sometimes result in it being revoked.

SECTION 5: Engagement Approach

The following information is available at:

<http://www.henderson.com/sites/henderson/sri/approach/activeinvestment.aspx>

Signatories should explain their approach to engagement if the fund has such a policy

5a: What are the aims of the engagement policy?

Henderson Global Investors is involved in engagement in two ways:

- First, to help implement Henderson's Responsible Investment policy for all of its equity holdings; and
- Second, to implement the specific engagement goal(s) for SRI funds

For us, company engagement can have one of two objectives:

- First, to generate additional *insights* into company practice, and
- Second, to exercise *influence* for improved management and performance

In addition, we also engage in policy dialogue with the aim of helping to shape the market so that sustainable and responsible behaviour is rewarded.

5b: How does the fund prioritise which companies it will engage with?

We undertake three main forms of company engagement:

- The first is *baseload* engagement, where we seek regular updates from companies on their corporate responsibility and provide recommendations accordingly, and which are prioritised according to the size of the company holding in the SRI funds
- The second is *thematic* engagement, where we select an issue of importance and undertake dialogue with a number of companies to compare and contrast approaches, and make suggestions for best practice; and
- The third is *reactive* engagement, where we engage with companies in the wake of events which raise concerns and raise specific requests for action, and which are prioritised by the severity of the issue at stake as well as the size of the company holding in the SRI funds

We engage in a combination of these engagement efforts, balancing the more pro-active thematic and baseload work with the ad-hoc reactive as appropriate.

5c: Who undertakes engagement on behalf of the funds?

The SRI research team, assisted by the Corporate Governance Manager undertake engagement on behalf of the funds.

5d: What methods of engagement are employed?

Typically our engagement activities take the form of dialogue through meetings, conference calls, telephone calls or written communications.

5e: How is the effectiveness of engagement activity monitored/addressed?

Engagement activities are monitored and reviewed on an ongoing basis.

5f: What further steps, if any, are taken if engagement is considered unsuccessful?

Where engagement efforts fail to result in adequate results, we may exercise our voting rights (for example, against the adoption of the report & accounts) or de-approve the company (e.g. although not currently held, any future investment would not be permitted), which may result in divestment if it is an existing holding.

5g: How, and how frequently, are engagement activities communicated to investors and other stakeholders?

Engagement is communicated to investors through the bi-annual *Investing in the Future* newsletter (April and October), which is also available on the website. The website also provides information on engagement activities undertaken by the team as and when appropriate to do so.

SECTION 6: Voting Policies

Signatories should make clear their policy on voting

6a: Does the fund have a voting policy? If so, what is it?

Yes – the SRI funds have a policy of actively voting its shares in all geographies where possible. We seek to promote the highest standards of corporate governance and corporate responsibility (CR), and will support special resolutions where we believe these have merit.

6b: Does the fund disclose its voting practices and reasoning for decisions?

Henderson seeks to disclose where it has voted against management or abstained, and/or its view on shareholder proposals. This information can be found in this document (the Statement of Commitment), the bi-annual *Investing in the Future* newsletter, as well as in ad-hoc communications as appropriate.

6c: Does the fund sponsor/co-sponsor shareholder resolutions?

Henderson Global Investors has not sponsored/co-sponsored a shareholder resolution in the period under review. However our policy does not prohibit this course of action where deemed appropriate.

SECTION 7: Periodical Activities

The following information is available at:

<http://www.henderson.com/sri>

<http://www.henderson.com/sites/henderson/sri/transparency.aspx>

<http://www.henderson.com/sites/henderson/sri/news.aspx>

<http://www.henderson.com/sites/henderson/sri/documentlibrary.aspx>

Signatories should periodically disclose information about their activities. This should be done at least on an annual basis.

7a: List the fund holdings at a specified date within the last 6 months

A list of all the holdings and their associated SRI rationales for the OEIC funds are published on our website, <http://www.henderson.com/sites/henderson/sri/funds.aspx>, updated twice a year (for periods 30th June and 31st December). For the US mutual fund, the information on holdings is available on a quarterly basis on request.

7b: What engagement activity has been carried out on behalf of the fund during the past year?

During the period **1st January 2008 – 31st December 2008**, Henderson explicitly engaged with approximately 80 companies on 180 occasions in the form of meetings, telephone conversations or email/letter on environmental, social & governance related matters. The majority of these communications were focused on environmental and social issues (more than 80% of the total), with the remainder focused on governance. Of the environmental and social engagement, most (approx. two-thirds) were thematic (e.g. on topics such as overall CR strategy, carbon management, disclosure), followed by reactive engagement (just over one-fifth), with much fewer baseload engagements. Examples of company engagement over this period are shown in Figure 7.

Figure 7: Examples of SRI Engagement

Type	Applicability to Retail Funds*	Commentary
Company	<ul style="list-style-type: none"> Industries of the Future Managed 	<ul style="list-style-type: none"> CSL Ltd (Asia, Health theme): during December we engaged with the company on its CR management and disclosure, following a review of its practices. Although it was re-affirmed for investment, we felt there was scope to advance management efforts. The company has welcomed our feedback and committed to formalising efforts going forward - illustrating this point by stating they had recently recruited a CR manager
Company	<ul style="list-style-type: none"> Growth Industries of the Future Managed 	<ul style="list-style-type: none"> Emerson Electric (N America, Efficiency theme): engagement following a routine review of the company's CR. Overall, we felt encouraged that the company plans to improve its public disclosure, and particularly to report more on performance in areas such as governance, workplace issues and environmental performance
Company	<ul style="list-style-type: none"> Growth Income Industries of the Future Managed 	<ul style="list-style-type: none"> Findel (UK, Knowledge theme): although approved for investment, we feel there is scope for improvements in areas of corporate governance and overall CR strategy. Although the company has since taken some action e.g. appointed a new Company Secretary who will have CR responsibilities, we will continue to engage to ensure the commitments are implemented
Company	<ul style="list-style-type: none"> Income Managed 	<ul style="list-style-type: none"> GSK (UK): we continue to provide input into the company's environmental, health & safety (EHS) strategy via our membership of the EHS External Stakeholder Panel, as well as on other issues such as broader CR strategy and access to medicines via stakeholder consultations and company meetings
Company	<ul style="list-style-type: none"> Industries of the Future Managed 	<ul style="list-style-type: none"> Philips Electronics (Europe, Health theme): the company is generally very progressive on CR practices, although recently it has come under criticism for its strategy on recycling/electronic waste (e-waste). We encouraged the company to review its position in this area, and explore more innovative ways to promote e-waste in a way that is financially sustainable. Since then (during 2009) the company has taken action which shows an improvement in its management of this issue
Company	<ul style="list-style-type: none"> Growth Industries of the Future Managed 	<ul style="list-style-type: none"> Suntech Power Holdings (US listed Chinese company, Cleaner Energy theme): engagement with company following media allegation in March of a silicon supplier involvement in disposal of waste silicon in an unsafe manner. Various discussions with the company, resulting in specific recommendations made by us to the company. Suntech have taken up all our suggestions which included adopting a clause in their supplier contract about environmental, health & safety good practice, as well as implementation of a supplier audit programme.
Issues / themes	<ul style="list-style-type: none"> All 	<ul style="list-style-type: none"> Carbon Disclosure Project: as part of our ongoing support of this initiative we continue to engage with companies we invest in to participate in the annual survey. During May, we contacted 20 companies of which 13 subsequently have responded (includes Agilent Technologies, East Japan Railway and Informa)
Issues / themes	<ul style="list-style-type: none"> All 	<ul style="list-style-type: none"> CEO Water Mandate: We supported this UN Global Compact led initiative (aimed at encouraging Global Compact signatory companies with significant exposure to water issues to join together in developing effective responses to water-related

Type	Applicability to Retail Funds*	Commentary
		issues) by writing to companies held in our portfolios to encourage participation in the initiative. We contacted 10 companies, and many have since signed up including Cadbury and GSK
Issues / themes	<ul style="list-style-type: none"> Income Managed 	<ul style="list-style-type: none"> Chemical safety in consumer products: given the growing concern about product safety e.g. toys and food, we commissioned research to better understand the investment risks of this issue, and how companies are managing it. The project included a survey of 25 UK-listed companies, and found companies to be approaching it in many different ways, with some managing the issue better than others, particularly relative to the risk exposures
Issues / themes	<ul style="list-style-type: none"> All 	<ul style="list-style-type: none"> Climate change – adaptation: in January, we announced the launch of an investor project to explore the investment risks and opportunities of adaptation. We are one of four investors involved in the project. The project seeks to generate broader insights in this issue through focus on 4 case studies, in sectors such as electric utilities, water utilities, oil & gas, and real estate. It includes meetings with companies in these industries
Issues / themes	<ul style="list-style-type: none"> Growth Industries of the Future Managed 	<ul style="list-style-type: none"> Corporate governance – US: alongside a variety of primarily US investors, we signed a letter to President-elect Barack Obama calling on him to reverse a number of changes that have been made in recent months at the Securities and Exchange Commission. These changes have resulted in limiting the scope for shareholders to table resolutions addressing questions about the impact that companies are having on society
Issues / themes	<ul style="list-style-type: none"> Income Managed 	<ul style="list-style-type: none"> Fuel poverty (UK): following on from the research we commissioned exploring how companies in sectors such as water and power utilities are serving marginalised community groups, we focused engagement efforts on the energy utilities. We held a seminar in conjunction with UKSIF on the issue of fuel poverty
Sectors	<ul style="list-style-type: none"> Income Managed 	<ul style="list-style-type: none"> Financials - banking (UK): our banking review included 6 UK banks (Barclays, HBOS, HSBC, Lloyds TSB, RBS and Standard Chartered). As part of this, and following the review, we have engaged with many of the companies including HSBC, Barclays and RBS, feeding through our suggestions on best practice
Sectors	<ul style="list-style-type: none"> Income Managed 	<ul style="list-style-type: none"> Financials - non-life insurance (UK): the sector review of the UK non-life insurance industry which comprises essentially of the 10 Lloyds underwriters, such as Amlin, Catlin, and Hiscox. One engagement area emerging from the analysis was on involvement in Burma, where we have followed up with specific companies
Sectors	<ul style="list-style-type: none"> Income Managed 	<ul style="list-style-type: none"> Food producers & processors (UK): during the year we reviewed 10 companies including ABF, Cadburys, Premier Foods, Northern Foods, and Unilever. As part of this, and following the review, we have engaged with many of the companies including Cadbury and Unilever, feeding through our suggestions on best practice
Sectors	<ul style="list-style-type: none"> Income Managed 	<ul style="list-style-type: none"> Food retailers (UK): during the year we reviewed 4 companies (Marks & Spencer, Morrison's, Sainsbury and Tesco). As part of this, and following the review, we have engaged with the majority of these companies, feeding through our suggestions on best practice

Type	Applicability to Retail Funds*	Commentary
Sectors	<ul style="list-style-type: none"> Income Managed 	<ul style="list-style-type: none"> Labour standards in the supply chain - retailers: involvement in an investor initiative exploring the ongoing issues and challenges of ensuring ethical supply chain practices in a selection of UK companies. Meetings were held with leading NGOs active on this issue, as well as companies including Associated British Foods, Debenhams, Home Retail Group, Marks & Spencer, Next, and Tesco
Sectors	<ul style="list-style-type: none"> Income Managed 	<ul style="list-style-type: none"> Access to medicines in the pharma sector: various – including participation in the consultation on the draft UN Human Rights Guidelines, on the Access to Medicines Index initiative, engagement with individual companies e.g. GSK

* Not necessarily held in these funds as the time, but are deemed as acceptable for investment in the funds. The reference to the specific fund relates to the companies involved, although clearly some of the issues engaged on are relevant for all the funds.

In addition, we continued to participate in a number of collaborative/external engagement initiatives – as illustrated in Figure 8.

Figure 8: SRI Collaborative Engagement Initiatives (current and active*)

Initiative	Nature of Involvement	Engagement Goals & Objectives
Carbon Disclosure Project (CDP)	Henderson Global Investors	To lend support to an institutional investor initiative which aims to encourage companies to disclose how they are managing the issue of climate change in their businesses
European Sustainable Investment Forum (EUROSIF)	Henderson Global Investors	To promote and inform on leading SRI practices within the European SRI industry
Institutional Investors Group on Climate Change (IIGCC)	Henderson Global Investors	To promote improved corporate management of climate change and long-term policy frameworks
Pharmaceutical Shareowners Forum (PSF) - Lead participant	Henderson Global Investors	To promote investor collaboration and efforts to address key business, sustainability and CR challenges facing the pharma industry
Social Investment Forum (SIF)	Henderson Global Investors	To promote and inform on leading SRI practices within the US SRI industry
UK Sustainable Investment & Finance (UKSIF)	Henderson Global Investors	To promote and inform on leading SRI practices within the UK SRI industry
UN Environment Programme Finance Initiative (UNEP FI) Asset Management Working Group	Henderson Global Investors	To promote and inform on leading sustainability/CR practices within the private finance industry
GSK Environment, Health & Safety External Stakeholder Panel	SRI	To promote and inform on leading CR practices within the company, in the area of HSE

* We have previously provided a historical list of initiatives we have been part of. This time around, we have restricted the list to existing active collaborations as we believe this provides a more meaningful and accurate reflection of activities during the period covered by the document. For historical information refer to our previous submissions.

7c: What voting actions occurred that were related to the SRI fund criteria?

For the period **1st January 2008 – 31st December 2008**, Figure 9 details the instances in which we voted against company management or abstained on traditional corporate governance & SEE proposals, as well as our position on shareholder proposals.

Figure 9: SRI Voting Decisions Related to SRI Fund Criteria

Company	Q 2008	Applicability to Retail SRI Funds (held in at the time)	Resolution	Voting (relative to mgmt)	Rationale
Horiba (Japan)	Q1	<ul style="list-style-type: none"> • Growth • Industries of the Future* • Managed 	Appointment of independent auditor; appointment alternative internal statutory auditor	Against	Concern about the lack of independence of the auditors
Shimano (Japan)	Q1	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Approval of takeover defence plan (poison pill)	Against	Consider poison pills to not be in shareholder's interests as are a form of takeover defence measure
Apple Computers (N America)	Q1	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Advisory vote to ratify executive officer's compensation; shareholder proposal for establishment of a board level sustainability committee	Against	Consider advisory vote on pay to be good practice Such a Committee can add great value, especially given criticisms of the company for not being progressive enough on the SD/CR agenda
Aegis (UK)	Q2	<ul style="list-style-type: none"> • Managed 	Shareholder proposal for election of shareholder nominee to the board		NOTE Voted in support of mgmt, against shareholder proposal as due to conflicts of interest
Benesse (Japan)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Approve retirement bonus for statutory auditor	Against	Do not consider bonus payments to be appropriate for statutory auditors as undermines their independence
Canadian National Railway (N America)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Shareholder proposal to release environmental report on decommissioning of Algonquin Park Line	Against	Consider it is reasonable to request this information given the environmental sensitivity of the area in question, and given the importance of environmental management to the business

Company	Q 2008	Applicability to Retail SRI Funds (held in at the time)	Resolution	Voting (relative to mgmt)	Rationale
China Everbright International (Asia)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Approval of equity/equity-linked securities without pre-emptive rights; authorise reissuance of repurchased shares	Against	Concern about the size of issue, terms and conditions of the scheme
ComfortDelgro (Asia)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Approve issuance of shares/grant options to employees' share option scheme	Against	Concern about the terms and conditions of the scheme
CMR Fuel Cells (UK)	Q2	<ul style="list-style-type: none"> • Managed 	Transact other business	Against	No information provided on what 'other business' was so best practice no to approve something we have no details on
Danaher (N America)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Shareholder proposal to adopt employment contract	Against	Support the spirit and principles behind the proposal as aligned with best pay practice
EDP Energies Nouvelles	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Authorise repurchase of up to 10% share capital; Allow board to use all capital authorisations in event of a public tender offer or share exchange offer	Against	Consider it is not in shareholder's interest; consider as a takeover defence device
Entertainment Rights (UK)	Q2	<ul style="list-style-type: none"> • Managed 	Approve performance share plan	Against	Concern about terms & conditions of the scheme
Fresenius (Europe)	Q2	<ul style="list-style-type: none"> • Industries of the Future • Managed 	Election of two directors to the Supervisory Board	Abstain	Concern about independence of the directors
Grupo Rovi (Europe)	Q2	<ul style="list-style-type: none"> • Industries of the Future 	Approve executive purchase plan for company shares	Against	Concern about terms & conditions of the scheme
Hitachi Metals (Japan)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Election of 3 directors	Against	Concern about independence of the directors
Ibiden (Japan)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Election of 2 directors	Against	Concern about independence of the directors

Company	Q 2008	Applicability to Retail SRI Funds (held in at the time)	Resolution	Voting (relative to mgmt)	Rationale
Keyence (Japan)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Approve income allocation with final dividend; election of a director; appointment of internal statutory auditor	Against, abstain, against	Lack of justification for the low dividend; concern about independence of director; concern about independence of the statutory auditor
Libra Natural Resources (UK)	Q2	<ul style="list-style-type: none"> • Managed 	Approve Fibregen upapproved share option plan	Against	Concern about terms & conditions of the scheme
Neo-Neon Holdings (Asia)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Approve creation of capital tool without pre-emptive rights; authorise reissuance of repurchased shares	Against	Concern about terms & conditions of the scheme
Nexans (Europe)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Authorisation of capital for restricted stock plan	Against	Concern about terms & conditions of the scheme
Orpea (Europe)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future 	Approve special auditor's report on related party transactions; authorise board to issue free warrants during public tender offer/share exchange; allow board to use authorisations/delegations granted in event of public tender offer/share exchange; approve stock option plans grants	Against	Lack of disclosure about the transactions; consider as a takeover defence measure; concern about terms and conditions of the scheme
Schneider Electric	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Election of representatives of employee shareholders to the board		NOTE There were more representatives put forward than there were places for so we voted for the one we felt most appropriate
Sekisui Chemical (Japan)	Q2	<ul style="list-style-type: none"> • Industries of the Future • Managed 	Approve takeover defence plan (poison pill)	Against	Consider poison pills to not be in shareholder's interests as are a form of takeover defence measure
SolarWorld (Europe)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Approve creation of capital tool without pre-emptive rights	Abstain	Concern about the size, terms and conditions of the scheme

Company	Q 2008	Applicability to Retail SRI Funds (held in at the time)	Resolution	Voting (relative to mgmt)	Rationale
Torishima Pump (Japan)	Q2	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Appoint internal statutory auditor x2; approve retirement bonus & special payments following abolition of retirement bonus system; approve discount stock option plan; approve takeover defense plan (poison pill)	Abstain (first two), against (the rest)	Concern about the independence of the statutory auditors; do not consider bonus payments to be appropriate for statutory auditors as undermines their independence; consider poison pills to not be in shareholder's interests as are a form of takeover defence measure
Marks & Spencer (UK)	Q3	<ul style="list-style-type: none"> • Income 	Re-election of director (CEO)	Abstain	Concern about the power of a combined role of Chairman/CEO (Stuart Rose)
Roth & Rau (Europe)	Q3	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Approve creation of capital pool without pre-emptive rights	Against	Concern about the size, terms and conditions of the scheme
Barclays (UK)	Q4	<ul style="list-style-type: none"> • Income 	Shareholder vote on capital raising from Middle Eastern investors	Abstain	Due to concerns over the excessive financial costs of the proposals for existing shareholders and the failure to respect shareholder pre-emption rights. We chose to abstain rather than vote against as we recognised the potential damage to the company that could arise were the proposals to be rejected by shareholders
Centrica (UK)	Q4	<ul style="list-style-type: none"> • Income 	Acquisition of a portion of British Energy's nuclear generation assets in the UK	Against	We continue to believe that current nuclear power technology represents a flawed approach to reducing greenhouse gas emissions and diversifying Centrica's generation base
CMR Fuel Cells (UK)	Q4	<ul style="list-style-type: none"> • Growth • Industries of the Future • Managed 	Approve grant of options to director under Directors & Employee Benefits Plan; approve remuneration report	Against	Concern about the terms and conditions of the scheme; remuneration practices are not considered good practice

* refers to the OEIC fund of the same name, unless stated otherwise

Additional: What divestments occurred in the past year related to SRI fund criteria?

During period under review, **1st January 2008 – 31st December 2008**, divestment decisions (of approved and held companies) were made as shown in Figure 10.

Figure 10: SRI Divestments

Company	Period	Applicable Retail SRI Fund (held in at the time)	SRI Reason for Divestment
Croda International (UK)	1H 2008	<ul style="list-style-type: none"> Income Managed 	Company's evolving nature of investment in animal testing means it is no longer in compliance with the ethical screen on animal testing
Praxair (N America)	1H 2008	<ul style="list-style-type: none"> Growth 	Company now has involvement in animal testing - it is no longer in compliance with the ethical screen on animal testing
Getinge (Europe)	2H 2008	<ul style="list-style-type: none"> Growth 	Company now has involvement in animal testing - it is no longer in compliance with the ethical screen on animal testing
Iron Mountain (N America)	2H 2008	<ul style="list-style-type: none"> Growth Industries of the Future Managed 	Research review concludes company no longer qualifies as an Industries of the Future company in light of evolving thinking about the nature of the Efficiency theme

Additional: What were the amount of donations and the percentage of management fees that the fund gave to charities this past year?

Henderson's SRI funds did not make any donations during this period.



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