



LEA 02	Disclosures	Materiality	Reason for Interaction
<p>By providing details on the nature and scope of engagement activities, investors can demonstrate their commitment to the principles of responsible investment and their role in driving positive change in the companies they invest in.</p> <p>Investors should disclose engagement activities in a way that is consistent with the principles of responsible investment and the needs of their stakeholders.</p>	<p>Materiality</p> <p>LEA 02</p>	<p>Individual/ internal staff engagements</p> <p>Collaborative engagements</p> <p>Service provider engagements</p>	<p>Reason for Interaction</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> To support investment decision-making in & company selection <input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional action <input checked="" type="checkbox"/> To engage internal ESG issues <input checked="" type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in internal staff <input type="checkbox"/> To support investment decision-making in & company selection <input type="checkbox"/> To influence corporate transition or identify the need for additional action <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in collaborative engagements <input type="checkbox"/> To support investment decision-making in & company selection <input type="checkbox"/> To influence corporate transition or identify the need for additional action <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify <input type="checkbox"/> We do not engage in service provider engagements <input type="checkbox"/> To support investment decision-making in & company selection <input type="checkbox"/> To influence corporate transition or identify the need for additional action <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> To engage internal ESG issues <input type="checkbox"/> Other: specify

RI TRANSPARENCY REPORT

2017

Kempen Capital Management NV

About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2017 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Fixed income AUM breakdown	✓	Private							✓
OO 08	Segregated mandates or pooled funds	✓	Private							✓
OO 09	Breakdown of AUM by market	✓	Private							✓
OO 10	RI activities for listed equities	☑	n/a							✓
OO 11	RI activities in other asset classes	☑	Public							✓
OO 12	Modules and sections required to complete	🔒	n/a							✓
OO End	Module confirmation page	✓	-							

Strategy and Governance				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
SG 01	RI policy and coverage	☑	n/a							✓
SG 02	Publicly available RI policy or guidance documents	☑	Public							✓
SG 03	Conflicts of interest	✓	Public							✓
SG 04	Identifying incidents occurring within portfolios	✓	Private							✓
SG 05	RI goals and objectives	✓	Public							✓
SG 06	Main goals/objectives this year	✓	Private							✓
SG 07	RI roles and responsibilities	✓	Public							✓
SG 08	RI in performance management, reward and/or personal development	✓	Public							✓
SG 09	Collaborative organisations / initiatives	✓	Public				✓	✓		
SG 10	Promoting RI independently	☑	Public				✓			
SG 11	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
SG 12	ESG issues in strategic asset allocation	✓	Public	✓						
SG 13	Long term investment risks and opportunity	☑	Private	✓						
SG 14	Allocation of assets to environmental and social themed areas	✓	Public	✓						
SG 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
SG 16	ESG issues for externally managed assets not reported in framework	-	n/a							✓
SG 17	Innovative features of approach to RI	✓	Public							✓
SG End	Module confirmation page	✓	-							

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	✓	Public		✓					
LEA 02	Reasoning for interaction on ESG issues	☑	n/a	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising collaborative engagement	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	🔒	n/a		✓		✓			
LEA 08	Monitor / discuss service provider information	🔒	n/a		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Public	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagement methods	✓	Private		✓					
LEA 13	Engagements on E, S and/or G issues	🔒	n/a		✓					
LEA 14	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 15	Examples of ESG engagements	✓	Private		✓					
LEA 16	Disclosure of approach to ESG engagements	-	n/a		✓				✓	
LEA 17	Voting policy & approach	🔒	n/a	✓	✓	✓				
LEA 18	Typical approach to (proxy) voting decisions	🔒	n/a		✓					
LEA 19	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 20	Confirmation of votes	🔒	n/a		✓					
LEA 21	Securities lending programme	🔒	n/a		✓					
LEA 22	Informing companies of the rationale of abstaining/voting against management	🔒	n/a		✓					
LEA 23	Percentage of (proxy) votes cast	🔒	n/a		✓					
LEA 24	Proportion of ballot items that were for/against/abstentions	🔒	n/a		✓					
LEA 25	Shareholder resolutions	🔒	n/a		✓					
LEA 26	Examples of (proxy) voting activities	🔒	n/a		✓					
LEA 27	Disclosing voting activities	🔒	n/a		✓				✓	
LEA End	Module confirmation page	✓	-							

Kempen Capital Management NV

Reported Information

Public version

Organisational Overview

PRI disclaimer

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Basic Information

OO 01

Mandatory

Public

Gateway/Peering

General

OO 01.1

Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Other, specify

Asset Management / Fiduciary Management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Execution and advisory services

OO 02

Mandatory

Public

Peering

General

OO 02.1

Select the location of your organisation's headquarters.

Netherlands

OO 02.2

Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3

Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

210

OO 03 Mandatory Public Descriptive General

OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04 Mandatory Public Gateway/Peering General

OO 04.1 Indicate the year end date for your reporting year.

31/12/2016

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on.

	trillions	billions	millions	thousands	hundreds
Total AUM		46	854	600	000
Currency	EUR				
Assets in USD		50	143	957	332

OO 06 Mandatory Public Descriptive General

New selection options have been added to this indicator. Please review your prefilled responses carefully.

OO 06.1 How you would like to disclose your asset class mix.

as percentage breakdown

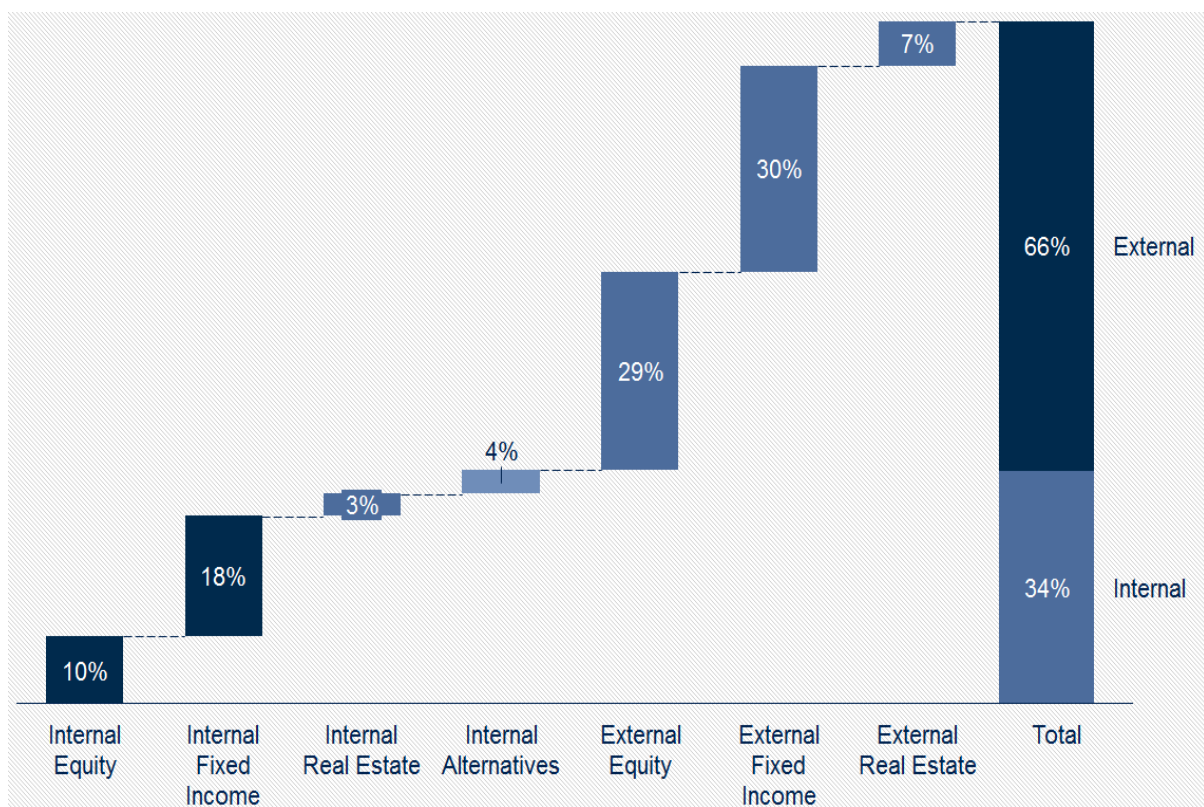
	Internally managed (%)	Externally managed (%)
Listed equity	10	29
Fixed income	18	29
Private equity	0	0
Property	3	7
Infrastructure	0	0

Commodities	0	0
Hedge funds	4	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ as broad ranges

OO 06.2

Publish our asset class mix as per attached image [Optional].



Kempen Capital Management NV

Reported Information

Public version

Strategy and Governance

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Investment policy

SG 03	Mandatory	Public	Core Assessed	General
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SG 03.1 Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.

Yes

SG 03.2 Describe your policy on managing potential conflicts of interest in the investment process.

No

Objectives and strategies

SG 05	Mandatory	Public	Gateway/Core Assessed	General
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SG 05.1 Indicate if and how frequently your organisation sets and reviews objectives for its responsible investment activities.

- Quarterly or more frequently
- Biannually
- Annually
- Less frequently than annually
- Ad-hoc basis
- It is not reviewed

SG 05.2 Additional information. [Optional]

Objectives and targets for responsible investment are discussed during the ESG Council meetings, which take place on a quarterly basis.

Governance and human resources

SG 07	Mandatory	Public	Core Assessed	General
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SG 07.1 Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.

Roles present in your organisation

- Board members or trustees
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
 - Head of Manager Selection**
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Portfolio managers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Investor relations
- Other role, specify (1)

Director Institutional Relations

Other description (1)

- Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- Other role, specify (2)

Other description (2)

Representative from manager selection team

- Oversight/accountability for responsible investment
- Implementation of responsible investment
- No oversight/accountability or implementation responsibility for responsible investment

SG 07.3 Indicate the number of dedicated responsible investment staff your organisation has.

Number

12

SG 07.4 Additional information. [Optional]

Ten people committed to responsible investment: The ESG Council includes 6 people; The Engagement Working Group includes 6 ESG experts, of which two are also represented in the ESG Council.

During 2016, KCM employed an additional FTE to work on governance and voting activities.

SG 08	Voluntary	Public	Additional Assessed	General
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SG 08.1 Indicate if your organisation's performance management, reward and/or personal development processes have a responsible investment element.

Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other C-level staff or head of department

Head of Manager Selection

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Portfolio managers

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Investment analysts

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Dedicated responsible investment staff

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other role (1) [from SG 07]

Director Institutional Relations

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Other role (2) [from SG 07]

Representative from manager selection team

- Responsible investment KPIs and/or goals included in objectives
- Responsible investment included in appraisal process
- Variable pay linked to responsible investment performance
- Responsible investment included in personal development and/or training plan
- None of the above

Promoting responsible investment

SG 09	Mandatory	Public	Core Assessed	PRI 4,5
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 09.1	Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.
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Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

KCM attended the 10th anniversary of the UN PRI with two people in 2016. KCM is part of several UN PRI activities. In 2016, we were most active in the PRI IWG on corporate climate lobbying and the PRI IWG on human rights and environmental challenges in the extractives sector.

- AFIC – La Commission ESG
- Asian Corporate Governance Association
- Australian Council of Superannuation Investors
- BVCA – Responsible Investment Advisory Board
- CDP Climate Change

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

During 2016, we reported our carbon emissions to CDP.

- CDP Forests
- CDP Water

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We supported an investor signed letter which has been sent to low-scoring companies in the food sector, asking these companies to improve their water risk disclosure practices through reporting to the 2016 CDP Water Questionnaire. There are several companies which have responded and committed to improving their practices.

- CFA Institute Centre for Financial Market Integrity

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Code for Responsible Investment in SA (CRISA)
- Code for Responsible Finance in the 21st Century
- Council of Institutional Investors (CII)
- ESG Research Australia
- Eumedion

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We join meetings and actively participate in discussions from Eumedion. Furthermore, we have been one of the main investors contributing to the discussion paper on the rights of minority shareholders.

- EVCA – Responsible Investment Roundtable
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Impact Investing Network (GIIN)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Our mother company (Van Lanschot) recently joined and we will become involved in 2017.

- Global Real Estate Sustainability Benchmark (GRESB)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Active GRESB member. The head of our Real Estate team was on a panel discussion in Brussels for GRESB while another member of his team was on a panel discussion for GRESB in Rotterdam. The Real Estate team have been incorporating the ESG data (including GRESB data) in their investment process, for instance, the way they integrate the relationship between (sustainability) capex and valuations of real estate, and explaining the critical role of ESG for real estate in general.

- Green Bond Principles
- Institutional Investors Group on Climate Change (IIGCC)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

KCM became an IIGCC member in 2015 and has been participating in the engagement activities ever since.

- Interfaith Center on Corporate Responsibility (ICCR)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Joining collaborative engagement activities that are coordinated by ICCR, such as the investor sign-on letters that have been sent to low scoring companies in the food sector, asking these companies to improve their water risk disclosure practices through reporting to the 2016 CDP Water Questionnaire.

- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- International Integrated Reporting Council (IIRC)
- Investor Network on Climate Risk (INCR)/CERES

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

Joining collaborative engagement activities that are coordinated by CERES, such as the investor sign-on letters that have been sent to low-scoring companies in the food sector, asking these companies to improve their water risk disclosure practices through reporting to the 2016 CDP Water Questionnaire

- Local Authority Pension Fund Forum
- Principles for Sustainable Insurance
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify KCM is a member of VBDO (Netherlands) and UKSIF

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We join meetings/seminars/conferences and provide feedback/input on discussion papers.

- Responsible Finance Principles in Inclusive Finance
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

KCM is part of the E-RISC program. E-RISC stands for Environmental Risk Integration in Sovereign Credit Analysis. In collaboration with the UNEP FI, a group of investors, credit rating agencies and universities, KCM is helping to develop a model for incorporating environmental indicators into the creditworthiness of a country.

- United Nations Global Compact

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced

Provide a brief commentary on the level of your organisation's involvement in the initiative. [Optional]

We are a signatory to the UNGC and screen all our investments on compliance with the UNGC. If companies fail to comply, we engage them. If engagements deems unsuccessful and violations continue to appear, we can decide to exclude these companies from investment. For our sustainable solutions, we automatically exclude compaies which Fail to company with the UNGC.

- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

Implementation not in other modules

SG 12	Mandatory	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 12.1	Indicate if your organisation executes scenario analysis and/or modelling in which the risk profile of future ESG trends at portfolio level is calculated.
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- We execute scenario analysis which includes factors representing the investment impacts of future environmental trends
- We execute scenario analysis which includes factors representing the investment impacts of future social trends
- We execute scenario analysis which includes factors representing the investment impacts of future governance trends
- We execute other scenario analysis, specify
- We do not execute such scenario analysis and/or modelling

SG 12.2	Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.
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- We do the following
- We do not consider ESG issues in strategic asset allocation

SG 14	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

SG 14.1	Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.
---------	---

- Yes

SG 14.2	Specify which thematic area(s) you invest in, indicate the percentage of your AUM in the particular asset class and provide a brief description.
---------	--

Area

- Clean technology (including renewable energy)
- Green buildings
- Sustainable forestry
- Sustainable agriculture
- Microfinance
- SME financing
- Social enterprise / community investing
- Affordable housing
- Education
- Global health
- Water
- Other area, specify

We have a green bonds fund in our external approved list of funds.

Asset class invested

- Listed equity
- Fixed income - SSA
- Fixed income - Corporate (financial)
- Fixed income - Corporate (non-financial)
- Fixed income - Securitised
- Property
- Hedge funds

No

Innovation				
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SG 17	Voluntary	Public	Descriptive	General
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SG 17.1	Indicate whether any specific features of your approach to responsible investment are particularly innovative.
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Yes

SG 17.2	Describe any specific features of your approach to responsible investment that you believe are particularly innovative.
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Our ESG policy is applicable to externally managed funds we select, both the engagement and exclusion approach.

Furthermore, we are long-term engaged shareholders in small cap funds we manage. The intense dialogue and contact with the management and board of these companies is rather exceptional. The Kempen Sustainable Small-cap Fund applies strict ESG criteria in the selection of stocks. In addition, all companies in this fund are approached for positive engagement: a pro-active dialogue to foster ESG related improvement.

No

Kempen Capital Management NV

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Direct - Listed Equity Active Ownership

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Engagement

Overview

LEA 01

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 01.1

Indicate whether your organisation has a formal engagement policy.

Yes

LEA 01.2

Indicate what your engagement policy covers:

- Conflicts of interest
- Prioritisation of engagements
- Transparency
- Environmental factors
- Social factors
- Governance factors
- Engagements following on from decisions
- Other, describe

thematic approach and collaborative engagement. In addition to company engagement, also engagement with fund managers

None of the above

LEA 01.4

Provide a brief overview of your organization's approach to engagement

KCM is committed to long-term responsible investment. Part of this commitment is our focus on ESG integration and to act as a long-term engaged shareholder. Through a constructive dialogue with our stakeholders, we try to use our influence to encourage positive change. Within KCM we have several levels/forms of engagement: we engage with fund managers, with the companies we invest in and with other stakeholders, such as clients, credit rating agencies, benchmark-providers and peers.

KCM applies an integrated approach for responsible investment. This means that the engagement activities are embedded in the work of the investment professionals at KCM. We believe we increase our impact and stewardship when we directly engage with the companies and fund managers we invest in. Furthermore, KCM believes in the strength of collaborative engagement. Through cooperation with other investors and fund managers, we can increase the leverage of our engagement activities

No

Process

Process for engagements run internally

LEA 03	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 03.1	Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.
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Yes

LEA 03.2	Describe the criteria used to identify and prioritise engagement activities carried out by internal staff.
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- Geography/market of the companies targeted
- Materiality of ESG factors
- Systemic risks to global portfolios
- Exposure (holdings)
- In reaction to ESG impacts which has already taken place
- As a response to divestment pressure
- As a follow-up from a voting decision
- Client request
- Other, describe

	other description
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thematic approach: we focus on a limited number of themes

No

LEA 03.3	Additional information. [Optional]
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As we have no capacity to engage with all companies in the portfolio, we apply a thematic engagement approach. We try to focus our engagement on a limited number of companies/sectors and aim to have a positive influence on these companies. Furthermore, we start a dialogue with companies to discuss voting items (we aim to inform companies about our voting intentions prior to the AGM/EGM). In addition, we select the companies for engagement where material ESG risks/opportunities are uncovered.

LEA 04	Mandatory	Public	Core Assessed	PRI 2
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New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 04.1 Indicate if you define specific objectives for your engagement activities.

- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out by internal staff.

LEA 04.2 Indicate if you monitor the actions that companies take following your engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out by internal staff.

LEA 04.3 Indicate whether your organisation defines milestones and goals for engagement activities carried out by internal staff.

- Yes

LEA 04.4 Indicate if you do any of the following to monitor and evaluate the progress of your engagement activities carried out by internal staff.

- Define timelines for milestones and goals
 - Tracking, monitoring progress against defined milestones and goals
 - Establish a process for when the goals are not met
 - Revisit and, if necessary revise goals on continuous basis
 - Other, please specify
- No

LEA 04.5 Additional information. [Optional]

We do not always have a set timeline for each engagement case. We believe this needs to be assessed on a case by case basis depending on the materiality and characteristics of the issue. However, we believe that setting a timeframe for a company can serve as motivation for the company to improve.

Process for engagements conducted via collaborations

LEA 05

Mandatory

Public

Core Assessed

PRI 2

New selection options have been added to this indicator. Please review your prefilled responses carefully.

LEA 05.1

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements

 Yes**LEA 05.2**

Describe the criteria used to identify and prioritise collaborative engagements

- Potential to learn from other investors
- Ability to add value to the collaboration
- Geography / market of the companies targeted
- Materiality of ESG factors
- Systemic risks to global portfolios
- Exposure (holdings)
- In response to ESG impacts which has already taken place
- In response to divestment pressure
- Client requests
- Other, describe

 No**LEA 05.3**

Additional information [Optional]

Clients requests - we have annual consultations with our clients to set priorities for engagement themes.

LEA 06**Mandatory****Public****Core Assessed****PRI 2****New selection options have been added to this indicator. Please review your prefilled responses carefully.****LEA 06.1**

Indicate if you define specific objectives for your engagement activities carried out collaboratively.

- Yes
 - Yes, for all engagement activities
 - Yes, for the majority of engagement activities
 - Yes, for a minority of engagement activities
- We do not define specific objectives for engagement activities carried out collaboratively.

LEA 06.2

Indicate if you monitor the actions companies take following your collaborative engagements.

- Yes
 - Yes, in all cases
 - Yes, in the majority of cases
 - Yes, in the minority of cases
- We do not monitor the actions that companies take following engagement activities carried out collaboratively

LEA 06.3

Indicate whether your organisation defines milestones and goals related to engagement activities carried out via collaborations.

Yes

LEA 06.4

Indicate if you do any of the following to monitor and evaluate the progress of your collaborative engagement activities.

- Define timelines for milestones and goals
- Tracking, monitoring progress against defined milestones and goals
- Establish a process for when the goals are not met
- Revisit and, if necessary revise the goals on a continuous basis
- Other, please specify

No

LEA 06.5

Additional information. [Optional]

We assist in the development of timelines and milestones for collaborative engagements. However, we do not have our own timeline and milestones but follow the collective direction.

General processes for all three groups of engagers

LEA 09

Voluntary

Public

Additional Assessed

PRI 1,2

LEA 09.1

Indicate if insights gained from your engagements are shared with your internal or external investment managers.

Type of engagement	Insights shared
Individual/Internal staff engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No
Collaborative engagements	<input checked="" type="radio"/> Yes, systematically <input type="radio"/> Yes, occasionally <input type="radio"/> No

LEA 09.2

Additional information. [Optional]

Our internal engagements usually imply the participation of a portfolio manager. In addition to that, cases are discussed with portfolio managers during quarterly ESG challenging sessions.

Engagements with external fund managers are monitored and periodically evaluated with representatives of the external managers.

LEA 10

Mandatory

Public

Gateway

PRI 2

LEA 10.1

Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
Individual / Internal staff engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track
Collaborative engagements	<input checked="" type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> We do not track and cannot estimate our engagements

LEA 10.2

Additional information. [OPTIONAL]

During 2016 we directly engaged with 75 companies: 23 large caps and 52 small caps. In addition, we approached 104 companies through the collective engagement initiatives that we are involved in. Furthermore, we have engaged with 19 external fund managers. The main outcomes of the dialogues are reported in the Engagement Factsheets in our annual responsible investment report, both from companies and external managers. These Factsheets describe the background to the case, the results achieved so far and future engagement objectives. During 2016, we have also been in dialogue with our clients to hear their feedback on the ESG integration process.