










APPENDIX II

OECD RBC related engagements




This table lists our most significant 2021 engagements on themes covered by the OECD Responsible Business Conduct (RBC) Guidelines. It covers engagements on both actual and potential adverse impacts, and how these are mitigated. The table does not provide an exhaustive list of all our engagement on OECD RBC related themes.





OECD RBC THEME	COMPANY NAME	LOCATION	SECTOR	POTENTIAL / ACTUAL IMPACT	MILESTONE	ISSUE	ENGAGEMENT RESULTS
SOCIAL ISSUES / HUMAN RIGHTS	Abercrombie & Fitch Co.	USA	Garment	Potential		Continued engagement with A&F on their approach to social issues and payment of living wages in their supply chain.	We engaged with the company on its approach to the payment of living wages. Since the beginning of our engagements, the company has included living wages in its supplier code of conduct. The company hired a SVP ESG responsible for leading the company's sustainability, community giving, and inclusion and diversity functions as the company looks to broaden these ongoing efforts and embed the ESG strategy into its business operations.
	Atlantia	Italy	Infrastructure	Actual		Atlantia is an Italian holding company active in the infrastructure sector, including motorways, airport infrastructure and transport services. In August 2018, the Genoa Morandi bridge collapsed along a toll way operated by Autostrade per L'Italia (Autostrade) - majority owned subsidiary of Atlantia - leading to 43 deaths. To remediate and prevent future issues, we engage with the company.	In the summer of 2020 the bridge has been finalised. Atlantia has a structural plan / program going forward to prevent future issues which can be measured and monitored. This plan / program is publicly disclosed. The company is dependent on the government. Negotiations between the government and the company are still in progress. Atlantia shows that the structural plan / program works (e.g. no material accident at least one year after plan). No material accidents by the company have occurred. The company has published a comprehensive 2021 - 2023 sustainability roadmap covering communities, climate change, governance and other material sustainability themes.
	VINCI SA	France	Construction	Actual		Vinci SA is an infrastructure company, also operating in Qatar, mainly on building roads and metros. While they are not directly building the stadiums on the 2022 FIFA world cup, they are involved with associated infrastructure. In 2018, Sherpa, a French NGO, filed a lawsuit due to harsh working conditions of migrant workers (modern slavery). We engaged with the company on its labour measures, with Amnesty International, Sherpa and BW Int to get the full picture on the concerns about Vinci's operations.	To create a full and thorough picture of the allegations in the Gulf, we spoke to all critical stakeholders, including Amnesty International, BWI (an industry-specific labour union federation), Sherpa ESG data provider (MSCI), and the company. Following our engagement with the ESG data provider in September, the controversy rating for Vinci has been upgraded from Watchlist to Pass in October 2021 due to a change in the scale of impact from Extensive to Limited after conducting a further review of the controversy. Vinci committed to continuous improvement of its labour and human rights related processes and conditions (in Qatar and all its operations).




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SOCIAL ISSUES / HUMAN RIGHTS	Coats Group plc	United Kingdom	Consumer Discretionary	Potential		Coats Group plc is the world's largest manufacturer and distributor of sewing thread and supplies. We stepped into dialogue with the company to better understand its employee engagement across its own operations and supply chains and encourage the company to include living wages into its sustainability strategy.	<p>The company is committed to continuing the work on living wages and annual benchmarking of its workforce using the living wage benchmark. The results will be annually presented to the board and any remedial action taken when necessary.</p> <p>Coats has also taken further significant steps towards its commitment to help promote fair wages with its launch of GSDCost which now includes a fair wage tool. The tool can be used by both brands and their suppliers to improve collaboration and create a more transparent costing method with allowance for a living wage.</p> <p>Introduction of this globalised fair wage tool combines the international standard time for any given style, with detailed factory efficiencies, contracted hours and the fair living wage for the country. This can allow brands and retailers to quickly agree on the fair living wage allowance for different types of garment, in all factories around the world.</p>
	Nike	United States	Consumer Discretionary	Potential		Nike is an world's largest athletic apparel company. We are engaging with Nike as part of Platform Living Wage Financials on payment (PLWF). One of the issues we engaged with is the launch of Nike's Converse line of winder footwear made of shearling, which is known to negatively impact animal welfare flag. We are engaging with Nike to better understand their plans around making sure the shearling is sourced responsibly.	<p>Nike has improved in living wage scoring from emerging to maturing approach.</p> <p>The company was recognized an industry leader in how it dealt with the pandemic response. Nike is committed to using the power of sport to support their employees, communities and people all over the world impacted by the coronavirus. The company also has a specific webpage listing all measures the company took in response to the pandemic. We continue the dialogue with the company on the shearling. The company is committed to using wool fiber that is sourced and certified from non-mulesed sheep and we are following up with them on this.</p>
	Alphabet	United States	Communication Services	Potential		Alphabet is an American multinational technology conglomerate holding company. We engage with the company based on human rights concerns.	<p>The company has established a Human Rights Executive Council (HREC) to provide oversight and guidance to our Human Rights Program on global human rights. The Audit and Compliance Committee of the Board of Directors of Alphabet now also reviews major risk exposures, including data privacy and security, civil and human rights, and sustainability. The Audit committee's remit of responsibility has been broadened to also cover issues related to sustainability risks.</p>

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SOCIAL ISSUES / HUMAN RIGHTS	H&M	Sweden	Apparel	Potential		This engagement is part of a broader collaborative engagement with H&M on the living wages.	H&M is one of the leading companies on ensuring living wages are paid throughout their operations and by their suppliers. The continued dialogue aims to ensure that H&M has a process in place to make sure living wages are paid in their supply chain.
	MTN Group	South Africa	Telecoms	Actual		MTN operates in many emerging markets. Human rights due diligence and the protection of digital rights are important topics for the company. Kempen is leading the engagement with MTN as part of the Investor Alliance on Human Rights.	MTN has recently published an updated human rights and digital rights policy. Moreover, MTN also published its first Transparency Report this year, which we welcomed. It was also well received by NGOs and other key stakeholders. With this report, the company has improved its transparency on its approach to human rights due diligence and the handling of user information and government requests. In September 2021, Kempen had a follow-up call on the achieved results, despite the big achievements there is still room for improvement. The company will improve its reporting on network shutdown requests with the next transparency report and will take into account the Global Network Initiative standards going forward. Collected user data will be made transparent to MTN users.
	BHP	Australia	Mining	Actual		In 2015 the Fundão dam, operated by Samarco, a joint venture between BHP and Vale, collapsed killing 19 people and having a devastating impact on the local environment and its communities. Nearly 5 years down the line, a lot has been done to compensate the victims of the disaster.	BHP has taken a lot of steps to continue remediation. However, despite positive engagement progress in 2020, the UN report came out with quite a bit of criticism about the current progress and remediation on the ground. In 2021, we had a call with the company and they acknowledge the negative findings on the UN report but also highlight that progress of Renova Foundation has been hampered by covid. Around 6,000 people are now working with the foundation. Getting houses rebuilt, environmental damage fixed and finishing bans lifted takes time. On climate, the company is continuing to take steps to implement its climate strategy and work on reduction targets achievement.

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ENVIRONMENTAL ISSUES / CLIMATE CHANGE	Alliance Pharma PLC	United Kingdom	Health Care	Potential	2	Alliance Pharma PLC is a pharmaceutical company. We engage with the company on its climate change strategy and its alignment to the Paris climate ambitions, specifically related to measuring and reporting scope 3 emissions and setting carbon targets.	Alliance Pharma PLC is exploring if and how they could become net neutral, aligned with the goals of the Paris agreement (including scope 3). The company has installed an ESG committee in the board since the beginning of the year which means ESG is now a board priority. Alliance Pharma is working on improving disclosure around sustainability in terms of scope and frequency.
	Fagron SA	Belgium	Health Care	Potential	2	Fagron SA focuses on optimizing and innovating pharmaceutical compounding to widen the therapeutic scope of prescribers worldwide. We engage with Fagron SA on climate change policy, carbon emission target setting and allowance for issuance of equity.	The company has had an ESG roadmap and covers Scope 1 and 2 emission reduction targets. The 2022 strategy also covers energy intensity reduction targets, renewable energy use, waste management and emissions to air and soil.
	Iberdrola	Spain	Utilities	Actual and potential	3	Iberdrola is a Spanish multinational electric utility company. We engage with the company on its climate change strategy and its alignment to the Paris climate ambitions.	Iberdrola acknowledged our points on climate change, which provided a good starting point for discussions in 2021. This included inquiring on future use of offsets (to be used only in the event of not achieving 100% mitigation) and remuneration. In February 2021, Iberdrola announced an extended €150 billion investment plan to 2030, and linked 90% of these future investments to alignment with the green investment criteria included in the European Union taxonomy. Iberdrola fulfilled one of our engagement objectives in 2021 by incorporating the 1.5OC IEA scenario into climate scenario planning in its 2020 Sustainability Report.
	National Grid	United Kingdom	Utilities	Actual and potential	2	National Grid is a multinational electricity and gas utility company. We engage with the company on its climate change strategy and its alignment to the Paris climate ambitions.	Discussions took place with the new Chair of the National Grid Board, Paula Reynolds, in June 2021, introducing the Climate Action 100+ group and providing questions related to climate change, for instance on the remuneration and business strategy. Questions were acknowledged and will be brought to the board. Expect updated remuneration to include climate KPIs, however the timeline is unclear.

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ENVIRONMENTAL ISSUES / CLIMATE CHANGE	Royal Dutch Shell	Netherlands	Energy	Potential		Shell is a multinational oil and gas company. As a global energy company, Shell is one of the largest global greenhouse gas emitting companies in the capital markets, and therefore, its carbon emissions reduction plans are important for Kempen. The engagement is part of a follow-up on Shell's updated climate strategy to become a net-zero energy business by 2050.	In 2021, Shell has published a detailed energy transition strategy which included long term absolute greenhouse gas emissions for all its scopes (scope 1, 2 and 3). Furthermore, it has enhanced its short and intermediate targets (intensity emissions). The company furthermore showed in the transition update decarbonization measures (with six levers including Growing our low-carbon power business) and allocation of capital to support its transition towards low carbon activities. Moreover, Shell commits and continues to report in line with the TCFD recommendations. Finally, Shell increased the weight of energy transition performance metrics in its (long-term) remuneration and is equally weighted (20%) compared to the financial metrics.
	TotalEnergies SE	France	Energy	Actual and potential		TotalEnergies is a multinational integrated oil and gas company. We engage with the company on its climate change strategy and its alignment to the Paris climate ambitions.	More extensive breakdowns on capex up to 2025 and decarbonization plans were disclosed throughout the year coinciding with the rebranding to TotalEnergies. In April 2021, we joined as a supporting investor in the Climate Action 100+ collaborative engagement with TotalEnergies and signed the group letter to the board for the AGM. TotalEnergies provided a written response, where they disclosed that the net zero target had been revised to include all worldwide scope 3 emissions, as we had previously engaged on.
	Siemens Healthineers AG	Germany	Health Care	Potential		Siemens Healthineers AG is a medical device company. We believe that both financial and non-financial information is needed to come to long-term value creation. Hence ESG integration into business practices and reporting on it is important. Climate change is one of the most important global ESG topics.	In August 2020, the company told us ESG KPIs would be formulated as part of remuneration. Early 2021 Siemens Healthineers published their sustainability targets concerning quality of life, carbon neutrality by 2030 and advancing diversity and inclusion.

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ENVIRONMENTAL ISSUES / CLIMATE CHANGE	Phillips 66	United States	Energy	Potential and actual		Phillips 66 is multinational energy company. We engage with the company on its climate change strategy and its alignment to the Paris climate ambitions.	In May 2021, we voted for the Follow This shareholder resolution to set emissions reduction targets for all emissions (Scope 1, 2, and 3). This vote was supported by 80.28% of shareholders, which resulted in Phillips 66 announcing plans in October 2021 to reduce GHG emission intensity from its operations and energy products by 2030. The company set targets to reduce scope 1 and 2 by 30% and scope 3 intensity by 15%. In December 2021, Phillips 66 announced that approximately 45% of growth capital in 2022 will support lower-carbon opportunities. Earlier in the year we had engaged on these topics with the company.
	OMV	Austria	Energy	Potential and actual		OMV is a multinational integrated oil and gas company. We engage with the company on its climate change strategy and its alignment to the Paris climate ambitions.	In August 2021, OMV has indicated that there will be a strategy update in the coming year where the plan is to announce comprehensive and ambitious, short, mid and long-term Scope 3 emission reduction targets. OMV also indicated that in the future the company will report capex allocations in line with the EU taxonomy regulation.
	Repsol	Spain	Energy	Potential and actual		Repsol is a multinational integrated oil and gas company. We engage with the company on its climate change strategy and its alignment to the Paris climate ambitions.	Repsol announced during its Low Carbon Day in October 2021 that it was accelerating reduction pathway plans to net zero and increasing its targeted 2030 renewable and hydrogen capacity. Repsol also gave an indication from its Low Carbon Day that the 1.5OC IEA scenario will be included in reports published in 2022. In November 2021, we discussed the new developments in Repsol's climate strategy with the company, including but not limited to, the low-carbon related capex (increased to 45% capital employed by 2030), scenario planning, and carbon pricing.
	LHC Group	USA	Health Care	Potential		We engage with the company on climate change: measure, report, and set targets to reduce carbon intensity.	The company hired a consultant in early 2020 to help them develop their ESG policies and establish a climate roadmap. LHC Group issued their first ESG report in late 2020. The report makes an initial assessment of Scope 1 and 2 emissions. In the call with the company in Q3 2021, IR stated that an ESG council has been established and that at the next meeting carbon targets will be discussed. Science based targets are a few years away. Focus is on scope 1 where emissions come primarily from the fuel consumed as clinicians drive to the homes of patients. These carbon targets will be published in the next sustainability report.

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ENVIRONMENTAL ISSUES / CLIMATE CHANGE	Volkswagen	Germany	Automotive	Actual		Volkswagen has the lowest ESG rating, CCC and a fail status on UN Global Compact norms according to MSCI ESG. We decided that a continued investment in VW would only be justified if the company could demonstrate significant positive cultural change, ensuring ethical conduct of employees going forward.	We entered into dialogue with the company to get a better understanding of the changes it is making. VW showed improvement in its approach: both integrity in its strategy and implementation. The integrity program (Together4Integrity) is one of the most extensive transformation programs of the history of VW. The company reports periodically about its progress. Volkswagen was upgraded from CCC to B by MSCI ESG and from 41 to 33.6 by Sustainalytics in April 2021. Sustainalytics followed with a further upgrade to 29.6 in September 2021 (Medium risk rating compared to automotive peers). VW's controversy level is category 3 under Sustainalytics, and Orange flag under MSCI. Volkswagen Group was reinstated as a participant of the UN Global Compact.
	CEZ as	Czech Republic	Utilities	Actual and Potential		CEZ is an electric utility company that also carries out some mining activities. It uses coal for part of its energy. As long-term investors, we are interested in the sustainable value and performance of CEZ, and we would like to have a better understanding of how CEZ manages the risks and opportunities of climate change.	CEZ has set and published short and medium commitments/targets. The company is working on how to verify its targets. We welcome the announcement of CEZ to shorten the timeline of its coal phase plan to 2038. We encourage the company to accelerate the coal phase out further. CEZ has further published a detailed capex plan in 2021 to support its strategy to move to low carbon energy. End 2021, the company committed to TCFD reporting. We welcome this approach and encourage CEZ Group to report in line with the TCFD recommendations in its upcoming annual reporting cycle.
	BP PLC	UK	Energy	Actual and Potential		BP is one of the largest energy companies and is active worldwide. The company is an important party in the energy transition and to achieve the climate goals of the Paris Agreement.	BP updated its climate change strategy in 2020. The company is implementing a capital expenditure framework consistent with the Paris Goals. It has put in place metrics and targets to be in line with the Paris Goals, including targets to promote reductions in its operational greenhouse gas emissions (scope 1 and 2). It is also progressing on carbon intensity over time (scope 3). Climate targets are now linked to executive remuneration. We continued our engagement with the company in 2021 to keep track of the progress made on the climate targets.

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ENVIRONMENTAL ISSUES / CLIMATE CHANGE	BMW	Germany	Automotive	Actual and potential	N/A	<p>The automotive industry faces increasing transformation pressure from stricter vehicle emissions standards, changing consumer preferences, and product innovation pressures. The EU aims to have a carbon neutral economy by 2050. Automotive is one of the sectors that will need to transform. Although the company has been able to reduce fleet emissions, historically the pace of these reductions has not been sufficient. The company has improved its targets on Scope 1 and 2 emissions and emission reductions in recent years.</p>	<p>We have had several discussion with BMW related to this topic. Having already lowered 'emissions per vehicle produced' by more than 70 percent since 2006, the BMW Group now aims to reduce its emissions (Scope 1 + 2) by a further 80 percent from 2019 levels by 2030. CO₂ emissions will then be less than 10 percent of what they were in 2006. The main lever for this is production, which generates around 90 percent of the company's Scope 1 and Scope 2 emissions. The Climate Action 100+ (Kempen is involved as an investor) assessment shows that BMW meets most criteria regarding Scope 1 & 2 reduction.</p>