



LEA 02	Disclosures Monetary	Reason for interaction
Individual/ internal staff engagements	<input checked="" type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input checked="" type="checkbox"/> To influence corporate transition or identify the need for additional or different investments <input checked="" type="checkbox"/> To engage internal ESG decision <input type="checkbox"/> Other: specify	<input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments <input type="checkbox"/> To engage internal ESG decision <input type="checkbox"/> Other: specify
Collaborative engagements	<input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments <input type="checkbox"/> To engage internal ESG decision <input type="checkbox"/> Other: specify	<input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments <input type="checkbox"/> To engage internal ESG decision <input type="checkbox"/> Other: specify
Service provider engagements	<input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments <input type="checkbox"/> To engage internal ESG decision <input type="checkbox"/> Other: specify	<input type="checkbox"/> To support investment decisionmaking in a company's material ESG issues <input type="checkbox"/> To influence corporate transition or identify the need for additional or different investments <input type="checkbox"/> To engage internal ESG decision <input type="checkbox"/> Other: specify

RI TRANSPARENCY REPORT

2014/15

Kames Capital

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 2014-15 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	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	-	n/a							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	✓	Private							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	✓	Private	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	✓	Private	✓						
LEI 06	Types of screening applied	✓	Public	✓						
LEI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
LEI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	✓	Private	✓						
LEI 11	Review ESG issues while researching companies/sectors	✓	Public	✓						
LEI 12	Processes to ensure integration is based on robust analysis	✓	Private	✓						
LEI 13	Aspects of analysis ESG information is integrated into	✓	Private	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

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	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	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	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	✓	Private		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	✓	Private		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Public		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	✓	Private		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	✓	Private	✓						
FI 06	Types of screening applied	✓	Public	✓						
FI 07	Processes to ensure screening is based on robust analysis	✓	Public	✓						
FI 08	Processes to ensure fund criteria are not breached	✓	Private	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	✓	Public	✓						
FI 11	Review of ESG issues while researching companies/sectors	✓	Public	✓						
FI 12	Processes to ensure integration is based on robust analysis	✓	Public	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	🔒	n/a	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	✓	Private	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	✓	Private	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	✓	Private	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

Direct - Property				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
PR 01	Breakdown of investments by equity and debt	✓	Private							✓
PR 02	Breakdown of assets by management	✓	Private							✓
PR 03	Largest property types	-	n/a							✓
PR 04	Description of approach to RI	-	n/a	✓						✓
PR 05	Responsible Property Investment (RPI) policy	✓	Public	✓						✓
PR 06	Fund placement documents and RI	✓	Public	✓			✓			✓
PR 07	Formal commitments to RI	✓	Private				✓			
PR 08	Incorporating ESG issues when selecting investments	✓	Public	✓						
PR 09	ESG advice and research when selecting investments	✓	Private	✓			✓			
PR 10	Examples of ESG issues in investment selection process	✓	Public	✓		✓				
PR 11	Types of ESG information considered in investment selection	✓	Private	✓		✓				
PR 12	ESG issues impact in selection process	✓	Private	✓						
PR 13	ESG issues in selection, appointment and monitoring of third-party property managers	✓	Public				✓			
PR 14	ESG issues in post-investment activities	✓	Public		✓					
PR 15	Proportion of assets with ESG targets that were set and monitored	🔒	n/a		✓	✓				
PR 16	Certification schemes, ratings and benchmarks	🔒	n/a		✓					
PR 17	Proportion of developments and refurbishments where ESG issues were considered	🔒	n/a		✓					
PR 18	Proportion of property occupiers that were engaged with	🔒	n/a		✓					
PR 19	Proportion of green leases or MOUs referencing ESG issues	🔒	n/a		✓					
PR 20	Proportion of assets engaged with on community issues	🔒	n/a		✓					
PR 21	ESG issues affected financial/ESG performance	✓	Private	✓	✓					
PR 22	Examples of ESG issues that affected your property investments	✓	Private	✓		✓				
PR 23	Disclosure of ESG information to public and clients/beneficiaries	✓	Public							✓

Kames Capital

Reported Information

Public version

Organisational Overview

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Basic Information

OO 01	Mandatory	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

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

United Kingdom

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

266

OO 03	Mandatory	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	Gateway/Peering	General
-------	-----------	-----------------	---------

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

31/03/2014

OO 04.2 Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		55	000	000	000
Currency	GBP				
Assets in USD		90	947	280	454

OO 04.5 Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

OO 06

Mandatory

Descriptive

General

OO 06.1 To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	10-50%	0
Fixed income – corporate	>50%	0
Fixed income – government	<10%	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	<10%	0
Infrastructure	0	0
Commodities	0	0
Hedge funds	0	0

Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	<10%	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 10.1

Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 11	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 11.1

Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- Fixed income – government
- Property
- Cash
- None of the above

OO 12	Mandatory	Gateway	General
-------	-----------	---------	---------

OO 12.1

The modules and sections that you will be required to complete are listed below.

This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.

Core modules

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

RI implementation directly or via service providers

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed Income - Corporate

Direct - Other asset classes with dedicated modules

- Property

Closing module

- Closing module

Kames Capital

Reported Information

Public version

Overarching Approach

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

OA 01.1	Indicate if you have a responsible investment policy.
---------	---

- Yes
 No

OA 01.2	Indicate if you have other guidance documents or more specific policies related to responsible investment.
---------	--

- Yes
 No

OA 01.3	Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]
---------	---

Source - Kames Capital Responsible Investment Policy (September 2014)

We believe it is our responsibility to encourage the companies we invest in to maximise investment returns for our clients through good governance practices. This includes respect for society and the environment. We therefore strongly believe in the benefits of active engagement. As a significant shareholder in many companies, we are well placed to actively promote best practice in environmental, social and governance (ESG) matters. Evidence suggests that companies who rank among the leaders in sustainability tend to outperform as investments over the long term.

Kames Capital's responsible investment policy provides a framework for overseeing the performance of the companies we invest in and helps ensure that we meet our duties to our clients. In particular, it deals with our responsibilities, as set out by the Financial Reporting Council's UK Stewardship Code. The activities we undertake to meet the Code's requirements are externally verified and monitored on an annual basis.

As a member of the Investment Association's (IA) Corporate Governance & Engagement Committee, Kames Capital is actively involved in formulating UK corporate governance best practice. For wider ESG issues, we subscribe to and work in close partnership with the UN Principles for Responsible Investment (UNPRI), the UK Sustainable Investment Forum (UKSIF), the Extractives Industry Transparency Initiative (EITI), the Carbon Disclosure Project (CDP) and the Global Real Estate Sustainability Benchmark (GRESB). Our membership of the IA and other global initiatives enables us to maximise our influence on key ESG issues.

Kames Capital is a subsidiary company of AEGON NV Group. All AEGON asset management companies in the Group adhere to the AEGON NV Global Voting Policy, except where this approach would be inconsistent with the applicable local laws and regulations or with specific client instructions.

<https://www.kamescapital.com/corporateresponsibility.aspx>

OA 02	Mandatory	Core Assessed	PRI 6
-------	-----------	---------------	-------

OA 02.1	Indicate if your responsible investment policy is publicly available.
---------	---

- Yes

OA 02.2	Provide a URL to your responsible investment policy.
---------	--

	URL
--	-----

<https://www.kamescapital.com/corporateresponsibility.aspx>

No

OA 02.3	Indicate if your other policies or guidance documents related to responsible investment are publicly available.
----------------	---

Yes

Yes, all

Yes, some

OA 02.4	List these other policies or guidance documents related to responsible investment that are publicly available and their URLs.
----------------	---

Policy or document name	URL
UK Stewardship Code Compliance Statement	https://www.kamescapital.com/corporateresponsibility.aspx
Ethical investment screening process	https://www.kamescapital.com/corporateresponsibility.aspx
Quarterly Proxy Voting Report	https://www.kamescapital.com/corporateresponsibility.aspx
Bi-annual Voting & Engagement Report	https://www.kamescapital.com/corporateresponsibility.aspx
Conflicts of Interest Policy	http://www.kamescapital.com/ethicalhome.aspx
Capital Requirements Directive Pillar 3	https://www.kamescapital.com/corporateresponsibility.aspx

No

OA 03	Mandatory	Core Assessed	PRI 1,2
--------------	------------------	----------------------	----------------

OA 03.1	Indicate the components/types and coverage of your responsible investment policy and guidance documents.
----------------	--

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input checked="" type="checkbox"/> (Proxy) voting policy <input checked="" type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input checked="" type="checkbox"/> Screening/exclusion policy <input checked="" type="checkbox"/> Other, specify Quarterly Kames Ethical fund newsletter <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
-------	-----------	---------------	---------

OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
---------	---

Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
---------	--

Kames Capital Conflicts of Interest Policy - June 2014

Statement of Policy

Kames Capital is committed to maintaining a control environment that is proportionate to the risks we face and effective in preventing or managing conflicts of interest, thereby ensuring that we protect the interests of our customers and treat them fairly.

This policy sets out how we aim to manage any existing and potential conflicts of interest. It complies with the following FCA Principles and rules:

Principle 1 requires us to conduct our business with integrity;

Principle 6 requires us to pay due regard to the interests of our customers and treat them fairly;

Principle 8 requires us to manage conflicts of interest fairly, both between ourselves and our customers and between a customer and another client;

SYSC Chapter 10, Conflicts of Interest

Our objective is to minimise conflicts of interest arising by aligning our interest with the interests of our customers.

We will not knowingly enter into an agreement to provide a service to a customer(s) which will create a conflict of interest, without reference to our Conflicts of Interest Policy.

What is a conflict of interest?

Any situation that arises anywhere within our business, on a day-to-day or ad hoc basis, where we have an interest that conflicts with the interests of our clients or potential clients, or between two or more of our clients or potential clients, and by our action or inaction the customer's interests are damaged. Such conflicts are likely to arise from an incentive, primarily financial, which will benefit us to the detriment of a client or benefit one client over another.

In determining whether a conflict of interest exists we consider the following factors:

Are we likely to make a financial gain, or avoid a loss, at the expense of the customer?

Do we have an interest in the outcome of a service / transaction which is distinct from our customer's interest?

Is there an incentive to favour the interests of one customer over another? Do we carry out the same business as the customer?

Have we received an inducement, from someone other than the customer, other than the standard commission or fee for that service, in relation to the service we are due to provide to that customer?

It is not enough that we may gain a benefit if there is not also a possible disadvantage to the customer, or that one customer to whom we owe a duty may make a gain or avoid a loss without there being an associated possible loss to another such customer.

As Kames Capital is a 'management company' (i.e. it is a management company as its regular business is the fund management of two UCITS, namely Kames Capital ICVC and Kames Capital Investment Company (Ireland) Plc) (together, the Funds), when identifying types of conflicts of interests, we must take into account the interests of Kames Capital (including those deriving from the performance of service and activities), the interests of our customers and the interests of, and duty of Kames Capital towards, the Funds.

For the purposes of this policy our business includes Kames Capital and its employees. Third party administrators, delegates, counterparties and other Aegon group companies are also considered within the context of this policy, however, they are responsible for ensuring that they have their own procedures for dealing with conflicts that may arise out of their actions or inactions. Further, as Kames Capital is a management company, references to a 'customer' in this policy should be construed as referring to the Funds.

Additional requirements relating to Kames Capital as it is a 'management company'

Kames Capital must be structured and organised in such a way as to minimise the risk of either of the Funds' or another customer's interests being prejudiced by conflicts of interest between Kames Capital and our customers, between two of our customers, between one of our customers and either of the Funds, or between the Funds themselves. Further, Kames Capital, as a 'management company', must try to avoid conflicts of interest and, when they cannot be avoided, to ensure that the Funds are fairly treated.

Requirements relating to Kames Capital as it is an Alternative Investment Fund Manager

Please see appendix

Managing Conflicts of Interest

Where conflicts, or potential conflicts, of interest are identified we are committed to ensuring that they are effectively and fairly managed so as to prevent these conflicts from constituting or giving rise to a material risk of damage to the interests of our customers. We aim to apply at least one of the following measures to every conflict, or potential conflict, of interest which may arise:

Staff training; Segregation of duties; Chinese walls; Record keeping;

Regular independent monitoring or review; Implementation of specific policies or procedures; and

Reporting and challenging at control groups or other governance forums.

Disclosure

In instances where we are unable to implement sufficient controls to prevent damage to our customers' interests we will, as a last resort, disclose the conflict, or potential conflict, of interest to our customers prior to proceeding with the service. This should only be used as a last resort and not be relied upon as an effective method of managing conflicts of interest.

Any communication will be in a durable format and contain sufficient and clear information (taking into account the nature of the client) to enable the customer to determine if they wish to proceed with the service.

Disclosure of conflicts of interest for a management company

In instances where Kames Capital is unable to implement sufficient organisational or administrative arrangements to prevent damage to the interests of one of the Funds or of its shareholders, the Kames Executive Committee of Kames Capital must be promptly informed in order for them to take any necessary decision to ensure that in all cases Kames Capital acts in the best interests of that Fund.

Record Keeping

A record is maintained of all conflicts, and potential conflicts, of interest that have been identified along with the controls in place to effectively manage them.

Management Information / Monitoring of conflicts

Where necessary, relevant and appropriate management information is presented to our control groups or other governance forums. In addition, our monitoring team is required to consider, as part of their planning for every monitoring event, whether any conflicts of interest exist and how they are mitigated.

Responsibility for managing conflicts of interest within Kames Capital

Individual Executive Directors are responsible for its implementation in their respective areas.

Senior management are responsible for establishing procedures that support our Conflicts of Interest Policy and communicating the Policy to all staff for which they have responsibility.

The Kames Executive Risk Committee is responsible for formally reviewing this policy, and the corresponding record of conflicts, at least annually. Ad hoc reviews may also be completed where there are substantial changes within Kames Capital or our customer base.

Appendix

Kames Capital is a UCITS investment firm and undertakes discretionary investment management for a range of segregated institutional clients.

The UCITS schemes are registered under the Undertakings for Collective Investment in Transferable Securities ("UCITS") directive, and abide by the requirements of that directive

Schemes that are not registered under the UCITS directive, are required to adhere to the Alternative Investment Fund Managers Directive ("AIFMD"). Under the AIFMD, Kames Capital plc is classed as an Alternative Investment Fund Manager ("AIFM"), and such schemes are generally referred to as 'Alternative Investment Funds' ("AIFs").

Whilst UCITS funds and AIFs are subject to different underlying regulations, Kames Capital makes no distinction made between the two fund types in terms of how the fund is treated with respect to conflicts. Accordingly, Kames Capital's conflict management processes apply to equally, to all funds under our management.

With respect to AIFs in respect of which the Kames Capital acts as AIFM, the requirement is extended to identifying conflicts of interest between:

1. The AIFM and the AIF managed by the AIFM or the investors in that AIF
2. the AIF or the investors in that AIF, and another AIF or the investors in that AIF
3. the AIF or the investors in that AIF, and another client of the AIFM.
4. the AIF or the investors in that AIF, and a UCITS managed by the AIFM or the investors in that UCITS
5. two clients of the AIFM

Kames Capital has established procedures which are designed to identify and manage conflicts. These include organisational and administrative arrangements to safeguard the interests of clients. A key element of our Conflicts of Interest policy is that persons engaged in different business activities involving a conflict of interest carry on those activities independently of one another.

Our operating model for provision of AIFM services is such that we conduct the vast majority of portfolio management, and all risk management, in house. Some administration and other support functions are delegated to outsourced service providers, with oversight retained in house. There is a limited delegation to one delegate of portfolio management only, such as involvement in rent reviews and identifying potential investments. This delegate acts under Kames' supervision. Overall responsibility for portfolio management and risk management remains with Kames as AIFM

Kames has the following risk management functions:

1st line - Portfolio Risk

2nd line - R&OR which is made up of a Monitoring Team and an Operational Risk team

3rd line - Internal Audit. Kames receives Internal Audit services provided by an Aegon group company Aegon UK

One key potential conflict of interest could arise where there is no functional and hierarchical separation of the risk management functions from the operating units, including portfolio management. However, to allow and evidence a functional and hierarchical separation of the risk management functions, the following safeguards include:

- Governance and reporting line structure aligned with this separation, including control meetings (where reporting and challenge occurs) and segregation of duties;
- Regular independent monitoring or review;
- Remuneration of those in risk functions not directly linked to performance of the operating units, including portfolio management
- Staff training;
- Record keeping;

- Implementation of specific policies or procedures;
- Risk management functions in the first, second and third line; and
- Conflicts of interest policy and log.

These measures are reasonably expected to have the following results:

- The risk management functions' compensation not being influenced by the success of the operating units;
- The risk management functions having access to appropriate information which they also have appropriate control over and appropriate representation in control meetings and other governance forums;

Ensuring that the processes the risk management functions follow and decisions they make are documented and there is a record of these.

For those reasons, Kames Capital reasonably considers that there the risk management functions operate independently. As these safeguards are under continual review under the control meeting and governance framework, Kames Capital reasonably considers that this ensures that the safeguards are consistently effective and any shortcomings will be addressed appropriately.

Contact point

Queries regarding this policy should be directed to:

Head of Regulatory and Operational Risk, Kames Capital,
Kames House,
3 Lochside Crescent, Edinburgh Park, Edinburgh, EH12 9SA.

No

Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
-------	-----------	-----------------------	---------

OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
----------------	--

Yes

OA 05.2	Indicate how frequently your organisation sets or revises objectives for responsible investment.
----------------	--

- At least once per year
- Less than once per year

OA 05.3	Indicate how frequently your organisation formally reviews performance against its objectives for responsible investment.
----------------	---

- Quarterly
- Biannually
- Annually
- Every two years or less
- It is not reviewed

No

Governance and human resources

OA 08.1	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
 - Oversight/accountability for responsible investment
 - Implementation of responsible investment
 - No oversight/accountability or implementation responsibility for responsible investment
- 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 UK Equities**
 - 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
 - Other role, specify
 - Other role, specify

OA 08.2	Indicate the number of dedicated responsible investment staff your organisation has. [Optional]
---------	---

	Number
--	--------

2

OA 10.1

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.

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]

Monitoring of UN PRI engagement initiatives

- Asian Corporate Governance Association
 Association for Sustainable & Responsible Investment in Asia
 Australian Council of Superannuation Investors
 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]

Selective use of CDP data in company analysis

- CDP Forests
 CDP Water
 CFA Institute Centre for Financial Market Integrity
 Council of Institutional Investors (CII)
 Eumedion
 Extractive Industries Transparency Initiative (EITI)

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]

Strong advocates for the EITI

Promotion of the EITI to non-signatory extractives companies held in AEGON Asset Management Group portfolios

Promotion of initiative externally to clients and other parties and internally to other parts of the Group.

- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)

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

- Basic
- Moderate
- Advanced
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify

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]

Member of analysts committee

Selective attendance at UKSIF events

Feedback on relevant consultative issues

- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify

Investment Association

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

- Basic
- Moderate
- Advanced

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

Active members of the Investment Association (IA) including its various investment sub-committees and newly established Investor Exchange

Active contribution to position papers - views and data

Attendance of monthly committee meetings

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

OA 11	Mandatory	Core Assessed	PRI 4
-------	-----------	---------------	-------

OA 11.1 Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.

Yes

OA 11.2 Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

Kames Capital

Reported Information

Public version

Direct - Listed Equity Incorporation

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed listed equities

Implementation processes


LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
--------	-----------	-----------------------	-------

LEI 03.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.


ESG incorporation strategy (select all that apply)

Screening alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 11
--	--

Thematic alone (i.e. not combined with any other strategies)

Integration alone (i.e. not combined with any other strategies)

Percentage of active listed equity to which the strategy is applied - you may (estimate +/- 10%)	 89
--	--

Screening + Integration strategies

Thematic + integration strategies

Screening + thematic strategies

All three strategies combined

No incorporation strategies applied

Total actively managed listed equities

100%

LEI 03.2

Describe your primary reasons for choosing a particular ESG incorporation strategy.

Screening - The Kames Ethical Fund applies strict ethical screens. In addition, certain Kames Funds that are sold into Belgium, Switzerland, The Netherlands and Ireland are also restricted from buying the equity of companies involved in the manufacture or distribution of cluster munitions.

Integration - For other Kames equity funds, ESG issues are considered alongside other relevant financial and non-financial factors in the investment decision-making process where they are considered material. The importance that the fund manager attaches to ESG issues is in proportion to their ability to influence security prices and varies across the regional desks.

For instance, our US Equity team formally assesses the corporate governance performance of each company they consider for investment, whilst our Asia Pacific team view company ESG performance and transparency

as key in certain sectors in their markets and have used ESG data to screen portfolios. The Kames UK equity team receive corporate governance research alongside other research sources and may incorporate this analysis into their investment decisions, where they think it is material.

Thematic - Although Kames does not run any 'thematic' funds, at times, portfolio managers may incorporate thematic strategies in overall portfolios construction. Some of these themes could be considered ESG related.

(A) Implementation: Screening

LEI 06	Mandatory	Descriptive	PRI 1
--------	-----------	-------------	-------

LEI 06.1	Indicate and describe the type of screening you apply to your internally managed active listed equities.
----------	--

Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

	Description
--	-------------

Screening applies to Kames ethical equity funds which apply a range of negative exclusionary criteria. In addition, a cluster munitions screens is applied to a limited number of other funds sold into Luxembourg, Ireland, Switzerland, Belgium and the Netherlands, where national legislation prevents investment in companies that provide these munitions.

- Positive/best-in-class screening
- Norms-based screening

LEI 06.2	Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.
----------	---

Ethical fund screening criteria are reviewed circa every 3 years by consultation with clients and key intermediaries.

Cluster munitions restrictions are reviewed bi-annually.

LEI 07	Mandatory	Core Assessed	PRI 1
--------	-----------	---------------	-------

LEI 07.1

Indicate which processes your organisation uses to ensure that screening is based on robust analysis.

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products.
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify companies to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Company ESG information/ratings are updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct company research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

(C) Implementation: Integration of ESG issues

LEI 11

Mandatory

Core Assessed

PRI 1

LEI 11.1

Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

Communication

LEI 18

Mandatory

Core Assessed

PRI 2,6

LEI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

Provide URL

<http://www.kamescapital.com/corporateresponsibility.aspx>

Provide URL

<http://www.kamescapital.com/ethicalhome.aspx>

LEI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

LEI 18.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- No
 - We disclose it to clients and/or beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries

Kames Capital

Reported Information

Public version

Direct - Listed Equity Active Ownership

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Engagement

Overview

LEA 01	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 01.1	Provide a brief overview of your organisation's approach to engagement.
----------	---

Kames Capital is an active manager of equities and fixed income investments. We believe it is our responsibility to encourage the companies in which we invest to maximise investment returns for our clients through good governance practices.

We systematically monitor the companies that we hold in our portfolios against established best practice for both corporate governance and broader environmental and social issues. Monitoring allows us to focus our efforts on specific, relevant issues for engagement. It also allows us to establish objectives for any engagement that we may subsequently undertake.

Kames' meets regularly with the executive management teams of the companies that we invest in, company chairmen, non-executive directors and company specialists to discuss governance matters.

If we have concerns about a specific issue, we will enter into an active dialogue with the company either directly or collectively with other shareholders. Collaborative engagement may be more appropriate at times of significant corporate or wider economic stress, when the risks posed threaten the ability of the company to continue or where our shareholding may not be sufficient to exert influence alone.

If following engagement we still have concerns, we may escalate our activities to include additional meetings with executive management, meeting with members of the non-exec board including the Chairman and/or the senior independent director, expressing concerns through the company's advisors and voting against the company at its AGM or EGM. In some instances, we may even reduce or sell our shareholding.

Systematic screening, up-to-date records of our activity, and review of our objectives allow us to measure engagement progress. Our engagement activities are formally reviewed each year as part of our obligations under the UN PRI.

Transparency is an important feature of effective stewardship. We therefore provide reports outlining significant engagement activity that we undertake on our website.

Please see the Kames UK Stewardship Code - Compliance Statement

<http://www.kamescapital.com/corporateresponsibility.aspx>

Please also see the Kames Capital UK Responsible Investment Policy

<http://www.kamescapital.com/corporateresponsibility.aspx>

Please also see the Kames Voting & engagement report

<http://www.kamescapital.com/corporateresponsibility.aspx>

Please also see the most recent Kames Proxy voting report

<http://www.kamescapital.com/corporateresponsibility.aspx>

LEA 02	Mandatory	Gateway	PRI 1,2,3
--------	-----------	---------	-----------

LEA 02.1	Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.
----------	---

Type of engagement	Reason for interaction
Individual/Internal staff engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
Collaborative engagements	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input checked="" type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
Service provider engagements	<input type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input checked="" type="checkbox"/> We do not engage via service providers

LEA 02.2	Additional information. [Optional]
-----------------	------------------------------------

Kames Capital is part of the AEGON Asset Management Group (AAM). As such we also participate in the engagement activities of AAM (which are undertaken on behalf of the Group by 3rd party service providers). However, for the purposes of this survey, we have not included engagement activity undertaken by the AEGON Asset Management Group (AAM).

Process

Process for engagements run internally

LEA 03	Mandatory	Core Assessed	PRI 2
---------------	------------------	----------------------	--------------

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

Yes

LEA 03.2

Describe how you identify and prioritise engagements.

We systematically monitor the companies that we hold in our portfolios against established best practice for both corporate governance and broader environmental and social issues. Monitoring allows us to focus our efforts on specific, relevant issues for engagement. It also allows us to establish objectives for any engagement that we may subsequently undertake.

Companies will be prioritised using third party ESG ratings data, our proxy voting records, newsflow, previous engagement activity, company financial performance and the size of our shareholding.

No

LEA 04**Mandatory****Core Assessed****PRI 2****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

No

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

LEA 04.3

Describe how you monitor and evaluate the progress of your engagement activities.

Governance - Changes in corporate governance performance will be reviewed ahead of the companies AGM or other shareholder meetings. Corporate disclosures will be reviewed in light of any correspondence or previous voting activity for a specific company.

Environmental & Social - Changes in environmental and social performance will be reviewed ahead of company meetings. Again, ahead of meeting the company, any correspondence or recommendations made to the company will be reviewed and raised in the meeting if necessary.

No

Process for engagements conducted via collaborations**LEA 05****Mandatory****Core Assessed****PRI 2****LEA 05.1**

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

Yes

No

LEA 05.3 Additional information.[Optional]

Kames has taken part in a number of collaborative engagements during the reporting period. These have typically been undertaken via the Investment Association's 'Investor Exchange'. In a limited number of instances, Kames may have instigated the activity.

Kames also partners with other AEGON Asset Management Group companies in their engagement activity.

LEA 06

Mandatory

Core Assessed

PRI 2

LEA 06.1 Indicate if the collaborative engagements in which you are involved have defined objectives.

- Yes
 - Yes, for all collaborative engagement activities
 - Yes, for the majority of collaborative engagement activities
 - Yes, for a minority of collaborative engagement activities
- No

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

LEA 06.3 Describe how you monitor and evaluate the progress of your collaborative engagement activities.

Governance - Changes in corporate governance performance will also be reviewed ahead of the companies AGM. Corporate disclosures will be reviewed in light of any correspondence or previous voting activity for a specific company.

Environmental& Social - Changes in environmental and social performance will be reviewed ahead of company meetings. Again, ahead of meeting the compaany, any correspondence or recommendations made to the company will be reviewed and raised in the meeting if necessary.

- No

General processes for all three groups of engagers

LEA 10

Mandatory

Gateway/Core Assessed

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"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements
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"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input type="radio"/> No, we do not track and cannot estimate our engagements

Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
---------------	------------------	----------------------	----------------

LEA 15.1 Indicate whether your organisation proactively discloses information on its engagements.

- We disclose it publicly

provide URL

<http://www.kamescapital.com/corporateresponsibility.aspx>

LEA 15.2 Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

LEA 15.3 Indicate what engagement information your organisation proactively discloses to clients/beneficiaries and/or the public.

Engagement information disclosed

- Details of the selections, priorities and specific goals of engagement
- Number of engagements
- Breakdown of engagements by type/topic
- Breakdown of engagements by region
- An assessment of the current status of the engagement
- Outcomes that have been achieved from the engagement
- Other information

General overview of engagement activity/issues.

LEA 15.4 Indicate how frequently you typically report engagements information.

- Disclosed continuously (prior to and post engagements)
- Disclosed quarterly
- Disclosed annually
- Disclosed every two years or less
- Other, specify
Bi-annually
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

LEA 15.8 Additional information. [Optional]

Where clients or other interested parties are interested in a particular issue or company, we may provide more details of the engagement Kames has undertaken in this regard.

(Proxy) voting and shareholder resolutions

Overview

LEA 16	Voluntary	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 16.1 Provide a brief overview of your organisation’s approach to (proxy) voting (including the filing and/or co-filing of shareholder resolutions if applicable).

Our responsible investment policy sets our voting principles. It details the circumstances when we will support, abstain or vote against a company. We do, however, recognise that companies operate under significantly different conditions. We therefore also endeavour to be reasonable and pragmatic in our approach to corporate governance and give due consideration to each company's specific circumstances and the market in which it operates.

Annual and extraordinary meeting details are reviewed by our in-house corporate governance team. Each review considers AGM/EGM meetings in the context of:

Our Responsible Investment policy

A review of corporate governance standards at the Company using a variety of independent data sources*

Any previous voting activity at the Company

Consultations or meetings that we have undertaken with the Company

Absolute and relative Company performance

Our corporate governance team then proposes whether we should vote for, abstain or against a resolution. Our Chief Investment Officer, Head of Equities, head of the appropriate regional desk and fund manager covering the relevant stock are required to agree or disagree with the proposed course of action. For contentious issues the final decision rests with the Chief Investment Officer. Where we intend to vote against or abstain, we always contact the company ahead of the meeting date to discuss our concerns. After the meeting, we always write to the company to formally outline why we voted against or abstained and the measures the company needs to take if we are to vote for at the next AGM.

We vote all our UK equity holdings and any overseas equity holdings where we have greater than a 0.1% shareholding.

Our responsible investment policy is available on our website as are reports detailing the previous quarters voting activity.

NB. Kames uses a variety of data sources including third party providers of voting recommendations. Although we will reflect on such recommendations, the final decision how to vote is always taken by Kames staff.

Process

LEA 17	Mandatory	Descriptive	PRI 2
--------	-----------	-------------	-------

LEA 17.1 Indicate how you typically make your (proxy) voting decisions and what this approach is based on.

Approach

- We use our own research or voting team and make our own voting decisions without the use of service providers.
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.

Based primarily on

- the service provider voting policy signed off by us
- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

LEA 17.2 Additional information.[Optional]

All voting decisions and activity is undertaken in-house although third-party on-line systems are used to process our voting instructions as well as to provide research/data.

LEA 21	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 21.1 Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.

- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

LEA 21.2	Additional information. [Optional]
----------	------------------------------------

Kames **always** informs companies both **before and after** the meeting date when we intend to/have voted against or abstained.

We always contact a company ahead of the AGM/EGM if we have concerns to discuss those concerns directly.

When we vote against or abstain and write to companies after the AGM/EGM, we always outline why we have voted in a certain manner and what measures the company can take to ensure we vote for at the next meeting.

Outputs and outcomes

LEA 22	Mandatory	Core Assessed	PRI 2
--------	-----------	---------------	-------

LEA 22.1	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
----------	---

We do track or collect this information

	Votes cast (to the nearest 1%)
--	--------------------------------

	%
--	---

84

	Specify the basis on which this percentage is calculated
--	--

- of the total number of ballot items on which you could have issued instructions
- of the total number of company meetings at which you could have voted
- of the total value of your listed equity holdings on which you could have voted

LEA 22.2	If there are specific reasons why you did not vote certain holdings, explain these, and if possible, indicate the percentage of holdings affected by these factors. [Optional]
----------	--

Kames votes all its UK equity holdings and overseas equity holdings $\geq 0.1\%$

Kames only votes overseas equities above this threshold because it is our opinion that below this level the cost of voting exceeds the potential impact we might have.

We do not track or collect this information

Communication

LEA 26	Mandatory	Core Assessed	PRI 2,6
--------	-----------	---------------	---------

LEA 26.1	Indicate if your organisation proactively discloses information on your voting activities.
----------	--

We disclose it publicly

provide URL

<https://www.kamescapital.com/corporateresponsibility.aspx>

LEA 26.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

Yes

LEA 26.3

Indicate the voting information your organisation proactively discloses to the public and/or to clients/beneficiaries.

Indicate how much of your voting record you disclose

- All voting decisions
- Some voting decisions
- Only abstentions and opposing vote decisions
- Summary of votes only

Indicate what level of explanation you provide

- Explain all voting decisions
- Explain some voting decisions
- Only explain abstentions and votes against management
- No explanations provided

LEA 26.4

Indicate how frequently you typically report voting information.

- Continuously (primarily before meetings)
- Continuously (soon after votes are cast)
- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify
- No
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries

LEA 26.8

Additional information. [Optional]

Kames' published quarterly voting reports which provide details on the total number of votes cast and detailed explanations where we have abstained or voted against management. We also monitor website traffic to these reports.

Kames Capital

Reported Information

Public version

Direct - Fixed Income

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

ESG incorporation in actively managed fixed income

Fixed Income - Corporate

Implementation processes

FI 04	Mandatory	Gateway/Core Assessed	PRI 1
-------	-----------	-----------------------	-------

FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

ESG incorporation strategy (select all that apply)

Screening alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	10	%
	10	

Thematic alone (i.e. not combined with any other strategies)

Integration alone (i.e. not combined with any other strategies)

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	90	%
	90	

Screening + Integration strategies

Thematic + integration strategies

Screening + thematic strategies

All three strategies combined

No incorporation strategies applied

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

Screening applies to:

Kames Ethical Corporate Bond and Ethical Cautious Managed funds. The Kames ethical funds are traditional negatively screened ethical funds.

In addition, certain Kames funds that are sold into Luxembourg, Belgium, Switzerland, The Netherlands and Ireland are restricted from buying the debt of companies involved in the manufacture or distribution of cluster munitions.

Integration - Integration on certain material issues in a manner consistent with that outlined in our answer to FI 03

(A) Implementation: Screening

FI 06	Mandatory	Descriptive	PRI 1
-------	-----------	-------------	-------

FI 06.1 Indicate and describe the type of screening you apply to your internally managed active corporate fixed income investments.

Type of screening

- Negative/exclusionary screening

Screened by

- Product
- Activity
- Sector
- Country/geographic region
- Environmental and social practices and performance
- Corporate governance

Description

For details of the Kames' ethical funds screening criteria, please go to:
<http://www.kamescapital.com/ethicalhome.aspx>

- Positive/best-in-class screening
- Norms-based screening

FI 06.2 Describe how the screening criteria are established, how often the criteria are reviewed and how you notify clients and/or beneficiaries when changes are made.

Clients are consulted on the Kames ethical screening criteria every ~5 years. Kames ethical investors were consulted on the ethical screening criteria in 2014.

The nature of the notification to clients would depend on the significance of changes to the screen (if any). If changes are sufficiently significant, an EGM would be required to allow policyholders to vote on the changes.

FI 07	Mandatory	Core Assessed	PRI 1
-------	-----------	---------------	-------

FI 07.1

Indicate which processes your organisation uses to ensure that screening in corporate fixed income is based on robust analysis.

- Comprehensive research is undertaken or sourced to determine issuers' ESG performance
- Issuers are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- External research and data used to identify issuers to be excluded/included is subject to internal audit by ESG/RI staff, the internal audit function or similar
- Information on ESG issues and/or ratings is updated regularly to ensure that portfolio holdings comply with fund policies
- A committee or body with representatives independent of the individuals who conduct ESG research reviews some or all screening decisions
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

(C) Implementation: Integration of ESG factors

FI 10	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

FI 10.1

Describe how you integrate ESG issues into investment decision-making processes.

The most effective way for Kames to exert influence over the governance of the companies that it invests in from a fixed income perspective is via pre-emptive control mechanisms provided by bond covenants. Kames' fixed income investment process has a preference for covenanted issues. Covenants provide:

Protection of bondholder interests ensuring continuance of a company's stated strategy, operations and financing

Align bondholders and exec management team interests by preventing management doing anything (too) adverse to bondholders

Greater value and are more prevalent on deals that are more leveraged, complex or where the fundamental outlook is perhaps less certain

Common covenants include; limitations on overall leverage, restrictions on the payment of dividends to equity owners, coupon uplift on rating change.

As with our approach to equity investment, our ES fixed income research is focused on those sectors or industries where we believe these issues are most material. Kames Capital is a member of the Investment Association (IA), which undertakes engagement with UK companies on behalf of its members. The IA sets best practice on governance issues in the UK and engages with issuers of fixed income on a range of issues but principally those relating to financial concerns.

In addition, AEGON Asset Management Group (of which Kames is a part of) is a member of the UN PRI fixed income work stream looking at how ESG factors can be incorporated into fixed income investment analysis.

The opportunities for corporate governance engagement as a fixed income investor are more limited than those available to equity investors. However, where we are both equity and bond investors in a Company, we identify ourselves as such when undertaking engagement activity. Where Kames is an investor in both a company's debt and equity we will carefully review what is in the best interests of our underlying clients when engaging with companies. For instance, most company executive management teams are incentivised to maximise returns to shareholders. However, we have seen how this arrangement in the banking sector may not be in the best long-term interests of all investors. For this reason, although a review of executive compensation does not typically form part of the fixed income investment process like it may for our equity teams, Kames fixed income teams feed into our company engagement processes where this is appropriate.

Our corporate governance team is responsible for the analysis of relevant ESG issues. The team comprises two individuals, a Corporate Governance Manager and the Head of Corporate Governance who have worked in investment management for 20 and 14 years respectively. The Head of Corporate Governance reports to the Head of Equities.

Our Corporate Governance Manager is primarily concerned with researching 'conventional' governance issues at the companies that we invest in. Our Head of Corporate Governance is responsible for overseeing the conventional governance research, but is also responsible for the consideration of relevant environmental and social issues to the investment process.

A strong relationship exists between our corporate governance team and our fund managers and stock analysts, which enables material non-financial information to be incorporated into our investment processes. Our fund managers consider ESG research alongside other relevant financial and non-financial factors in the investment decision-making process. The importance that the fund manager attaches to ESG issues is in proportion to their ability to influence security prices.

FI 11	Mandatory	Core Assessed	PRI 1
-------	-----------	---------------	-------

FI 11.1	Indicate if E, S and G issues are reviewed while researching companies and/or sectors in active strategies.
---------	---

ESG issues	Coverage/extent of review on these issues
Environmental	<input type="radio"/> We systematically review the potential significance of environmental issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of environmental issues and investigate them accordingly <input type="radio"/> We do not review environmental issues
Social	<input type="radio"/> We systematically review the potential significance of social issues and investigate them accordingly <input checked="" type="radio"/> We occasionally review the potential significance of social issues and investigate them accordingly <input type="radio"/> We do not review social issues
Corporate Governance	<input checked="" type="radio"/> We systematically review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We occasionally review the potential significance of corporate governance issues and investigate them accordingly <input type="radio"/> We do not review corporate governance issues

FI 12	Voluntary	Descriptive	PRI 1
-------	-----------	-------------	-------

FI 12.1	Indicate which processes your organisation uses to ensure that ESG integration is based on a robust analysis.
---------	---

- Comprehensive ESG research is undertaken or sourced to determine companies' activities and products
- Companies are given the opportunity by you or your research provider to review ESG research on them and correct inaccuracies
- Company information and/or ratings on ESG are updated regularly
- A periodic review of the quality of the research undertaken or provided is carried out
- Other, specify
- None of the above

FI 12.2

Describe how ESG information is held and used by your portfolio managers.

- ESG information is held within centralised databases or tools and it is accessible by all relevant staff
- ESG information or analysis is a standard section or aspect of all company research notes or industry/sector analysis generated by investment staff
- Systematic records are kept that capture how ESG information and research was incorporated into investment decisions
- Other, specify
The corporate governance team review ESG issues and if financially material provide succinct data to both the equity and fixed income teams for their consideration.
- None of the above

Communication

FI 18

Mandatory

Core Assessed

PRI 2,6

FI 18.1

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- We disclose it publicly

Provide URL

<http://www.kamescapital.com/corporateresponsibility.aspx>

FI 18.2

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

FI 18.3

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

FI 18.4

Indicate how frequently you typically report this information.

- Quarterly or more frequently
 - Between quarterly and annually
 - Less frequently than annually
 - Other, specify
- No
- We disclose it to clients/beneficiaries only
 - We do not proactively disclose it to the public and/or clients/beneficiaries

Kames Capital

Reported Information

Public version

Direct - Property

PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

Overview

PR 05	Mandatory	Core Assessed	PRI 1-6
-------	-----------	---------------	---------

PR 05.1 Indicate if your organisation has a Responsible Property Investment (RPI) policy.

- Yes
 No

PR 05.3 Additional information. [Optional]

Although we do not have a specific responsible property investment policy, we recognise the importance of adopting an environmental and sustainable approach to the management of our property assets. We seek to achieve best practice through the implementation of practical and workable solutions to sustainability and environmental matters. Consideration is given to environmental and sustainable practices at all stages in the management of our direct property portfolios from the redevelopment of buildings which are inefficient and beyond their economic life, to the refurbishment of existing buildings where it is more economic to retain the existing building fabric/shell and upgrade to meet occupiers' requirements and current legislation.

Encouraging sustainable and good environmental practices in the everyday use of buildings in our portfolios is a key area where we work closely with our managing agents. Areas which we target include:

Recycling in buildings : encouraging recycling different waste streams, eg paper, glass, plastic, card; monitoring waste output and seeking to reduce this; and seeking alternative solutions to refuse disposal, eg waste to energy plants.

Utility consumption: monitoring and recording of consumption across the portfolio to benchmark consumption levels, identify trends and seek to achieve reduction in consumption.

Carbon reduction commitment: the implementation of a programme to ensure compliance with the CRC Energy Efficient Scheme.

Energy Performance Certificates (EPCs): EPCs are undertaken on all the properties in our portfolios. The recommendations are reviewed and improvements introduced where it is practicable and cost effective to do so.

Green Cleaning : the use of sustainable products for cleaning.

Both Kames and AEGON Asset Management are members of GRESB, The Global Real Estate Sustainability Benchmark. GRESB is an industry-driven organization committed to rigorous and independent evaluation of the sustainability performance of real estate portfolios. GRESB works in tandem with institutional investors and their portfolio managers to identify and implement sustainability best practices in order to enhance and protect shareholder value.

Kames Target Healthcare Property Unit Trust

The fund invests in best-in-class care home properties in the UK. Managed in partnership with Target Advisers, the fund aims to deliver a sustainable, long-term, inflation-linked rental income by capturing the growing demand for bed spaces in a UK market with limited supply of high quality care homes.

The focus is on investing in high quality new and nearly new purpose-built care homes in the UK. We emphasise 'needs based' care in nursing homes that provide excellent standards of care, in areas with sustainable demand.

Fundraising of property funds

PR 06	Mandatory	Core Assessed	PRI 1,4,6
-------	-----------	---------------	-----------

PR 06.1

Indicate if your fund placement documents (private placement memorandums (PPMs) or similar) refer to responsible investment aspects of your organisation.

Yes

PR 06.2

Indicate how your fund placement documents (PPMs or similar) refer to the following responsible investment aspects of your organisation:

- Policy and commitment to responsible investment
- Approach to ESG issues in pre-investment processes
 - Always
 - In a majority of cases
 - In a minority of cases
- Approach to ESG issues in post-investment processes
 - Always
 - In a majority of cases
 - In a minority of cases

PR 06.3

Describe how your organisation refers to responsible investment for property funds in fund placement documents (PPMs or similar). [Optional]

In our most recently launched funds, responsible investment has been referred to in the Due Diligence section of the Offering Memorandum documents. This refers, in particular, to the analysis and evaluation of each property as part of the business plan developed by our fund managers for each property across all our property portfolios.

- No
- Not applicable as our organisation does not fundraise

PR 06.5

Additional information. [Optional]

Our investment strategy includes assessing and implementing the active asset management opportunities of each property in our funds. As part of this strategy, the business plans which are in place for each property will take into account practical and workable solutions to sustainability and environmental matters across our property portfolios.

Pre-investment (selection)

PR 08

Mandatory

Gateway

PRI 1

PR 08.1

Indicate if your organisation typically incorporates ESG issues when selecting property investments.

Yes

PR 08.2

Provide a description of your organisation's approach to incorporating ESG issues in property investment selection. [Optional]

While ESG issues are not the driver of our property investment selection, they are included as part of the due diligence we carry out on each property prior to purchase, and reviewed annually as part of the ongoing active asset management of each property. We work with our Managing Agents to initiate and maintain appropriate ESG initiatives for each property we invest in.

No

PR 08.3

Additional information. [Optional]

The consideration of ESG factors is not the primary determinant of our property investment process. It is, however, a relevant factor, the importance of which is determined by the property characteristics and the ability to utilise practicable and workable sustainability initiatives. As part of our pre-acquisition due diligence we commission environmental sustainability assessments to ascertain a property's energy efficiency and overall sustainability. We consider this of great importance as the impact of environmental issues, including rising energy costs, government legislation, and occupiers' environmental requirements will have ever more bearing on a property's ability to attract tenants and, ultimately, retain its value.

PR 10

Mandatory

Core Assessed

PRI 1,3

PR 10.1

Indicate which E, S and/or G issues are typically considered by your organisation in the property investment selection process and list up to three examples per issue.

ESG issues

Environmental

List up to three typical examples of environmental issues

- Glazing maximised on the extension of a building to allow for maximum natural light into the accommodation.
- Low energy mechanical systems specified through the building to reduce the overall energy loadings required for operation.
- Installation of variable speed drives to car park extraction fans to reduce electricity usage.

Social

Governance

PR 10.2

Additional information. [Optional]

We would typically look at a range of approaches to achieve high energy efficiency in our buildings and services.

Selection, appointment and monitoring third-party property managers

PR 13

Mandatory

Core Assessed

PRI 4

PR 13.1	Indicate if your organisation includes ESG issues in your selection, appointment and/or monitoring of third-party property managers.
----------------	--

- Yes
- No

PR 13.5	Additional information. [Optional]
----------------	------------------------------------

Sustainability is considered as part of a range of issues taken into account when appointing our property managing agents.

Post-investment (monitoring and active ownership)

Overview

PR 14	Mandatory	Gateway	PRI 2
--------------	------------------	----------------	--------------

PR 14.1	Indicate if your organisation, and/or property managers, considers ESG issues in post-investment activities relating to your property assets.
----------------	---

- Yes
- No

PR 14.4	Additional information. [Optional]
----------------	------------------------------------

Our managing agents apply a range of strategies to reduce environmental impact which include the detailed monitoring and, as appropriate, reduction in energy and water consumption, establishing recycling facilities, seeking alternative solutions to refuse disposal e.g. waste energy plants and use of sustainable cleaning products. We formally review our property managing agents' performance across a range of factors, of which sustainability issues is one. These reviews are carried out on an annual basis.

Communication

PR 23	Mandatory	Core Assessed	PRI 6
--------------	------------------	----------------------	--------------

PR 23.1	Indicate if your organisation proactively discloses ESG information on your property investments.
----------------	---

- Disclose publicly
- Disclose to clients/beneficiaries only
- No proactive disclosure to the public or to clients/beneficiaries