

PRESS RELEASE

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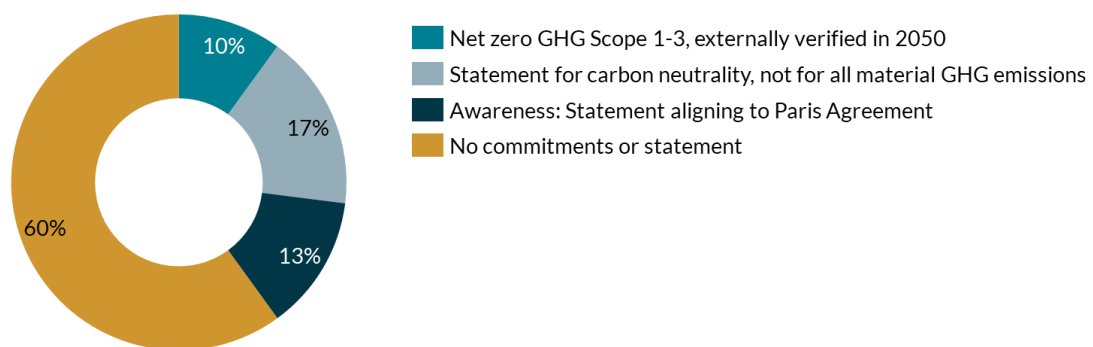
Real Estate ESG Analysis: Only 10% of listed real estate companies have set targets for net zero carbon emissions by 2050

Van Lanschot Kempen stimulates the real estate sector, the largest contributor to global carbon emission, to accelerate its net zero ambitions

- Real estate companies are behind the curve on measuring and reporting greenhouse gas ('GHG') emissions; only 10% of listed real estate companies have net zero targets on all three scopes (externally verified), despite the sector being the largest emitter of GHG.
- 80% of real estate companies have no board-level oversight for GHG emissions targets, while only 7% of these companies have GHG targets reflected bonuses for senior management.
- Van Lanschot Kempen stresses the need for greater transparency and progress on sustainability, and through its position as a large real assets investment manager sees room for improvement in the transition to net zero.

Real assets contribute to at least 60% of total greenhouse gas emissions¹. Only 10% of the listed real estate companies worldwide have set comprehensive targets to achieve net zero greenhouse gas emissions on all three scopes (externally verified) by 2050, according to research by Van Lanschot Kempen.

10% of listed real estate companies have targets for net zero, 60% have not set any ambitions



Source: Van Lanschot Kempen, analysis including Scope 3 data based on annual and sustainability reports 2021

60% of listed real estate companies are still researching their commitment to achieving net zero emissions by 2050, according to our research. They have not formalised their research into a commitment as of yet, whilst urgent action is needed, Amongst those companies which have taken action, 13% of those analysed have publicly-stated alignment to the Paris Agreement but give no detail on how this will be achieved. 17% have taken an incomplete approach whereby they have publicly stated an aim to achieve carbon neutrality but not for all material greenhouse gas emissions. Only 10% of companies analysed have committed to becoming net zero by 2050 across all material greenhouse gas emissions and have their targets externally verified. For Van Lanschot Kempen this is the complete approach every company should strive for.

Van Lanschot Kempen's Real Assets Team analysed listed real estate companies globally to assess how the sector is progressing towards the Paris Climate Change goals². The analysis represents 92% of the total listed real estate market capitalisation constituting almost \$2 trillion worth of real estate worldwide. The analysis measured the environmental pathway and involved in-depth analysis of the annual and sustainability reports 2021 of the companies focusing on the steps they need to take to achieve net zero emissions by 2050³.

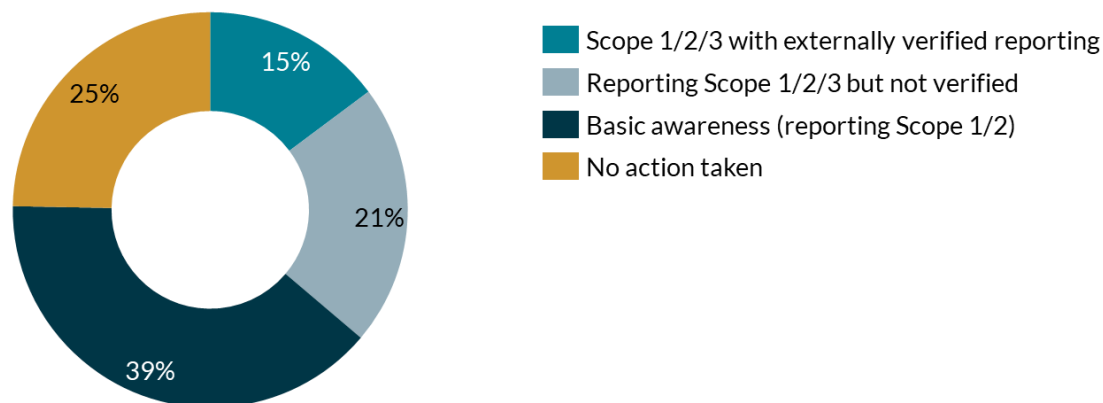
Lars Dijkstra, Chief Sustainability Officer, said: *"Climate disclosure mandates are irreversibly transforming the whole real estate sector. Regulation and government initiatives have set the ball rolling but investors now have a crucial role in helping the sector meet 2050 net zero targets. Our data and our dialogue with the sector show the real estate industry still has a long way to go. While three quarters of listed real estate companies have some sort of decarbonisation or climate change strategy in place, if you scratch the surface, you will find that many are very light on detail and should become more front-end loaded."*

"Setting greenhouse gas emissions targets – and measuring progress – is critical for companies which need to decarbonise, but these metrics are only helpful if they are comprehensive. Externally-verified measurement of Scope 1-3 emissions is the best way a company can get a true picture of its environmental impact and, therefore, understand where it needs to adapt its business model."

Listed real estate companies are behind the curve on measuring and reporting greenhouse gas emissions

To measure GHG emissions, the terms Scope 1, 2 and 3 are often used. Scope 1 are the direct emissions of a building (power, heating etc), Scope 2 are the indirect emissions (e.g. the generation of electricity) and Scope 3 are all other indirect emissions including embodied carbon. Scope 3 emissions are important within real estate as it involves the emissions produced to create, maintain and demolish it. While Scope 3 emissions are the dominant source of emission, only 15% of the companies are taking the complete approach of externally verifying all emissions across Scopes 1 to 3.

Only 15% of Listed Real Estate companies have verified reporting on Scope 1, 2 & 3



Source: Van Lanschot Kempfen, analysis based on annual and sustainability reports 2021

Egbert Nijmeijer, Co-Head Real Assets, added: *“When assessing the investment case for a company, investors need to be able to evidence the board’s dedication to combatting the climate crisis. The introduction of non-financial compensation metrics is accelerating and it’s likely we will see the number of companies including ESG in their Long-Term Incentive Plans and bonus schemes accelerate over the coming years.*”

“A high number of our engagements with companies are focused on this issue and, in general, companies are receptive. However, successful engagement takes time and some companies are much further ahead on their path to net zero than others. Through detailed and transparent use of data, it is possible not only to identify the leaders in the industry but also help the laggards accelerate their sustainability initiatives in the sector. As an active investor in both listed and non-listed real estate, we expect similar results from our study to apply to the less transparent non-listed real estate sector as well.”

80% of companies have not appointed board-level oversight for greenhouse gas emissions targets

Percentage of companies with no board oversight for GHG targets is 80%. Just over half of the companies (56%) have a board member with direct responsibility for the company’s ESG strategy. However, it is rare that meeting emissions targets is reflected in board compensation. Only 7% of companies reflect meeting GHG targets in annual bonuses.

Van Lanschot Kempfen taking responsibility

With €96.2 billion assets under management as at 30 September 2022, Van Lanschot Kempfen is in active dialogue with the companies and funds in which they invest in. This research and our proprietary data infrastructure provides detailed insight that supports our dialogue with these companies. Where applicable, we seek, and are open to, collaboration with other investors to strengthen engagement activities.

ENDS

Notes to editors

¹ [World Energy Outlook 2021 – Analysis - IEA](#)

² The data-analysis is based on the annual reports and sustainability reports 2020/2021 from listed real estate companies.

³ The analysis covers 243 companies, or 64% of listed real estate companies in the global benchmark (FTSE EPRA Nareit Developed Index). Microcap companies (market cap < €300m) which are not liquid enough to be appropriate to Van Lanschot Kempen's investment strategy are not monitored in this research. Where percentages are given, this refers to the proportion of companies analysed out of the total universe of 243.

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About Van Lanschot Kempen

Van Lanschot Kempen, a wealth manager active in Private Banking, Professional Solutions, Investment Management and Investment Banking, with the aim of preserving and creating wealth, in a sustainable way, for both its clients and the society of which it is part. As a sustainable wealth manager with a long-term focus, Van Lanschot Kempen proactively seeks to prevent negative impact for all stakeholders and to create positive long-term financial and non-financial value. Listed at Euronext Amsterdam, Van Lanschot Kempen is the Netherlands' oldest independent financial services company, with a history dating back to 1737. To fully leverage the potential of the Van Lanschot Kempen organisation for its clients, it provides solutions that build on the knowledge and expertise across its entire group and on its open architecture platform. Van Lanschot Kempen is convinced that it is able to meet the needs of its clients in a sustainable way by offering them access to the full range of its products and services across all its businesses.

For more information, please visit vanlanschotkempen.com

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