

Alexandria



We challenged Alexandria - one of the leaders in ESG - to commit to setting scope 3 targets and becoming a Net Zero company as well as increasing the importance of ESG in their incentive plans!

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Engagement rationale

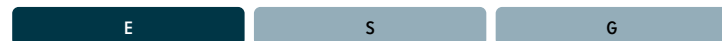
Alexandria is one of the largest landlords of life science office buildings in the US, owning a real estate portfolio of >31bn USD and has a market capitalisation of >20bn USD.

Background

We reached out to Alexandria in the context of it being amongst the top 50% of GHG emitters in our portfolio holdings. It is to note that Alexandria screens amongst the top ranked environmental companies in our universe according to our proprietary environmental pathway framework and the appearance in the top 50% list is predominantly a fact of it being a large portfolio holding. We however engaged on specific items like path to net zero and ESG targets in board remuneration.

Theme for engagement

Environmental



Engagement objectives

- Alexandria committing to scope 3 emission targets and becoming a Net Zero company
- Increase importance of ESG goals in management/board incentive plans

Development

Neutral

Milestone



Engagement results

- *Setting a scope 3 target and becoming a Net Zero company*
 Alexandria states they are contemplating setting a scope 3 reduction target as well as becoming a net zero company in their most recent 2022 ESG report. We inquired about difficulties and an estimated timeline for a commitment.

- The company responded that the overarching reason to not yet have committed to long-term targets is to have substance behind it. Alexandria only wants to set further targets (scope 3, Net Zero), if they have a detailed long-term plan in place to credibly achieve those goals.
- Their plan partly depends on SBTi on setting a guidance for the building sector, which - once finalised - could allow them to commit to a scope 3 target. They also face issues around measuring scope 3 correctly.
- The timeline is not clear as their main importance is having details and substance behind their goals.

- *ESG goals in incentive plans*
 ESG has a weight of 12% (lowest of all items) in the annual cash incentive and it is not included in the long-term incentive plan. We recommended increasing the weight and including ESG targets in their long-term incentive structure.

- Alexandria acknowledged that the weight of the ESG metric is the lowest in their framework, they however believe it is the appropriate weight, especially as they currently do not have long-term targets. The weight though gets reviewed annually and they will take out feedback on board.
- Similar on adding ESG goals to their long-term incentive structure, they review their metrics annually and will take our feedback into account.

Next steps

Follow-up with the company later in 2023 and discuss progress.



Company

Alexandria

Country

USA

Sector

Listed Real Estate

Market cap

Large Cap

Materiality

Improving ESG efforts can lead a lower risk profile and multiple benefits for all stakeholders.

ESG Research

MSCI ESG Rating: BBB
 Sustainalytics: 13.9 (low risk)

Engagement initiated

Q3 2023

Latest update

Q3 2023

Kempen Fund

Kempen (Lux) Global Property Fund

