ENGAGEMENT FACTSHEET

Befesa SA

Development

Engagement closed successfully

Milestone

1 2 3 **4**

> A contributor to the circular economy that needs to ‘take the hit’ on carbon intensity. Setting the right goals, quality reporting and proper incentivization will help Befesa to more effectively navigate environmental challenges.

Engagement rationale

Van Lanschot Kempen aims to directly engage with the most carbon-intensive companies in its investment funds to address ESG issues and contribute to the transition needed to move to a more sustainable economy and society.

Background

Befesa is one of the world’s largest recyclers of industrial steel dust and salt slags. The company’s services prevent landfill of hazardous waste and enable the recovery of valuable new materials such as zinc. Companies like Befesa need to ‘take the hit’ on carbon intensity to make the total value chain more sustainable and carbon efficient.

Theme for engagement

– Engagement for Change: Environment

E S G

Engagement objectives

1. **EU Taxonomy**: We aim to understand Befesa's share of taxonomy-aligned versus taxonomy non-aligned activities.
2. **Verification**: Befesa is committed to support climate goals that are based on widely agreed climate science. We suggest the GHG reduction targets to be externally verified and aligned with the Science Based Target Initiative (SBTi).
3. **Remuneration:** We propose a better and more transparent link between ESG targets, specifically the GHG reduction targets, and management’s remuneration.

Engagement results

1. **EU Taxonomy:** Befesa’s primary activity is unique, with little to no competition in Europe. This creates a challenge as there is no specific classification for these activities within the EU Taxonomy framework. The lack of proper classification highlights the need for more comprehensive guidelines to accommodate innovative and specialized activities. Until more detailed guidelines are published, we conclude Befesa’s activities are only to a limited extent aligned with EU Taxonomy.
2. **Verification:** The company will align ESG reporting with the EU CSRD standard from 2024 onwards and seek verification of ESG content by an external auditor.
3. **Remuneration:** Although we see scope for further improvement and alignment, including a higher % weight of carbon intensity KPIs, we deem the link between variable remuneration and ESG performance as satisfactory.

Company

Befesa is a global leader in the management and recycling of hazardous residues such as steel dust, salt slags and SPL to the steel and aluminum industries.

Country

Germany

Sector

Industrials: Commercial & Professional Services

Market cap

Small Cap: 1.3bn EUR

Materiality

Environmental topics represent the majority of Befesa’s issues from a materiality perspective. Setting the right goals, quality reporting and proper incentivization are fundamental to successfully navigate these challenges.

ESG Research

MSCI ESG Rating: BBB (Average)
Sustainalytics: 13.1 (Low Risk)

Engagement initiated

2022

Latest update

September 2024

Kempen Fund

Global Small Cap Fund
Sustainable European Small Cap Fund