

Atrium Ljungburg



Atrium Ljungberg has taken material steps towards climate neutrality with an ambitious set of targets - spanning all scope emissions

Mihail Tonchev, Portfolio Manager

Engagement rationale

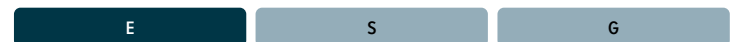
Atrium Ljungberg REIT was lacking a formal climate policy with measurable targets that were Paris aligned. After the 2022 Capital Markets Day the company released an updated policy which is a significant improvement, but there remains several areas which need work. We are looking to share our environmental pathway with Atrium Ljungberg for the last leg of improvements.

Background

As we have refined our proprietary climate change environmental pathway model, we are launching sector-wide climate related engagements as we have identified numerous common themes with precise points of improvements and suggestions. We are commencing our engagement with the Nordics companies via Atrium Ljungberg. The Nordics region is amongst the leaders for the energy transition.

Theme for engagement

- Environment - implementing a climate policy in-line with the Paris Agreement.



Development

Positive

Milestone



Engagement objectives

- Measure Scope 3 and base targets. Achieve SbTi or CREEM verification of targets and measurements.
- Disclose progress against green bond capex with CO2 reduction initiatives. TCFD reporting standards alignment.
- Obtain better remuneration-linked to goals.
- Disclose material climate risks in annual report and provide climate scenario analysis. Produce climate risk scenarios on asset levels.
- Internal carbon price necessary for offsetting if they don't reach 2030 goals

Engagement results

- In March of 2022, we reached out to Atrium Ljungberg and discussed our environmental pathway model. The alignment was very good, and we have got comfort on several of the initiatives that are in progress at the company.
- Company is measuring Scope 3 AND basing targets on them going forward. Company developed new 2030 climate neutrality targets across all scopes. Require verification from the above at some point next year but it is not in motion yet.
- In September of 2022 we held another call for a progress update and knowledge sharing. Atrium Ljungberg has disclosed more precise capex spending on the green bond and sustainability targeted bond capex as per energy saving project.
- The company gave us an update on TCFD labeled reporting and we expect progress by next year. We see constructiveness on linking remuneration to climate neutrality targets. The accountability currently rests at the CFO/CEO level and for head of sustainability.

Next steps

- Hold a call on next steps with ESG team in 23Q1 to check in on the verification targets, capex allocation from green bonds and TCFD standards alignment.



Company

Atrium Ljungburg

Country

Country of domicile is Sweden

Sector

Real Estate

Market cap

Mid Cap

Kempen Fund

Kempen Global Property Fund
Kempen European Property Fund

Materiality

Greenhouse Gas (GHG) emissions reduction in line with the Paris Agreement is of utmost importance to reaching combined environmental targets.

ESG Research

MSCI ESG Rating: AA
Sustainalytics: 8.1 (negligible risk)

Engagement initiated

Q1 2022

Latest update

Q3 2022

