

Alexandria



We are happy to see Alexandria setting more challenging 2030 operational emission reduction targets and becoming an aspiring Net Zero company

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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 2023 in the context of it being amongst the top 50% of GHG emitters in our portfolio holdings. We also engaged on specific items, including the path to net zero and ESG targets in board remuneration.

Theme for engagement

Environmental

E

S

G

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

1

2

3

4

Engagement results

– *Setting a scope 3 target and becoming a Net Zero company*
Alexandria made great progress in its environmental efforts and set a new more challenging 2030 emission reduction target of 30% vs a 2022 base line (previous target was 30% by 2025 with base 2015).

More importantly, Alexandria now says it “aspires to achieve” higher levels of reductions that is required to be aligned with a Net Zero 1.5°C science-based pathway, technically becoming a Net Zero company. Helpful in this context is that 90% of Alexandria’s top 20 tenants have set net-zero carbon and/or carbon neutrality goals.

In addition, Alexandria added more details on how to lower its scope 3 emissions by reducing the embodied carbon from construction materials. Their approach, including engaging with general contractors and design teams, optimizing whole-building designs, conducting embodied carbon assessments, and procuring low-carbon materials.

– *ESG goals in incentive plans*
ESG has a weight of 12% 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.

– While Alexandria did not change the weight in its annual compensation structure, it positively added various environmental goals such as increasing amount of building certifications, improve disclosure and reporting, increase its GRESB score.

Next steps

We close our engagement successfully. The company has made substantial progress and technically became a Net Zero – aspiring company.



Company

Alexandria

Country

USA

Sector

Listed Real Estate

Market cap

20bn USD

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

Q4 2024

Kempen Fund

Kempen (Lux) Global Property Fund

