

# Atrium Ljungberg



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

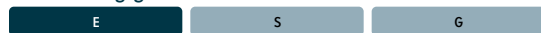
Mihail Tonchev, Portfolio Manager

## Engagement rationale

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

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



## 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, also on asset level
- Internal carbon price necessary for offsetting if they don't reach 2030 goals.

## Development

Positive

## Milestone



## 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
- In September of 2022 we held another call for a progress update and knowledge sharing. We noticed that Atrium Ljungberg have disclosed more precise capex spending on the green bond and sustainability targeted bond capex as per energy saving project
- Company is measuring Scope 3 AND basing targets on them going forward. It also developed new 2030 climate neutrality targets across all scopes: Oct 2023 we received guidance that targets will be verified by end of 2023
- The company gave us an update on TCFD labeled reporting and we expect fully TCFD labelled report by end of 2024
- Carbon pricing has been decided against and the company will instead rely on Sustainability financing capex allocation and following strict Swedish regulations on max allowed GHG emissions
- GRESB work has been submitted in 2023 with first publishing of results likely in summer of 2024
- Climate risk scenarios now done on asset level
- We see constructiveness on linking remuneration to climate neutrality targets, but we need to place it in the context that Atrium Ljungberg has never had any performance pay for its executives and it may take some time for the board to get comfortable with it. The accountability currently rests at the CFO/CEO level and for head of sustainability.

## Next steps

Hold an update on next steps with ESG team in 24Q2 to check in on the verification targets, capex allocation from green bonds and TCFD standards alignment, as well as GRESB results



## Company

Atrium Ljungberg

## Country

Sweden

## Sector

Real Estate

## Market Cap

Mid Cap

## Engagement initiated

Q1 2022

## Latest update

Q3 2023

## 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: AAA  
Sustainalytics ESG Rating: 7.8 (negligible risk)

