



**Results GREEN 2023 Engagements**  
Global Real Estate Engagement Network

**Stichting Pensioenfonds Hoogovens**

**Finance Ideas & Almazara Real Assets Advisory**

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# Foreword

The Global Real Estate Engagement Network (hereinafter: GREEN) is a network of institutional investors (pension funds, insurance companies, asset managers). On recognition of real estate's contribution to climate risk and the consequences faced by the sector, the network was founded to utilize the power of collaboration.

GREEN members perform engagement on financially material topics in real estate related to climate risks. The collaboration focuses on both listed real estate (currently the FTSE EPRA NAREIT Developed index constituents) and non-listed funds. The network also cooperates, wherever possible, with asset managers and engagement providers that are not (yet) a member.

GREEN has committed asset owners and asset managers with over EUR 3 trillion of total assets under management. GREEN had 25 members at the end of 2023, as Sarasin & Partners, Bouwinvest, BPF Bouw and Schroders joined the collaborative network.. Membership of GREEN increases both the efficiency and effectiveness of engagement, as collaborating in GREEN provides economies of scale, and collectively more influence can be exerted on the climate risk management policies of real estate companies and funds.

The Global Real Estate Engagement network has three groups of members:

1. Asset owners and managers with a sustainability/engagement team that will lead some of the engagements of the GREEN network (engaging-members)

2. Asset owners and managers without or with a limited engagement team that use the capabilities of engagement service providers (outsourced engagement members)
3. Service providers who engage on behalf of their clients (service provider members)

In this report Finance Ideas and Almazara, two of the engagement service providers, report on their efforts and results in engaging both listed and non-listed real estate funds/companies based on the GREEN investor statement. We also report on the progress of the GREEN initiative as a whole, as Finance Ideas and Almazara – together with you as a client - have been instrumental in setting up GREEN.

This report describes the beneficial results of collaboration and effective engagements over the last 12 months: t. The engagement process monitors milestones and reports on improvements using a dashboard. This measures whether companies fulfill the requests made by shareholders in the investor statement. We are encouraged by the initial results but there is still more progress needed to reach the 2050 Paris Agreement Goals. The results demonstrate the vital importance of GREEN.

GREEN has become an established, unique coordinating platform for stimulating climate risk management in real estate. GREEN has been active in several industry working groups, presenting at several international conferences, and communicating via (social) media.

GREEN's newsletter, containing all relevant industry news, and our research articles in collaboration with the University of Maastricht are well read. GREEN now has over 1200 followers on LinkedIn.

We would like to thank all our clients / outsourced engagement members of GREEN for their support and congratulate you on the impact you have made by being a launching member. We would also like to thank GREEN funders Laudes Foundation and Climate Works for their financial support, and the engaging-members of GREEN for collaborating with us in GREEN and making GREEN a truly Global Real Estate Engagement Network.

Finance Ideas & Almazara



# 1 Executive summary



# Finance Ideas and Almazara engaged 42 listed companies and 24 non listed funds in 2023 in one-on-one conversations

## Overview of activities in 2023 under the GREEN program



## Large cap listed engagements

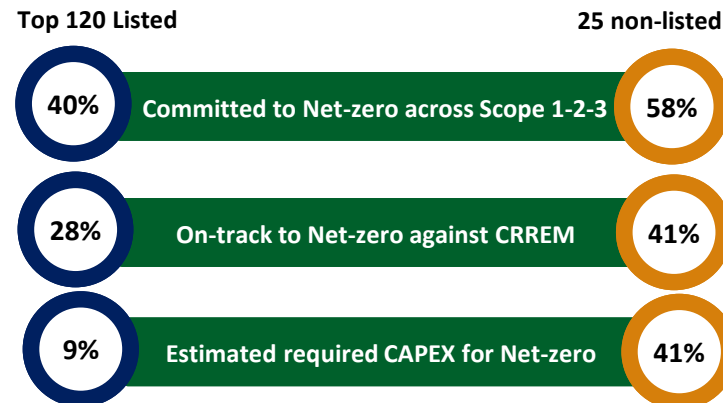
Over the past year, we engaged a total of 42 large cap companies, other members of GREEN engaged a further 7 companies. There is only a handful of companies in the top 60 of the FTSE EPRA Nareit index that we have not spoken to since the start of our engagement efforts in 2021. We have tried to reach these companies in numerous ways including calling/emailing in their native language (including Japanese and Chinese) and asking other green engaging-members to introduce us to these companies. With our first three-year cycle coming to an end, we have to conclude that these companies are unwilling to engage.

## Non-listed engagements

In the non-listed space, we have engaged with a total of 24 funds. We have had over 40 engagement meetings with these 24 funds. Many of the fund managers have expressed their content with our outreach. We often are referred to by non-listed as well as listed real estate funds/companies as the investors that ask the most detailed and thorough questions with respect to climate risk management. Moreover, on multiple occasions funds/companies have indicated they improved on some of our engagement topics because of us pushing to improve their efforts.

## Common findings

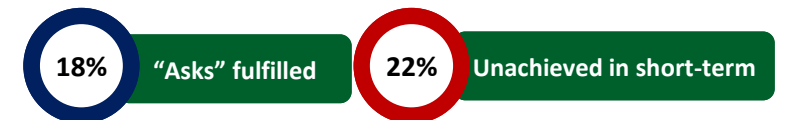
A significant portion of our findings is based on the dashboard assessments of the top 120 publicly listed real estate companies and the 24 non-listed funds with which we engage.



In general, non-listed funds seem to be ahead in terms of both ambitions and implementations. This is partly caused by a tilt towards Europe in the non listed engaged funds. Over the past few years, the progress of non-listed funds in implementing decarbonization is clearer than that of listed companies.

In the listed space, despite an increasing commitment to Net Zero, regional differences are often observed. There is a greater commitment from European and Asian listed companies. The reluctance of US-based companies is often attributed to concerns about a lack of suitable data, the absence of a business case, or insufficient regulatory and client demand.

Improvements from listed companies after our engagements are also observed and recorded.



18% of our asks have been fulfilled, relating to, among others, setting a net-zero goal, an energy target and increased disclosure on physical risk exposure. On the other hand, 22% of our asks are marked as unachieved in the short-term, primarily involving long-term planning for deep retrofits; and for using and disclosing CRREM.



# 2 Non-listed engagement results



# Top 5 main findings for the dashboard assessment of non-listed funds

## Strong commitment to science-based targets

67% of funds have committed to intermediate science-based targets, compared to 41% in 2022. Out of the 24 funds engaged, 58% is committed to Net Zero.

## No improved physical risk disclosure

There was no change in the physical risk disclosure of funds, with 50% of funds disclosing results.

## More insight into Net Zero CAPEX

41% now has an insight into the CAPEX requirements to achieve their energy and/or CO2 targets. In 2022, 21% had estimated these CAPEX requirements

## Embodied carbon is on the radar

21% of funds are measuring and disclosing embodied carbon emissions. In 2022, only 5% disclosed these numbers. Still, only 4% has developed a strategy in 2023 to tackle embodied carbon

## No change in funds below CRREM pathway

There has been no improvement (41%) in the amount of funds that are measurably on or below the CRREM pathways.

# GREEN's dashboard assessment of 24 non-listed funds: 58% committed to Net Zero and 50% is planning for deep retrofits

## Non-listed status quo 2023

There were notable differences between 2022 and 2023 in the indicator requirements assessed for non listed real estate funds:

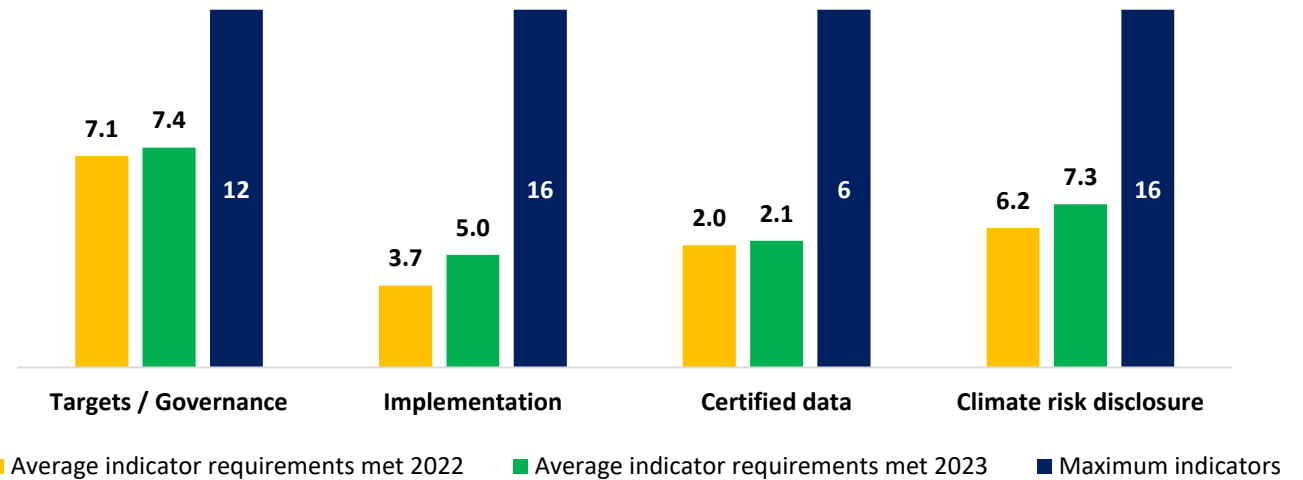
### Targets / Governance:

- All the funds have set a GHG target, with around 67% of the companies a science-based target and 63% an energy target. 58% of funds have set a net-zero scope 1, 2 and 3 target. 58% of funds are committed to intermediate scope 3 targets. The number of funds that have set an embodied carbon target is much lower, only 13%. Furthermore, 71% of funds set a target for increasing data coverage.

### Implementation:

- Implementation is the theme that is most underdeveloped among funds. 46% of the funds have a high-level strategy to achieve their climate targets. 50% of funds are taking some deep retrofit measures. 38% of funds conducts in-depth energy / net-zero carbon audits. 21% of funds conduct and share embodied carbon data, and only 4% has developed some sort of a strategy to tackle embodied carbon.

Average number of indicator requirements met in GREEN dashboard, 2022 and 2023 compared (n=24)



### Certified data:

- Funds' use of certification scores less impressively. Around 58% of companies have a certification coverage above 50% and 29% has a coverage of at least 90%. 58% aim to get to 90% coverage.

### Climate risk disclosure:

- Around 65% of funds have over 80% data coverage of portfolio energy consumption and GHG emissions. 50% of funds disclose results of their physical risk assessment per risk category. Meanwhile, the adaptation of CRREM is reasonable with 58% of funds actively monitoring transitional risk using CRREM and disclosing these results, although this data is skewed towards the Dutch funds, who all work with CRREM.





# SP Hoogovens - Like-for-Like changes: on average 22.0 indicator requirements met, compared to 17.2 in 2022

## Like for like changes

Below we give an overview of the most notable results when comparing the like for like results:

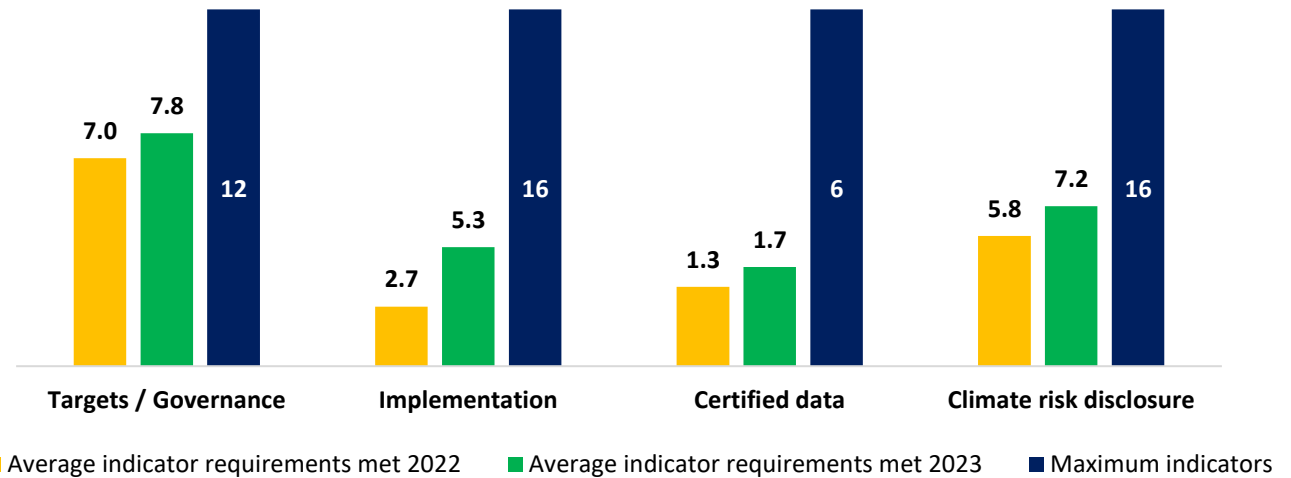
### Targets / Governance:

1. First, we notice an improvement in the average number of indicators for which requirements have been met. The average stands at 22.0, compared to 17.2 last year.
2. Similar to 2022, 4 out of 6 funds committed to Net Zero on scope 1-3.
3. Since 2022, 3 funds have set a science-based target, we now observe that 5 out of 6 funds have set an intermediate science-based target.
4. 3 out of 6 funds have set an energy target (2022: 33%).

### Implementation:

1. 4 out of 6 funds have disclosed at least a high-level implementation plan, compared to only one last year.
2. Two funds have estimated CAPEX requirements to achieve their energy and/or CO2 targets in 2023. In 2022, only one fund had estimated these CAPEX requirements.

Average number of indicator requirements met in GREEN dashboard, 2022 and 2023 compared (n=6)



3. In 2022 only one fund was measuring and disclosing embodied carbon data. In 2023, two others did as well.
4. Similar to 2022, 2 funds are currently measurably on-track to achieve Net Zero according to CRREM pathways.

### Certified data:

1. Only 2 funds have a certification coverage of over 50%. These findings are exactly the same as last year.

### Climate risk disclosure:

1. 67% of funds have a minimum of 80% data coverage with respect to energy consumption and CO2 emissions, down from 83% in 2022.
2. In 2022 two funds disclosed results from their physical risk assessment. Three funds did in 2023.
3. 4 out of 6 funds are actively monitoring transitional risk using CRREM and disclosing their results.



# SP Hoogovens: XXXX set Net Zero target after we engaged them on this topic, YYYY achieved 8 of our asks

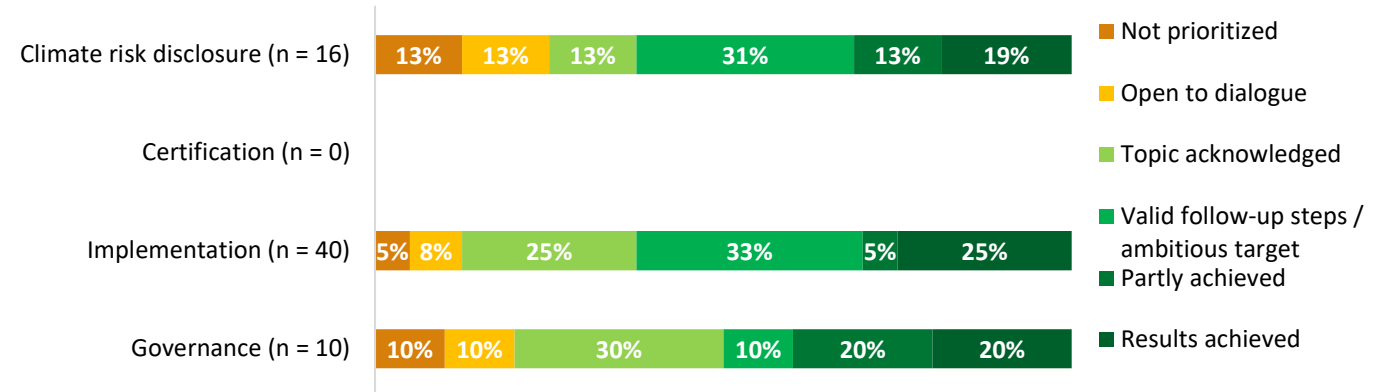
The graph on the right displays the engagement topics discussed and milestones identified during the engagements with real estate funds in the past two years for both 2022 and 2023 for the 6 funds SP Hoogovens is invested in.

Up until 2023, so including 2022, we discussed 66 topics with the funds SPH is invested in. Some highlights of the milestones:

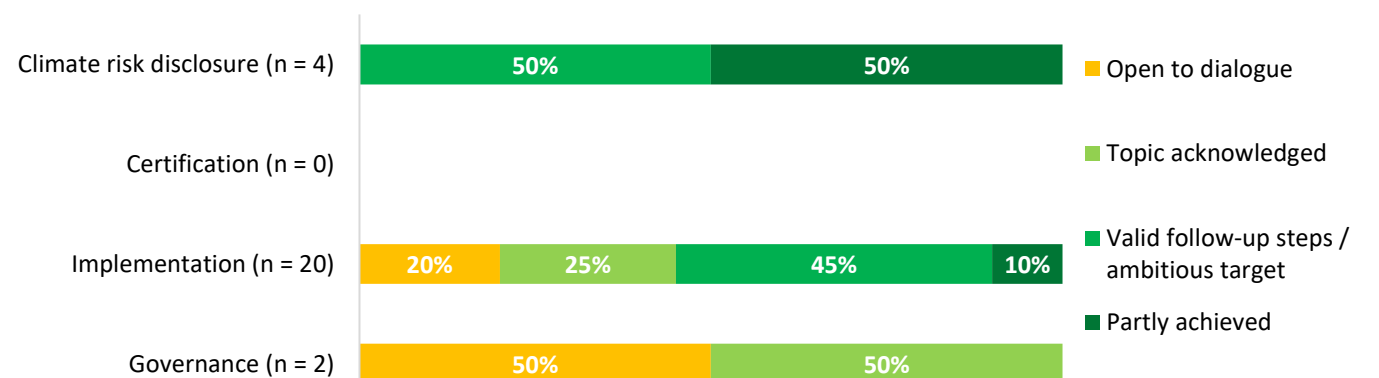
- We encouraged funds to set Net Zero targets, which one fund has done.
- Two funds set Science-based targets after our encouragement.
- All funds except one have been making at least some progress on asset level plans after we engaged them, and 4 out of 7 have at least set valid follow up steps with respect to Net Zero audits.

We see that 32% of the milestones are partly or fully achieved, compared to 8% in 2022. This means that for 21 indicators, funds have fulfilled the indicator requirements after we engaged with them and asked them specifically to improve on this topic.

## Milestones 2023 engagements



## Milestones 2022 engagements



# GREEN Member base

## Explanation of member base

As of February 2024, GREEN consists of a total of 25 members, with their logos displayed on the right.

Not all members have joined GREEN in a similar fashion. A distinction is to be made between the GREEN engagement members, for whom both Almazara and Finance Ideas (the engagement service providing members) carry out the engagements, and the GREEN engaging members, who carry out engagement projects themselves.

Not all GREEN engagement members are subscribed to both listed and non-listed engagements. For those that are subscribed to listed engagements, some of the engagements may be carried out by GREEN engaging members, with oversight of the GREEN secretariat (Finance Ideas).

## GREEN members 29-2-2024



# Disclaimer

This confidential presentation has been prepared by Almazara and Finance Ideas and is directed only at the outsourced engagement members of GREEN and intended solely for use by the recipient – distribution of the report to other parties is prohibited. The case studies prepared for individual real estate funds contained within this document or the information herein may not be distributed, copied or reproduced in any manner, in whole or in part, without our prior written consent.

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