

ENGAGEMENT FACTSHEET

Kaiser Aluminum

ENGAGEMENT RATIONALE

Kaiser produces semi-fabricated aluminium components used in automotive, aerospace, and general industrial applications. While its products are used to replace steel, thereby contributing to reducing weight and improving fuel efficiency, Kaiser has one of the highest carbon intensities among companies in the Kempen Global Small-Cap portfolio. Moreover, Kaiser has not yet published a sustainability report.

BACKGROUND

Our quarterly ESG review revealed that Kaiser has one of the biggest carbon footprints of the companies within our Global Small-Cap portfolio. Given it also does not disclose any emissions data, we engaged Kaiser to discuss the issue. We learnt that it was planning to publish its first sustainability report in 2018 and shared our feedback accordingly.

THEME FOR ENGAGEMENT

- x Sustainability, emissions standards, and disclosure



ENGAGEMENT OBJECTIVE

- x For Kaiser to include at least the base case on emission data (tCO₂e) in its first sustainability report.
- x For disclosure on the main environmental metrics to include the carbon footprint of Scope 1 and 2. Other metrics to be disclosed should include waste levels, efforts to minimise waste; and the environmental certifications of its facilities.
- x For reporting to be in accordance with one of the accredited bodies on sustainable reporting, such as GRI (Global Reporting Initiative) or SASB.
- x For the report to also include information on whether sustainability is managed at board level. We see among the companies we invest in that sustainability initiatives flourish where board and management support is high.

DEVELOPMENT



MILESTONE



ENGAGEMENT RESULTS

- x Kaiser has published the first sustainability report by the end of fiscal year 2018, taking into account some suggestions provided by Kempen.
- x The company has updated its corporate website, to now include a separate section on ESG management.

NEXT STEPS

- x We are currently reviewing the sustainability report.
- x Assess if ESG is sufficiently embedded in the top management at Kaiser.
- x Further engage Kaiser to determine specific initiatives to reduce emissions, and monitor and report on progress.

COMPANY

'Kaiser Aluminum Corporation is a leading producer of semi-fabricated aluminum products, with production facilities in North America. Kaiser delivers solutions for automotive, aerospace, and industrial applications.

COUNTRY

USA

SECTOR

Basic materials

MARKET CAP

Small Cap

ISSUE

Kaiser's aluminium products are used to replace steel, thereby reducing weight and improving fuel efficiency. Moreover, the production of aluminium is less energy intensive than steel. However, in absolute terms, Kaiser has one of the highest carbon intensities in the Kempen Global Small-cap portfolio. Kaiser has not yet published a sustainability report.

MATERIALITY

Aluminium is an essential component of several industries, and its production is carbon-intensive. It is critical that companies operating within this sector are aware of the climate change risks and opportunities.

MSCI ESG RESEARCH

UN Global Compact: Pass
ESG Rating: B