

TIME FOR INVESTORS TO SHOW UP IN THE RACE TO NET-ZERO EMISSIONS

It is almost five years since the Paris Agreement was signed and we are seeing countries, cities and companies across the globe reaffirm their commitment by pledging to reach 'net zero' emissions by 2050. More and more companies have committed to net zero.¹ Sovereign bodies like France, the UK, New Zealand and the EU are working on legally binding net zero targets. And cities from Amsterdam to Addis Ababa have committed.

Investors have a role to play too. At Kempen we believe it is critical that investors take a leadership role in driving the low carbon transition by aligning their portfolios with a net zero path. This month we put our money where our mouth is by launching an updated Climate Change Policy that explicitly commits us to have net-zero emission investments by 2050, and sets a short term objective to align all our listed investments (and those of our managers) with the pathway of the Paris Agreement (and the Dutch Klimaatakkoord goals) by 2025. We also have the ambition of aligning all non-listed investments by 2030.

Our new Climate Change Policy brings together climate-friendly policies in areas from green bonds to coal exemptions and active ownership. The idea is to push us box ticking and ensure we are continuously taking tangible steps to implement this policy across our investment process.

How to mobilise the capital required to transition to a low carbon economy?

We also recognise that no investor can solve the climate crisis on their own. We need the whole finance sector to join the race to net zero if we are going to mobilise the capital required to transition to a low carbon economy.

That's why Kempen also supports initiatives like the [Net Zero Investment Framework](#) for investors, a concept of this framework was recently launched by the *Institutional Investors Group on Climate Change* (IIGCC). It is the first-ever practical blueprint to enable both asset owners and asset managers to access methodologies and metrics required to become 'net zero investors'.

We also want our policy to send a powerful message to other stakeholders, like our investee companies to encourage them to make net zero commitments and take on science-based emission reduction targets. Our new policy commits us to identifying those companies not aligned with a Paris pathway and taking action with these carbon intensive sectors through engagement and portfolio construction decisions.

What does a Paris-aligned portfolio actually look like?

Alignment with the Paris Agreement goals requires investors to both decarbonise their investment portfolios and increase investment in climate solutions. For Kempen the commitments in our new policy mean an explicit

¹For instance, the Science Based Target initiative stated that [over 230 global companies are pledging to set climate targets in line with limiting global temperature rise to 1.5°C above pre-industrial levels and reaching net-zero emissions by no later than 2050.](#)

preference towards companies and entities that proactively integrate climate risks and opportunities into their organisation.

It also means persevering with our ongoing engagement and advocacy work to generate these changes. As long-term stewards, we believe that active ownership is the best way to culminate change from companies, and we continue to work with collaborations like [Climate Action 100+](#) to use our leverage to encourage the world's highest emitting companies to transform their business models.

We also expect fund managers to be actively engaging with their companies on how activities relate to EU regulation and the Sustainable Development Goals.

The practical consequences of our net zero commitment will also mean allocations to green bonds, increasing engagement with carbon-intensive companies and exclusions for the highest-risk climate activities. We have concluded that there can be no place in a Paris aligned portfolio for high climate risk companies such as pure play coal mining or tar sands.

There is still much work to do and at Kempen we now face the challenge of turning our net zero target into practical action that reduces real world emissions. If we are to have a chance of achieving the Paris Agreement and avoiding irreversible climate change then we need more investors to join the race to net zero.

Read [our full Climate Policy here](#)