

Omega Healthcare

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Omega has taken a comprehensive approach to offset its 'hard to abate' emissions focusing on permanence, additionality and verifiability. With that the Omega fulfilled its target of carbon neutrality on Scope 1 & 2. We close our engagement successfully.

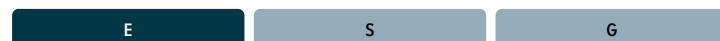
Andreas Welter, Senior Portfolio Manager

Engagement rationale

Omega Healthcare (OHI) is one of the largest landlords of skilled nursing facilities (SNF) in the US owning >900 facilities across 42 states and has a market capitalisation of >10bn USD.

Theme for engagement

Environmental



Engagement objectives

- Improve disclosures and reporting of environmental/emission data.
- Transparency around quality of offsets

We followed up with OHI after our engagement in 2022. The initial environmental engagement was driven by our ambition to engage with the lower scoring companies in the US Healthcare cluster (limited GHG emission reporting and reduction targets). We also focused on transparency around Omega's strategy of buying carbon credits to offset their scope 1 and 2 emissions in 2023.

Development

Positive

Milestone



Engagement results

Successful implementation of Omega's carbon offset programme
Key component of our engagement in 2022 was to get more transparency and ultimately see the implementation of its carbon offset programme. Omega as a triple net owner of assets has generally low own emissions (180 tons of CO2 p.a.) but wants to offset those "hard to abate" emissions fully.

Here are the details of Omega's now implemented programme:

- Permanence: Projects must ensure at least 40 years of carbon sequestration or reduce hazardous gases like nitrous oxide.
- Additionality: Projects must demonstrate that greenhouse gas reductions would not occur without the carbon offset project.
- Verifiability: Projects need verification by a major carbon credit registry, ensuring an auditable trail of carbon offsets.

After meeting these criteria, the focus is on:

- Projects related to the portfolio or real estate industry.
- Projects based in North America or the U.K.
- Production of sustainable construction materials.
- A mix of carbon avoidance and carbon removal projects for a comprehensive climate strategy.

Next steps

We appreciate the company achieving carbon neutrality on all emissions within their control, while choosing a well thought-through mix of offsets. We close our engagement successfully.



Company

Omega Healthcare

Country

USA

Sector

Real Estate

Market cap

10 bn USD market cap

Materiality

Improving environmental efforts can lead to improvements in the risk profile of a company and be a benefit for all stakeholders.

ESG Research

MSCI ESG Rating: BBB
Sustainalytics: 17.3 (low risk)

Engagement initiated

Q3 2022

Latest update

Q4 2024

Kempen Fund

Kempen (Lux) Global Property Fund

