

# Omega Healthcare



We are happy to see Omega’s pledge to carbon neutrality in 2023 - even if to be achieved via offsets. We appreciate them focusing on the highest quality offsets that will truly have an environmental enhancement.

Andreas Welter, Senior Portfolio Manager

## Engagement rationale

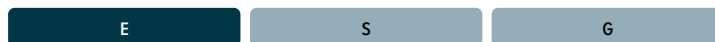
Omega Healthcare (OHI) is one of the largest landlords of skilled nursing facilities (SNF) in the US owning >900 facilities across 42 states and has a market capitalisation of >6bn USD.

## Background

The 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.

## Theme for engagement

- Environment - implementing a climate policy in-line with the Paris Agreement.



## Engagement objectives

- Improve disclosures and reporting of environmental/emission data
- Increase transparency around quality of offsets
- Aim to link management compensation to ESG targets

## Development

Positive

## Milestone



## Engagement results

- Engagement was initiated and the company confirmed during our meeting that environmental efforts will be one of their focus items.
- Omega is reporting scope 1 and 2 emission data and aims at reporting scope 3 as well (having started pilot projects with 10 assets).
- A key issue for them however is the ongoing consulting phase on the proposed SEC requirements on GHG reporting. Omega wants to wait until this is finalised and measurement details and reporting requirements are clear.
- Once they have established a comprehensive and audited/externally verified reporting framework, they aim to link board remuneration to their ESG targets, however this will take time.
- The company has a target of being carbon neutral on their scope 1 and 2 emissions via buying carbon credits to offset its footprint.
- We focused the discussion on the quality and frequency of the offsets.
- Omega confirmed their ambition to buy credits every year from 2023 onwards to remain carbon neutral. They will also publish the cost of this.
- In terms of the quality of the offsets, Omega confirmed to acquire credits that “have a genuine environmental enhancement and ideally is geographically proximate - i.e., in North America.”

## Next steps

- Formal follow-up in Q1 2023 to get an update on the above, especially around scope 3 reporting, but also on disclosing the quality and costs of their carbon offsets.
- Our questions on carbon offsets have all been answered and we will reassess the actual implementation next year.



## Company

Omega Healthcare

## Country

Country of domicile is the USA

## Sector

Listed Real Estate – US Healthcare

## Market cap

Market cap USD 6.7 billion

## Kempen Fund

Kempen Global Property Fund

## Materiality

Depending on the price of carbon credits, Omega’s strategy to achieve carbon neutrality via offsets could have financial materiality in the future. ESG as part of the company valuation is getting more and more important.

## ESG Research

MSCI ESG Rating: BBB  
Sustainalytics: 18.1 (low risk)

## Engagement initiated

Q3 2022

## Latest update

Q3 2022

