

Welltower



We are successfully closing our engagement after seeing Welltower set an ambitious 2030 emission reduction target that is aligned with the Paris Agreement. Welltower further developed a detailed decarbonization strategy and committed to reduce Scope 3 emissions!

Andreas Welter, Senior Portfolio Manager

Engagement rationale

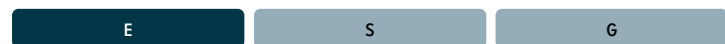
Welltower is one of the largest landlords of senior housing facilities in the US owning >1900 facilities and has a market capitalisation of >40bn USD.

Background

We initiated an engagement for change with Welltower back in 2022. The company screened amongst the highest in the US Healthcare cluster on environmental efforts, however, still had room to improve, and with that, challenge its peers to improve their environmental efforts as well. We focused on setting more ambitious short-term goals aligned with the Paris agreement as well as improving their decarbonization strategy.

Theme for engagement

Environmental



Engagement objectives

We followed-up with Welltower to check on the progress made on setting more ambitious emission reduction targets and align with the goals of the Paris Agreement. We are pleased to see Welltower follow our advice and close our engagement.

Development

Positive

Milestone



Engagement results

Our initial objectives were:

- *Set more ambitious Scope 1 and 2 targets*
Welltower had reached their initial 2025 Scope 1 and 2 targets early and now set new significantly more ambitious 2030 targets, aiming to reduce Scope 1 and 2 by 28%

- *Paris Alignment*
Their new 2030 target is aligned with the Paris Agreement

- *Develop a detailed decarbonization strategy*
Welltower made great progress in its decarbonization efforts, focusing on green building certifications for its existing portfolio as well as developing new sustainability guidelines for new construction projects. These new guidelines are meant to consistently incorporate sustainability, health and wellness in new projects. We also note that Welltower has a strategy to procure renewable energy or install on-site solar, which doubled the green electricity use in their buildings. Welltower further continued with their Green Bond Programme aimed at energy/water efficiency and green building projects

- *Scope 3 emission reduction*
Welltower did commit to measuring and reducing Scope 3 emissions in its SBTi target (though did not set a specific % reduction). Most of its Scope 3 emissions come from its triple net portfolio, which continues to get reduced as properties transition to its operating portfolio (Scope 1 and 2). This is confirmed by Scope 3 emissions falling steadily a combined 36% since 2018

Next steps

Following the successful results, we are closing the engagement.



Company

Welltower

Country

USA

Sector

Listed Real Estate

Market cap

Large Cap

Materiality

Improving ESG efforts can lead a lower risk profile and multiple benefits for all stakeholders.

ESG Research

MSCI ESG Rating: AA
Sustainalytics: 13.2 (low risk)

Engagement initiated

Q3 2022

Latest update

Q3 2023

Kempen Fund

Kempen (Lux) Global Property Fund

