

Health & Well-being in Real Estate

Green Health Partnership & GRESB

Market trends for health promotion as a new focus
within ESG reporting



Foreword

This report summarizes outcomes from a multi-year collaboration between the Green Health Partnership and GRESB to provide real estate companies and investors with actionable information on health and well-being within ESG (environment, social, governance) reporting.

The Green Health Partnership is an applied research and development initiative between researchers at the University of Virginia School of Medicine and the U.S. Green Building Council funded by the Robert Wood Johnson Foundation. GRESB is a company that validates, scores and benchmarks ESG performance to provide business intelligence and engagement tools to global real asset investors and managers.

In 2015, GRESB and the Green Health Partnership developed the GRESB Health & Well-being Module as a voluntary assessment to accompany the industry-leading GRESB Real Estate Assessment. The Module aims to measure and support the real estate sector's approach to considering health and well-being as explicit components of an ESG strategy.

This report utilizes findings from three years of data gathered by the GRESB Health & Well-being Module to provide real estate companies and investors with insights regarding the current state of practice and guidance on how to increase consideration of health and well-being within their approach to ESG. The report also provides context for the decision by GRESB, in collaboration with the Green Health Partnership, to integrate health and well-being indicators from the Module into the core 2019 GRESB Real Estate Assessment; a significant step given that over 1,000 real estate companies, REITs, and funds around the world participate annually.

For more information about the Green Health Partnership, please visit: <http://www.greenhealthpartnership.org>.

For more information about GRESB, please visit: <https://gresb.com/>.

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Executive summary

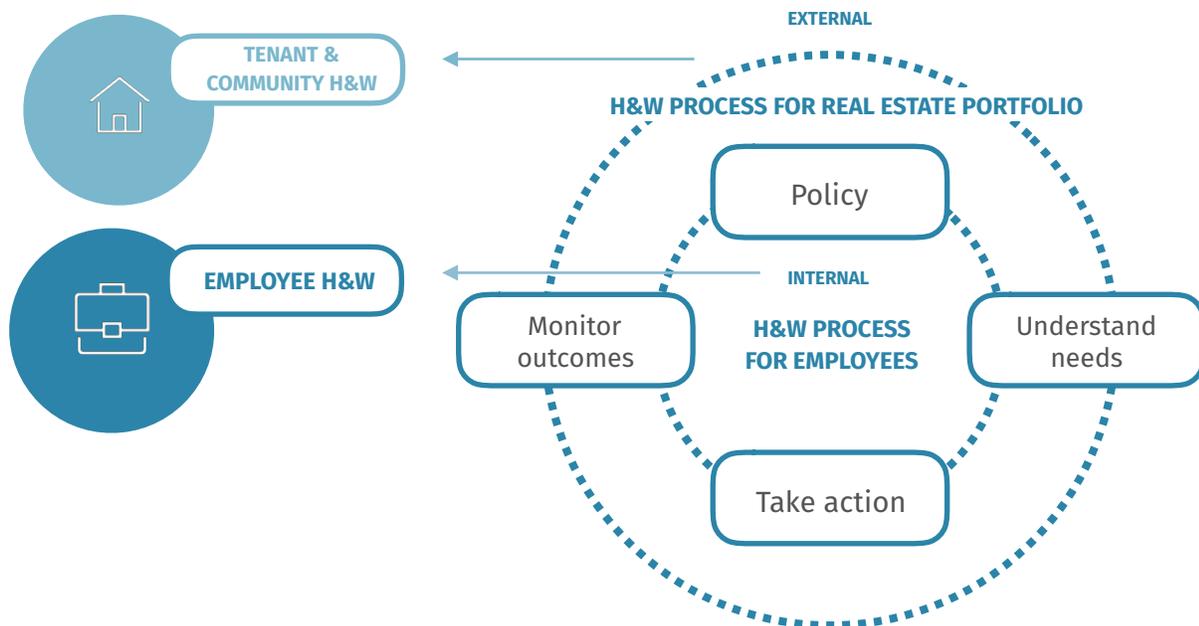
Photo by Daniel Funes Fuentes on Unsplash

Executive Summary

Health and well-being are emerging as a global leadership and market differentiation opportunity for property companies and funds around the world. Forward-looking real estate companies and investors incorporate environmental, social and governance (ESG) considerations into business operations. While human health and well-being is an implicit component of ESG, it is now becoming an intentional and increasingly institutionalized focus across the entire real estate industry.

Over the past three years, the GRESB Health & Well-being Module has been a resource for capitalizing on this growing opportunity. A voluntary add-on to the annual GRESB Real Estate Assessment, the GRESB Health & Well-being Module assesses a real estate company's internal approach to promoting health for its employees as well as its external approach to promoting health for tenants and communities through real estate fund management. Specifically, the

Structure of the GRESB Health & Well-being Module



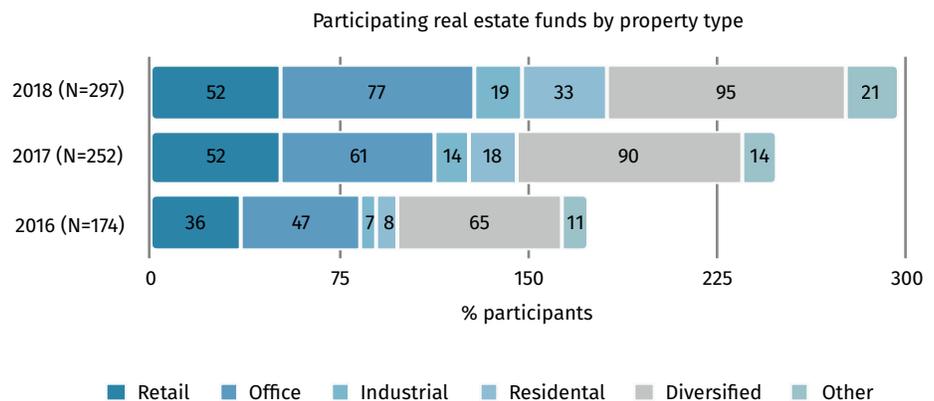
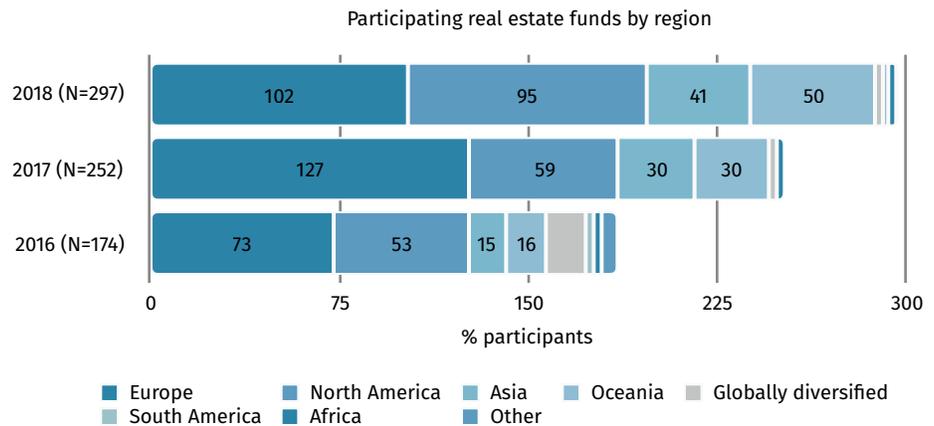
Module benchmarks real estate companies based on four components:

- Does the company have formal policies and leadership in place with regard to health & well-being?
- Does the company have processes to understand health & well-being opportunities related to its practices?
- Does the company use specific strategies to act on these opportunities for health promotion?
- Does the company have a formal process for monitoring the impact of their health promotion strategies?

From 2016-2018, 399 real estate funds participated in the Health & Well-being Module at least once demonstrating a strong interest in health amongst global real estate companies and funds. Participation covered a diversity of regions – Europe, North America, Oceania, Asia – and property types – office, residential, retail and industrial. On

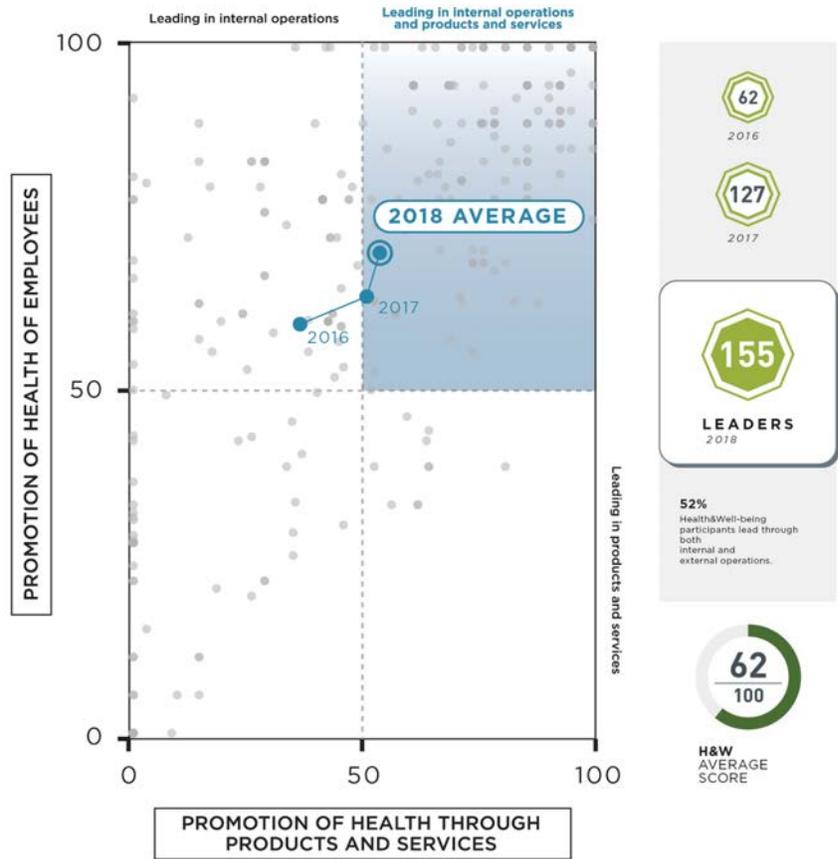
Participation in GRESB Health & Well-being Module

- A. Participating real estate funds by region
- B. Participating real estate funds by property type



Overall Performance

Three years of health and well-being benchmarks demonstrate that real estate companies and funds are capable of improving health performance quickly. The average GRESB Health & Well-being score increased from 58 in 2016 to 62 in 2018.



average, each participating fund contained 300 individual real estate assets.

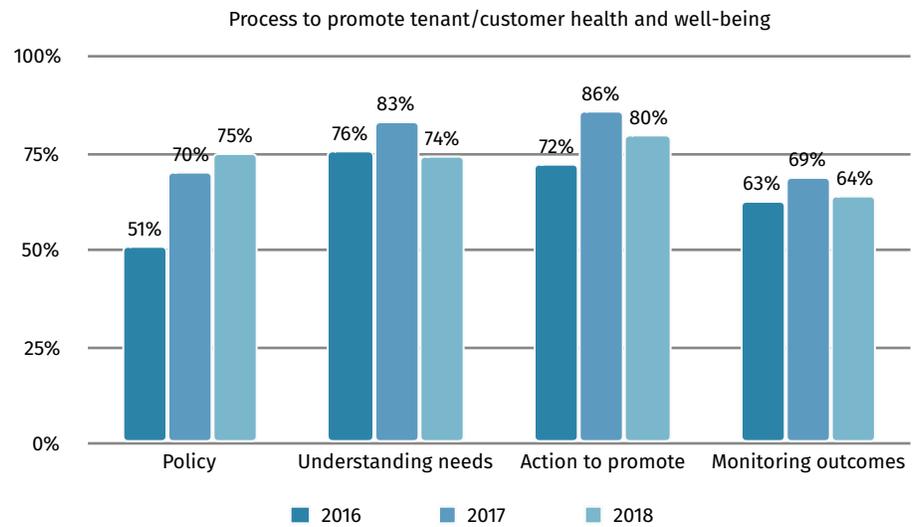
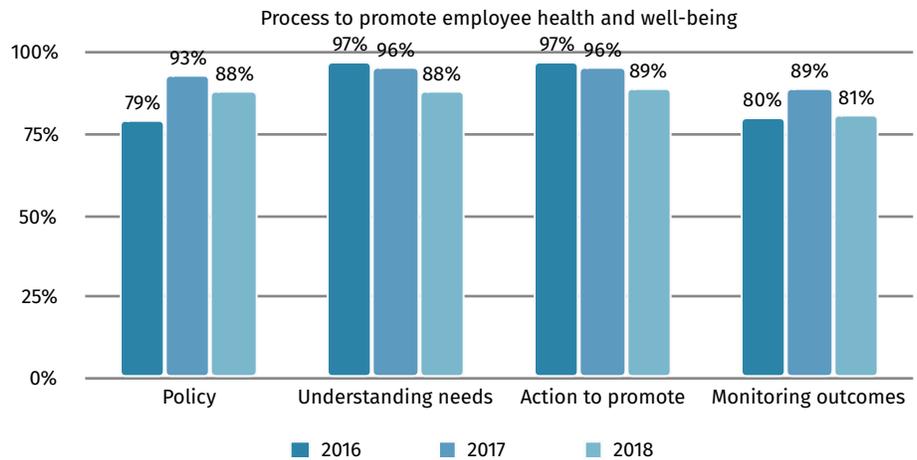
Three years of health and well-being benchmarks demonstrate that real estate companies and funds are capable of improving health performance quickly. From 2016 to 2018, the number of participants with established internal and external health programs increased from 62 to 155. Participants were more likely to have established internal processes for employee health promotion before developing externally focused processes for the promotion of tenant, customer and community health. Real estate companies are beginning to integrate health into ESG frameworks and are elevating responsibility for health to senior management levels. Furthermore, funds that continuously participated in

the Module were more likely to have complete processes for health promotion, indicating that sustained engagement can help companies and funds improve performance.

The data from the GRESB Health & Well-being Module provide a unique snapshot of industry conditions and trends. Most companies and funds participating in the Health & Well-being Module have:

Presence of processes for health and well-being promotion

- A. Internal: process to promote employee health and well-being
- B. External: Process to promote tenant/customer health and well-being



- Established clear internal leadership and governance related to health promotion.
- Conducted health needs assessments and established specific health goals.
- Implemented health promotion strategies through asset design, construction and operation.
- Started collecting data about the impact of strategies on employee, tenant and customer health and well-being.

While companies and funds participating in the voluntary Module have demonstrated a high level of engagement around health, there is room for improvement even among this self-selected group of leaders. The following section provides a series of high level insights and recommendations.



Successful business leadership recognizes health as a strategic priority to be integrated consistently across governance, strategy, investments, operations, products, services, and value chains.”

— A Culture of Health for Business
Global Reporting Initiative

Insights and Recommendations

Real Estate Investors

Results from the GRESB Health & Well-being Module provide the basis for practical guidance for institutional real estate investors:

1. High performing employees – present, healthy, engaged – are prepared to support high performing companies. Engaged investors should ask about an organization’s health and well-being promotion efforts aimed at employees. The scope and quality of health and well-being promotion efforts cannot be taken for granted or assumed.
2. An explicit focus on health and well-being helps fund managers maximize the potential value of real estate assets and services and mitigate associated risks. Engaged investors should ask about efforts to promote health through real estate fund management and development.
3. Top performing companies implement holistic processes that influence asset design, construction and operation to promote health and well-being among employees, tenants and communities. Engaged investors should ask about the purpose and scope of an organization’s health efforts.
 - A. Some real estate companies and funds have developed comprehensive health and well-being programs. Engaged investors should ask these organizations about the quality of health strategies management and request information about results.
 - B. Some real estate companies and funds are beginning to develop health and well-being programs. Engaged investors should ask these organizations about the presence or state of development of fundamental health promotion processes, including leadership, policy, needs assessment, business strategy and performance measurement.
4. Most companies and funds have leadership for health, the highest performing of which have experienced and empowered leadership. Holistic health efforts require cross-cutting action and leaders who must be empowered to work across the organization. Engaged investors should ask who within the organization is responsible for health and well-being. Investors should consider whether or not this leader is empowered and supported by an experienced team.

Insights and Recommendations

Real Estate Companies and Funds

Results from the GRESB Health & Well-being Module also provide insights for real estate companies and funds:

Learning from leaders:

1. Leading companies and funds have established ESG objectives related to health and well-being. Companies should ensure that health and well-being are explicit components of business strategies.
2. Most companies and funds have designated a qualified and empowered leader with responsibility for health and well-being. Among the highest scoring Module participants, this individual is part of the senior management team or the board of directors.

Areas for improvement:

1. The majority of companies have policies in place to promote employee health and well-being and reduce risks to employee health. However, fewer than half of these policies apply to the design and management of the company's own real

estate assets, highlighting an opportunity to improve these efforts.

2. Most companies and funds have an established understanding of employee, tenant and customer health and well-being needs based on primary data or anecdotal information. Companies should increase utilization of secondary data while working to increase the availability of primary data.
3. Most companies and funds have begun to pursue health and well-being goals through specific business strategies. Leading companies are implementing a variety of actions, simultaneously including those related to asset design, operation and programming as well as actions to benefit the communities surrounding assets.
4. Most companies and funds are using metrics to understand user experience and opinions to measure the impact of strategies to promote employee, tenant and customer health and well-being. Companies should focus on increasing the use of metrics to understand the impact of strategies on health determinants, such as indoor air quality metrics.

GREEN HEALTH PARTNERSHIP

The **Green Health Partnership** is a research and development initiative between researchers at the University of Virginia School of Medicine and the U.S. Green Building Council with funding from the Robert Wood Johnson Foundation.

The Green Health Partnership partners with GRESB to provide real estate companies and investors with a new level of transparency regarding the industry's approach to including health and well-being as explicit components of an ESG (environmental, social, governance) strategy.



GRESB is the Environmental, Social and Governance Benchmark for Real Assets

Working in collaboration with the industry, GRESB defines the global standard for sustainability performance in real assets, providing standardized and validated ESG data to more than 75 institutional investors, representing over 18 trillion USD in institutional capital.