

LIVE WEBINAR

# Understanding the imperative for ESG reporting and disclosure



# Our speakers



**Drew Maloney**  
President and CEO  
**AIC**



**Jamal Hagler**  
VP of Research  
**AIC**

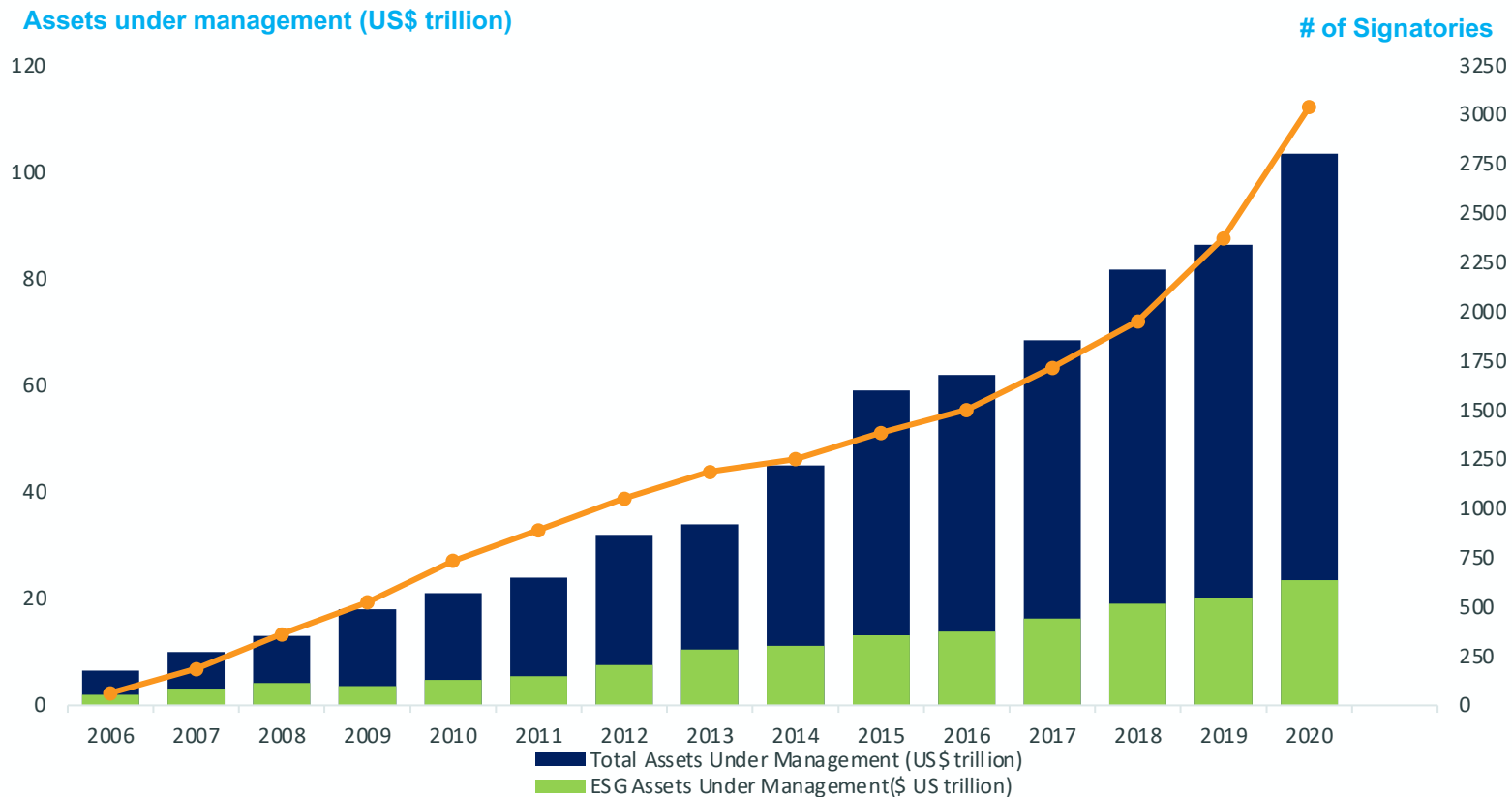


**Helee Lev**  
CRO  
**Goby**

# The growing demand for disclosure

- Legislation/Regulation that addresses diversity and inclusion
  - Data Collection
- Regulation mandating other ESG Disclosures
  - Uniform data collection
- Focus on the impact of private equity investment on all stakeholders
  - Employees
  - Suppliers
  - Other stakeholders
- Transparency

# PRI Growth





# Poll Question #1

Where is your company on its ESG journey?

- |    |   |     |
|----|---|-----|
| 1. | We view ESG as a competitive advantage, and we participate in many disclosure programs. We have ESG goals and a tracking mechanism, and buy-in at all levels of the organization. | 16% |
| 2. | We view ESG as a value driver & work with a few voluntary disclosure frameworks. We're working on engaging multiple stakeholders & planning our materiality roadmap.              | 23% |
| 3. | We're ready to invest more in ESG. We're evaluating disclosure frameworks with the goal of finding the ones that are the best fit for us.   | 43% |
| 4. | We meet basic expectations of ESG disclosure and collect information for external stakeholders.   | 14% |
| 5. | What does the "E" stand for again? We focus on compliance & respond to investors as needed.   | 3%  |



# SUSTAINABLE DEVELOPMENT GOALS



## ESG GOALS

GRI: 102-12, 102-21, 102-47, 103-1, 103-2, 201-2, 416-1, 416-2, CRE8

By setting meaningful ESG goals aligned to the eight priority topics identified in our materiality assessment, we enable continuous improvement on the issues that matter most to our company and our stakeholders.

Built on a foundation of health and safety of stakeholders, our goals are also aligned with nine of the United Nations Sustainable Development Goals (UNSDG) on topics where we believe we can make an impact through strategic investment in our business and communities.



TOPIC	GOAL	TARGET DATE	STATUS
<b>TALENT ATTRACTION AND RETENTION</b>   	<ul style="list-style-type: none"> <li>Employee engagement in top half of peer benchmark<sup>1</sup></li> </ul>	ONGOING	ACHIEVED 2019 & 2020
	<ul style="list-style-type: none"> <li>Employee health package exceeding peer benchmark<sup>2</sup></li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020
	<ul style="list-style-type: none"> <li>Minimum wage of \$15/hour, increasing to \$17/hour by 2024</li> </ul>	2024	ON TRACK
	<ul style="list-style-type: none"> <li>0 lost time incidents for employees (health &amp; safety)</li> </ul>	ONGOING	ACHIEVED 2019 ONE LOST TIME INCIDENT IN 2020 TO DATE
<b>DIVERSITY, EQUITY &amp; INCLUSION</b> 	<ul style="list-style-type: none"> <li>Employee gender balance<sup>3</sup></li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020
	<ul style="list-style-type: none"> <li>Minimum of three female Board members</li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020
	<ul style="list-style-type: none"> <li>25% female representation on Senior Leadership Team by 2023</li> </ul>	2023	ON TRACK
	<ul style="list-style-type: none"> <li><b>NEW</b> Develop a Diversity, Equity &amp; Inclusion Framework</li> </ul>	FIRST HALF 2021	ON TRACK
<b>TENANT, RESIDENT AND OPERATOR SATISFACTION</b> 	<ul style="list-style-type: none"> <li>MOB tenant satisfaction survey (Kingsley) score above peer benchmark with 1% annual increase; R&amp;I in top half of peer benchmark by 2024<sup>4</sup></li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020
	<ul style="list-style-type: none"> <li>&gt;40% of senior housing NOI from tenants/operators that conduct resident satisfaction surveys by 2022</li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020
	<ul style="list-style-type: none"> <li>100% of NNN segment NOI from agreements requiring compliance with applicable health and safety laws</li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020

<sup>1</sup> Compared to 2019 Engagement Survey benchmark, the survey vendor (CEB/Gartner) did not provide a 2020 benchmark due to COVID-19.  
<sup>2</sup> Industry benchmark figure provided by external benefits consultant.

TOPIC	GOAL	TARGET DATE	STATUS
<b>RESPONSIBLE INVESTMENT</b> 	<ul style="list-style-type: none"> <li>LEED® Silver or better on 100% of announced R&amp;I Pipeline</li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020
	<ul style="list-style-type: none"> <li>Communicate importance of LEED to all development partners for all new projects</li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020
<b>CLIMATE CHANGE</b> 	<ul style="list-style-type: none"> <li>&lt;10% of NOI from properties in high flood risk zone</li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020
	<ul style="list-style-type: none"> <li>100% of non-NNN assets have emergency plan</li> </ul>	ONGOING	ACHIEVED 2019 ON TRACK 2020

## UPDATED 2020

<b>ENVIRONMENT</b>   	<b>NEW</b> Emissions: Reduce Scope 1 & 2 and Scope 3 Emissions by 25% over 10 years	2028	ON TRACK
	<b>NEW</b> Energy: Reduce Energy use intensity by 20% over 10 years	2028	ON TRACK
	<b>NEW</b> Water: Reduce water use by 20% over 10 years	2028	ON TRACK
	<b>NEW</b> Waste: Recycling services available at 100% of assets within our environmental control boundary	2028	ON TRACK

Full details on our ESG Goals can be found on our website: [www.ventasreit.com/Goals](http://www.ventasreit.com/Goals)

<sup>3</sup> Ventas defines gender balance +/- 5% of a 50:50 split.  
<sup>4</sup> The Kingsley Index is the most comprehensive performance benchmarking database in the real estate industry.

Click to go back, hold to see history

## CLIMATE CHANGE

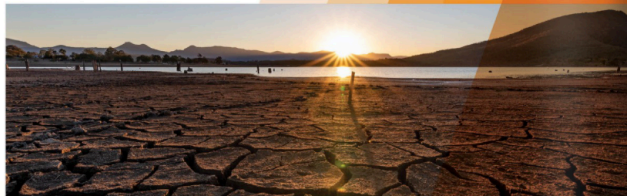
GRI: 102-11, 102-15, 102-30, 102-31, 102-32, 416-2

Ventas is committed to managing climate-related risks and opportunities in our portfolio, and our approach and disclosures are aligned with the Task Force on Climate-Related Financial Disclosures (TCFD).<sup>18</sup>


Evaluating and prioritizing climate change risks and opportunities across our real estate portfolio is a collaborative process that includes our executive leadership team, risk management, investments, asset management, legal and our Director of Sustainability.



These risks and opportunities are taken into account during business planning, including those posed by the transition to a lower-carbon economy and the physical impacts of climate change. Climate change risks are also included in our enterprise risk management process.



### TRACKING OUR GOALS

TOPIC	GOAL	TARGET DATE	STATUS
 <b>CLIMATE CHANGE</b>	• <10% of NOI from properties in high flood risk zone	ONGOING	ACHIEVED 2019 ON TRACK 2020
	• 100% of non-NNN assets have emergency plan	ONGOING	ACHIEVED 2019 ON TRACK 2020

<sup>18</sup> For more information: <https://www.fsb-tcfd.org>.

## TCFD ALIGNMENT

### GOVERNANCE



Our ESG Steering Committee, chaired by Ventas Chairman and CEO, Debra A. Cafaro, has direct oversight of climate-related issues and provides regular updates to our Board. Climate change risks and opportunities are evaluated and prioritized through a collaborative process that includes our executive leadership team, risk management, investments, asset management, legal and sustainability department.

### STRATEGY



Transition Risks and Opportunities (shift to a lower-carbon economy): Risks to Ventas include state and local carbon regulations and energy benchmarking ordinances. To address these risks, we have set ambitious new goals to reduce our emissions, energy, water and waste, and invest in energy efficiency upgrades in our portfolio, including nearly \$140 Million in the past five years.

Physical Risks and Opportunities (extreme weather events and long-term shifts in climate patterns): Our portfolio faces potential risks from increased extreme weather (primarily hurricanes and blizzards), which could increase insurance premiums and other costs (e.g., emergency evacuation). To mitigate risks, we maintain a geographically diverse portfolio and evaluate such risks with every acquisition.

### RISK MANAGEMENT



Ventas has an integrated, multi-disciplinary, company-wide risk management process, managed through our Enterprise Risk Management (ERM) Committee. Climate change risks and opportunities are integrated into this process.

### METRICS & TARGETS

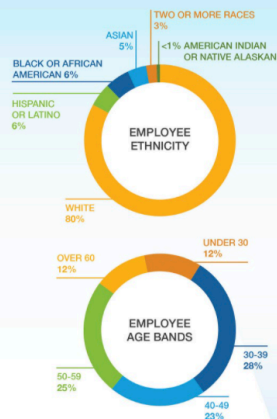
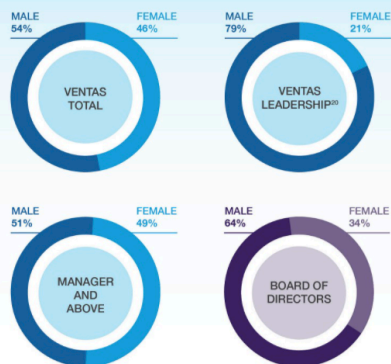


In 2020, Ventas set ambitious new targets to reduce our GHG emissions (aligned to a well below 2° scenario), energy, water and waste. We also have company goals to maintain emergency plans for all assets in our operating control and have a target to limit high flood risk properties to less than 10 percent of NOI (3% in 2019).

## OUR PEOPLE

At Ventas, our unified team differentiates our company and is the driver behind our history of excellence and consistent success. Our talented, results-driven, experienced and dedicated professionals share an unwavering commitment to integrity, high performance, adaptability and collaboration.

## OUR WORKFORCE<sup>19</sup>



<sup>19</sup> Data correct as of 9/30/2020.

<sup>20</sup> Ventas Leadership: Ventas VP level and above, including Executive Offices. Board of Directors statistics are separate from the Ventas total employee count.

SOCIAL

As part of our annual employee engagement survey, we ask employees to use three words to describe the company. Here's what they said in 2020:

Challenging Commitment  
RESPECT TEAMWORK  
Dedicated Smart RESULTS  
Caring Friendly FAIR Fast-Paced  
Results-Oriented Intense PROFESSIONAL  
INCLUSIVE Resilient Excellence Determined  
Integrity Intelligent Ethical  
COLLABORATIVE COMPASSIONATE  
Focused Demanding

## Employee Benefits

GRI: 401-2

Ventas prides itself in offering an industry-leading compensation and benefits package valued at nearly \$42.7k per employee that provides security and protection for the health and well-being of our employees and their families. Our comprehensive package includes benefits for physical, mental and financial wellness including<sup>21</sup>:

PHYSICAL WELLNESS	FINANCIAL WELLNESS	MENTAL WELLNESS
<ul style="list-style-type: none"> <li>• Medical, Dental &amp; Vision Plans</li> <li>• Flexible Spending Accounts (FSA)</li> <li>• Telemedicine</li> </ul>	<ul style="list-style-type: none"> <li>• 401(k) Plan with Ventas Match*</li> <li>• Adoption Benefits</li> <li>• Tuition Reimbursement</li> <li>• Employee Stock Purchase Plan (ESPP)*</li> </ul>	<ul style="list-style-type: none"> <li>• Paid Time Off (PTO)</li> <li>• Employee Assistance Program*</li> <li>• Parental Leave for Primary &amp; Secondary Caregivers</li> </ul>

We target an employee health benefits package that exceeds a cross-industry benchmark of almost 2,400 companies. In 2019, we spent an average of nearly \$19,000, 45% above the benchmark.<sup>22</sup>

<sup>21</sup> Benefits marked with \* are available to part-time as well as full-time employees at Ventas and Lifebridge. All benefits are subject to eligibility criteria and other terms and conditions. Certain benefits may require employee contributions.

<sup>22</sup> Average Spend per Employee and spend against Medical Plan Benchmark are independently audited by DNV GL Business Assurance.

# Investor & stakeholder interest

- Reporting & Disclosure
- Transparency & Best Practices Alignment
- Health & Well-being
- Third-degree Engagement

Stakeholder engagement

- Science-Based Targets
- Global Take
- Finance & Resilience-focused Frameworks

Framework alignment

Target setting & data-based ESG growth

- Performance Tracking
- Efficiency & Performance
- Risk-based Business Strategy
- GHG Emissions Reduction

# Multiple disclosure frameworks

## Reporting frameworks



## Guidance frameworks (standards)



## Third-party aggregated frameworks





# Our approach

Goby's systematic approach to ESG integration is comprised of the following programs:

1. Materiality assessment: the first step in the ESG planning roadmap, it defines the blueprint of an organization's ESG strategy by aligning it with the material issues that are critical to the organization's growth.  
*A materiality assessment is performed every 3-5 years and takes typically 2-3 months.*
2. ESG Index: an ongoing hybrid solution to measure, improve, and report on your ESG performance, across your portfolio of companies.  
*An ESG index is performed every year.*



# A materiality assessment

An exercise in stakeholder engagement



The potential impact to  
the fund



The importance to each  
stakeholder

# Why do you need a materiality assessment?



A guide for ESG strategy and communication



Make the business case for any ESG action or strategy



Inform communication strategies



Get ahead of long-term risks



Identify ESG trends



Meet the ESG & sustainability reporting expectations of stakeholders

[illegible]

# ACME

## ESG Materiality Matrix

● Employee Health & Safety
● Cross-functional strategies and communication
● Diversity & inclusion
● Proactive identification of building performance opportunities
● Proactive identification of risks & planning for risks
● Target & market alignment

Importance to stakeholders	Major	<ul style="list-style-type: none"><li>Comprehensive ESG training (E,S,G)</li></ul>	<ul style="list-style-type: none"><li>GHG performance ( E )</li><li>Energy performance ( E )</li></ul>	
	Moderate	<ul style="list-style-type: none"><li>Health &amp; Well-being program (S,G)</li><li>Cross-functional ESG taskforce (E,S,G)</li><li>Employee ESG targets &amp; goals (G)</li><li>Climate risk assessments (E,S,G)</li><li>Employee survey (S,G)</li><li>Compliance strategy: regulatory requirements (G)</li><li>Benchmarking ordinances and ENERGY STAR (E, G)</li></ul>	<ul style="list-style-type: none"><li>ESG Policy (E,S,G)</li></ul>	
		Moderate	Major	
		Impact on business		
		Moderate	Major	
		<ul style="list-style-type: none"><li>Waste performance ( E )</li></ul>	<ul style="list-style-type: none"><li>Green leases (E,S,G)</li><li>New acquisitions: ESG checklist (G)</li><li>Forward-looking targets (E,G)</li><li>D&amp;I standards, goals and tracking (G)</li><li>Water performance ( E )</li><li>Tenant engagement (E,S,G)</li><li>Green financing (G)</li><li>Renewable energy ( E )</li><li>Reporting alignment (E,S,G)</li><li>D&amp;I Training (G)</li></ul>	<ul style="list-style-type: none"><li>Cohesive third-party ESG engagement (S,G)</li><li>Air quality ( E )</li></ul>

# Poll Question #2

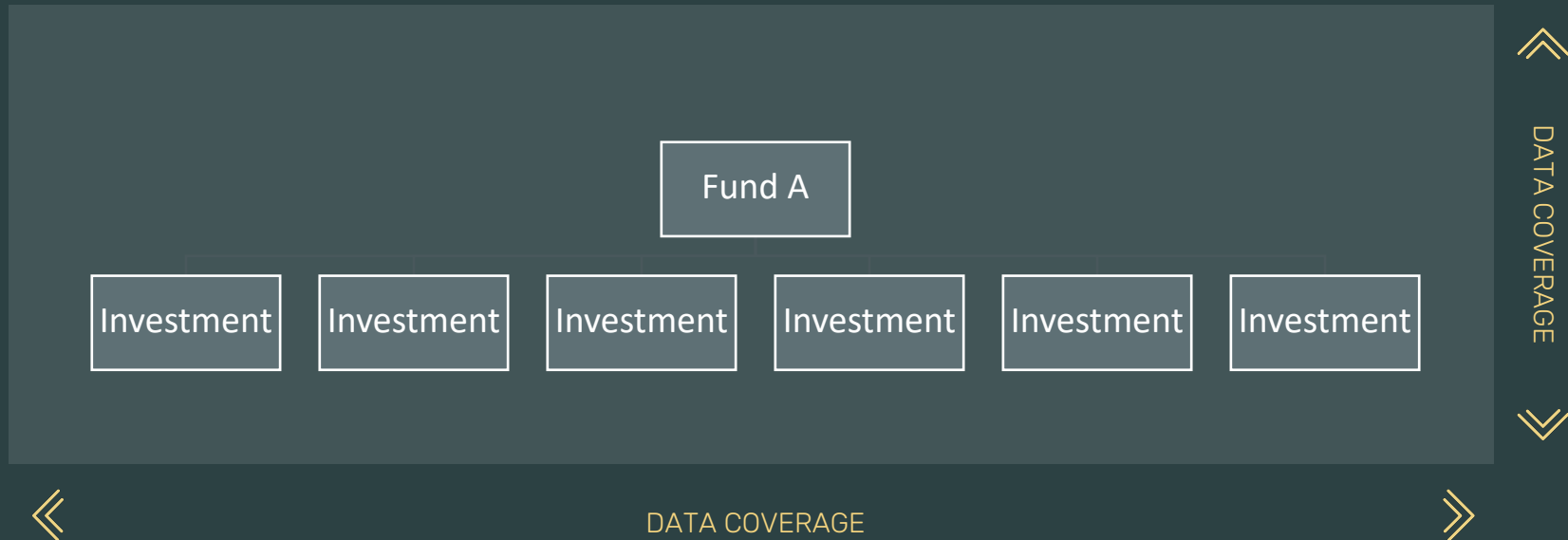
Has your organization gone through a materiality assessment exercise?

- 1. Yes **39%**
- 2. No **61%**

# Using technology to collect, track, & disclose ESG performance across your fund

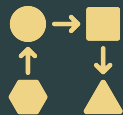


# You can't manage what you don't measure





# Goby's ESG Index



## **CAPTURE PORTFOLIO DATA**

Collect quantitative & qualitative ESG data from your portfolio companies with a fully customizable survey tool



## **TURN DATA INTO ACTION**

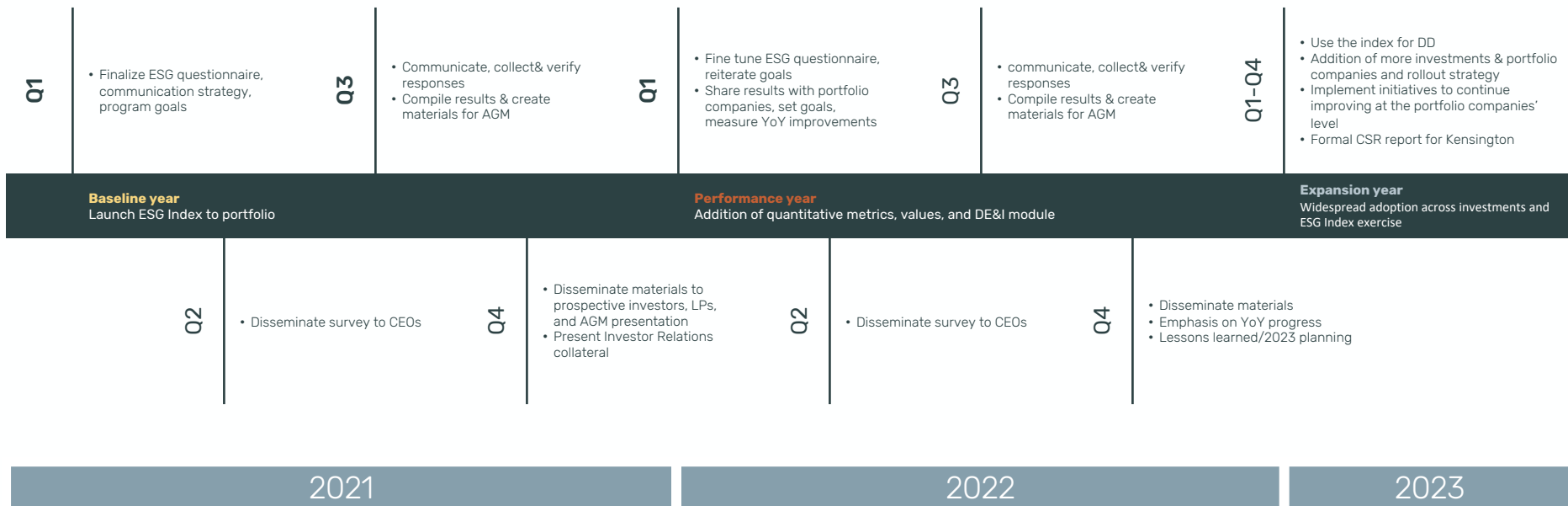
Unlock insights into portfolio performance with powerful analytics, dynamic filters, & robust data tagging



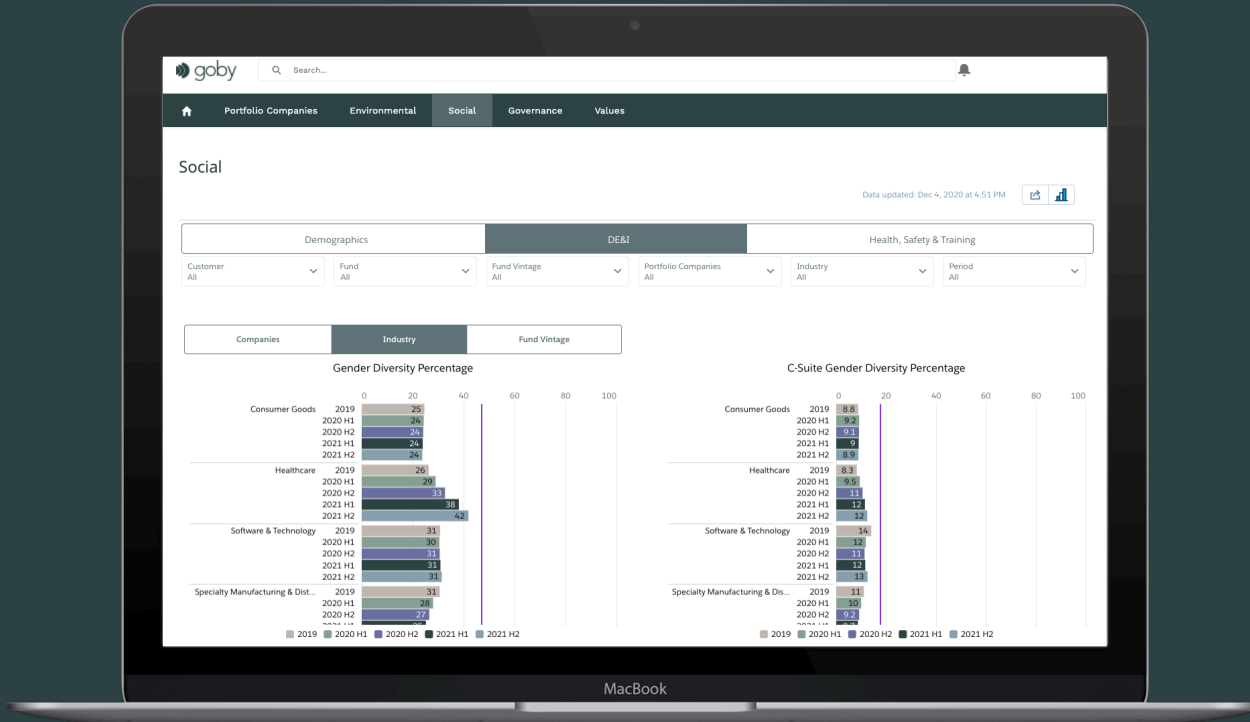
## **TELL YOUR ESG STORY**

Uncover year-over-year improvements, share portfolio performance, & gain recognition for your ESG success

# Timeline | Setting baselines & tracking progress



# Identifying opportunities across the portfolio



# Data dimensions

Comparing performance by:



Market



Industry



Asset class



Fund vintage

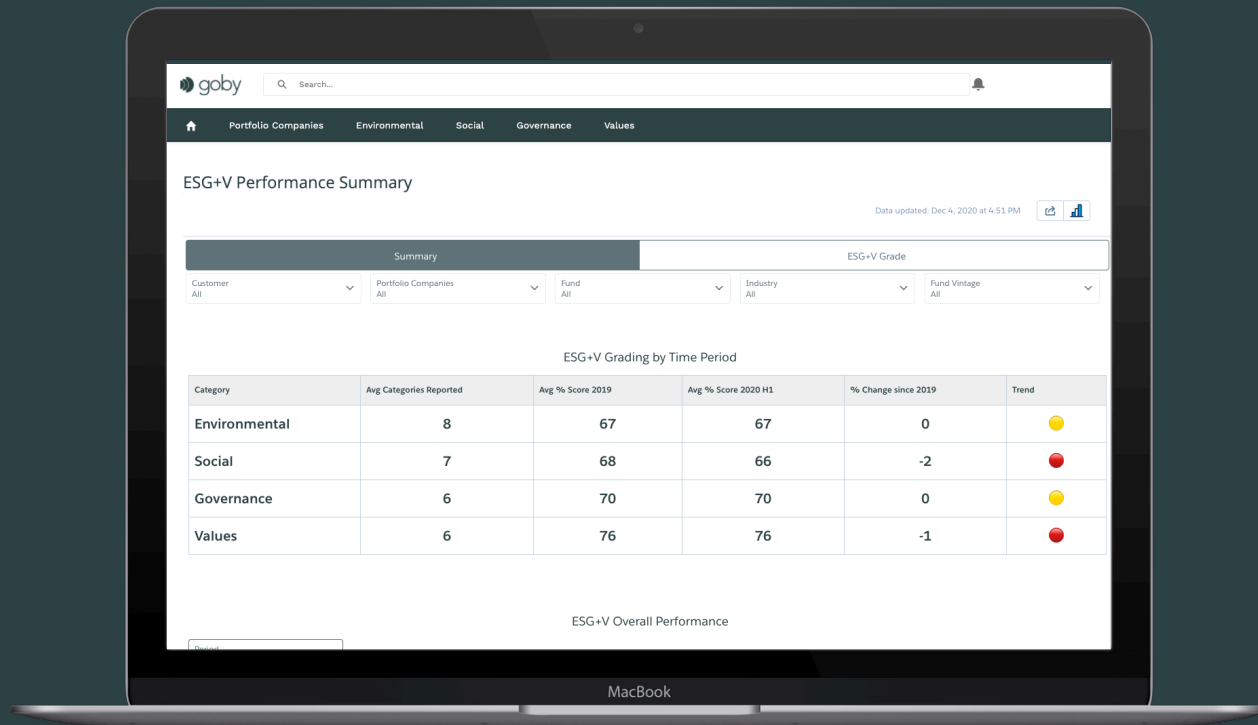


Time period




Industry standards (GICS or other)

# Quantifying qualitative performance factors



# Using the ESG index as a due diligence tool



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## I. Environmental

### 1. Environmental Policy


- ☐ Formal policy in place that defines goals and measures to maintain and preserve the environment
- ☐ Certain parts of the business have a good understanding on how energy use can be reduced/measured, but no codification
- ☐ No environmental policy in place
- ☐ Not applicable

### 2. Sustainability Minded

- ☐ Sustainability is top-of-mind consideration; excellent knowledge of risks & opportunities; strong leadership from senior executive team; some employees assigned to sustainability tasks and/or outside consultant(s) retained
- ☐ General awareness of sustainability and related risks and opportunities; more education required; senior leadership mostly supportive of sustainability efforts; no employees assigned; or outside consultant(s) retained; no sustainability
- ☐ Little or no awareness of sustainability and related risks and opportunities; substantial need for education
- ☐ Not applicable

### 3. Energy Use

- ☐ Excellent tracking of energy use; participation in a formal energy audit and steps taken to cut energy use in areas such as IT, lighting, and HVAC systems
- ☐ Some focus on tracking energy use, but more work needed; some steps taken to reduce energy use in areas such as IT, lighting, and HVAC systems, but improvement needed
- ☐ Very little focus on tracking and/or improving energy use; company has not yet made this a priority and much education is needed in this area



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## II. Social

### 1. Community Involvement


- ☐ Distinct programs for company participation in the local community, such as formal employee volunteering initiatives or philanthropic endeavors
- ☐ Some programs for company participation in the local community, including either volunteering or philanthropic efforts, but room for improvement
- ☐ Few or no programs in place and no historical record of this type of activity
- ☐ Not applicable

### 2. Supply Chain – Labor Issues

- ☐ For suppliers from countries and/or regions where labor issues (child labor, forced labor) have been or are concerns, the company has formal screens to detect such issues but has done some due diligence in this area
- ☐ For suppliers from countries and/or regions where labor issues (child labor, forced labor) have been or are concerns, the company lacks formal screens to detect such issues but has done some due diligence in this area
- ☐ For suppliers from countries and/or regions where labor issues (child labor, forced labor) have been or are concerns, the company lacks formal screens to detect such issues, and no due diligence is conducted
- ☐ Not applicable

### 3. Employee Safety, Health, & Wellness Programs

- ☐ Formal programs and policies to ensure employee safety and support health and wellness; competitive health benefits package within the company's industry and geography; programs to promote a healthy lifestyle
- ☐ Some programs and policies in place to ensure employee safety and support health and wellness, but more work needed in this area
- ☐ Few, if any, formal programs or policies to promote employee safety, health, and wellness



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## III. Governance

### 1. Management Structure & Quality


- ☐ Roles among the C-Suite are clearly defined, with a good balance of responsibilities; strong team at this level
- ☐ Roles among the C-Suite are well-defined, though room for some improvement; generally strong team, with some exceptions
- ☐ Substantial lack of clarity in the C-Suite; significant weakness at this level
- ☐ Not applicable

### 2. Board of Directors – Composition & Appointment

- ☐ BOD includes a good balance of inside and outside directors/formal procedures for appointment of new directors to the BOD
- ☐ BOD could use a greater percentage of outside directors
- ☐ Company does not have a board at all, and/or is at or almost all insiders
- ☐ Not applicable

### 3. Audit Committee & Auditors

- ☐ BOD establishes formal and transparent arrangements for considering how to apply financial reporting and internal control principles and for establishing an appropriate relationship with the company's auditors
- ☐ Board has some involvement with the annual audit, auditor, and internal control processes
- ☐ Significant problems with transparency of arrangements for how to apply financial reporting and internal control principles; major improvements necessary
- ☐ Not applicable



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## V. Values

### 1. References & Reputation


- ☐ Routinely seem to do right by current and past shareholders, customers, employees, and other stakeholders; glowing references; they've done well for prior investors, and employee turnover is low
- ☐ References are average; a mix of good and bad with nothing significantly out of the ordinary; average level of employee turnover
- ☐ Two or more serious negative references regarding corporate or personal behaviors have treated current or prior shareholders poorly; high employee turnover
- ☐ Not applicable

### 2. Easy to Work With

- ☐ A pleasure to deal with almost every member of senior management; no trouble getting information in a timely manner; their attorneys and advisors are trying to move forward, not setting up roadblocks; fun to work with people who enjoy their work
- ☐ Dealing and communication are about average
- ☐ Frustratingly difficult to elicit information or to make progress on the deal; not fun to deal with
- ☐ Not applicable

### 3. Transparency

- ☐ "What you see is what you get"; Clean and open communication; Nothing hidden or tucked away in dark corners
- ☐ Average level of transparency; Some hidden issues and normal share price behavior but no dishonesty
- ☐ Blocking access frequently; raising the possibility of fraudulent behavior



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## IV. Diversity and Inclusion

For the initial acquisition assessment, please provide the data for the firm over a 12-month continuous and consecutive period (preferably January to December).

For each subsequent year, you will be asked to return the assessment biannually for January through June and July through December.

When real data is not available, estimates and assumptions can be used to fill the data gaps; pro-rata interpolation; benchmarking or direct comparison from comparable period, etc.

You will need to clearly indicate when the data provided was estimated, and provide full transparency on how estimates have been made.

### 1) Describe your firm's approach to workplace diversity and inclusion and how it relates to your business model.

### 2) Does your firm have a written policy addressing workplace diversity and inclusion ("Policy")? A Policy defines the firm's commitment, policies, and practices regarding equal employment opportunity, including the recruitment, development, retention and promotion of a diverse and inclusive workforce and non-discrimination based on gender, race, ethnicity, sexual orientation, age, veteran's status, and other legally protected categories. A Policy may be a standalone document or part of a larger firm document.

☐ Yes ☐ No

### 3) Does your Policy address sexual harassment in the workplace? If not, please explain.

☐ Yes ☐ No

# ESG Consultation

- How do I start?
- What comes next?
- How do I measure my performance?



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*Questions?*



# Contact us!



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