

Leveraging WELL to Advance Social Sustainability



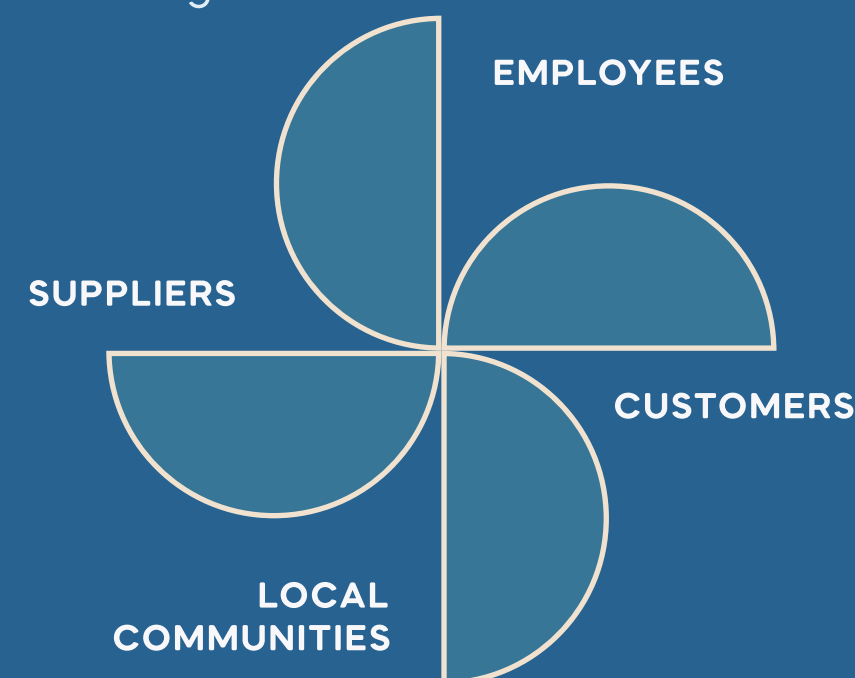
Social sustainability is the process of identifying and managing business impacts, both positive and negative, on people.

The UN Global Compact

More than ever before, investors, regulators and organizations are weighing non-financial performance indicators as they look to better understand risk and uncover growth opportunities.

While the specific terminology used to describe sustainability and ESG (environmental, social, governance) varies across the world, the underlying concepts remain the same. There are risks and opportunities associated with exogenous and systemic issues such as climate change, shifting consumer preferences, supply chain instability, workforce shortages, societal risks (e.g., social inequality, global pandemic), evolving societal expectations and regulations. Such issues are typically large in scope and beyond the responsibility of any one company. However, as companies and their investors are increasingly impacted by these issues, they are also increasingly motivated to address them.

In recent years, there has been larger focus on the social pillar or the “S” in ESG and on social sustainability as a standalone focus. The UN Global Compact defines social sustainability as “identifying and managing business impacts, both positive and negative, on people.” The “people” highlighted in this definition are the variety of stakeholders impacted by a company’s value chain including:



Six steps of ESG strategy development and WELL alignment:

- 1 Empower a leader
- 2 Engage stakeholders
- 3 Prioritize ESG goals
- 4 Implement ESG strategies
- 5 Monitor impact
- 6 Report on performance

Using WELL to Advance Social Sustainability

The WELL Building Standard (WELL Standard) provides a library of evidence-based solutions to promote health, well-being and social equity through organizational and building performance.



The WELL program (WELL) is the application of the WELL Standard; it allows organizations to implement the WELL Standard in a flexible and customizable way to meet specific health and well-being goals and drive outcomes for their business.

This guide describes how WELL can help companies incorporate social considerations into the various stages of a sustainability or ESG strategy: goal setting, financing, taking action, monitoring and reporting.

IWBI efforts to elevate social sustainability

While supporting organizations in the near term, IWBI also recognizes the gap within existing ESG and sustainability frameworks around social sustainability. IWBI is working to expand focus on health, well-being and social equity within sustainability strategy and reporting through efforts such as its [Investing for Health](#) initiative and the [12 Competencies for Measuring Health & Well-being](#).

Determining Material Issues & Establishing Goals

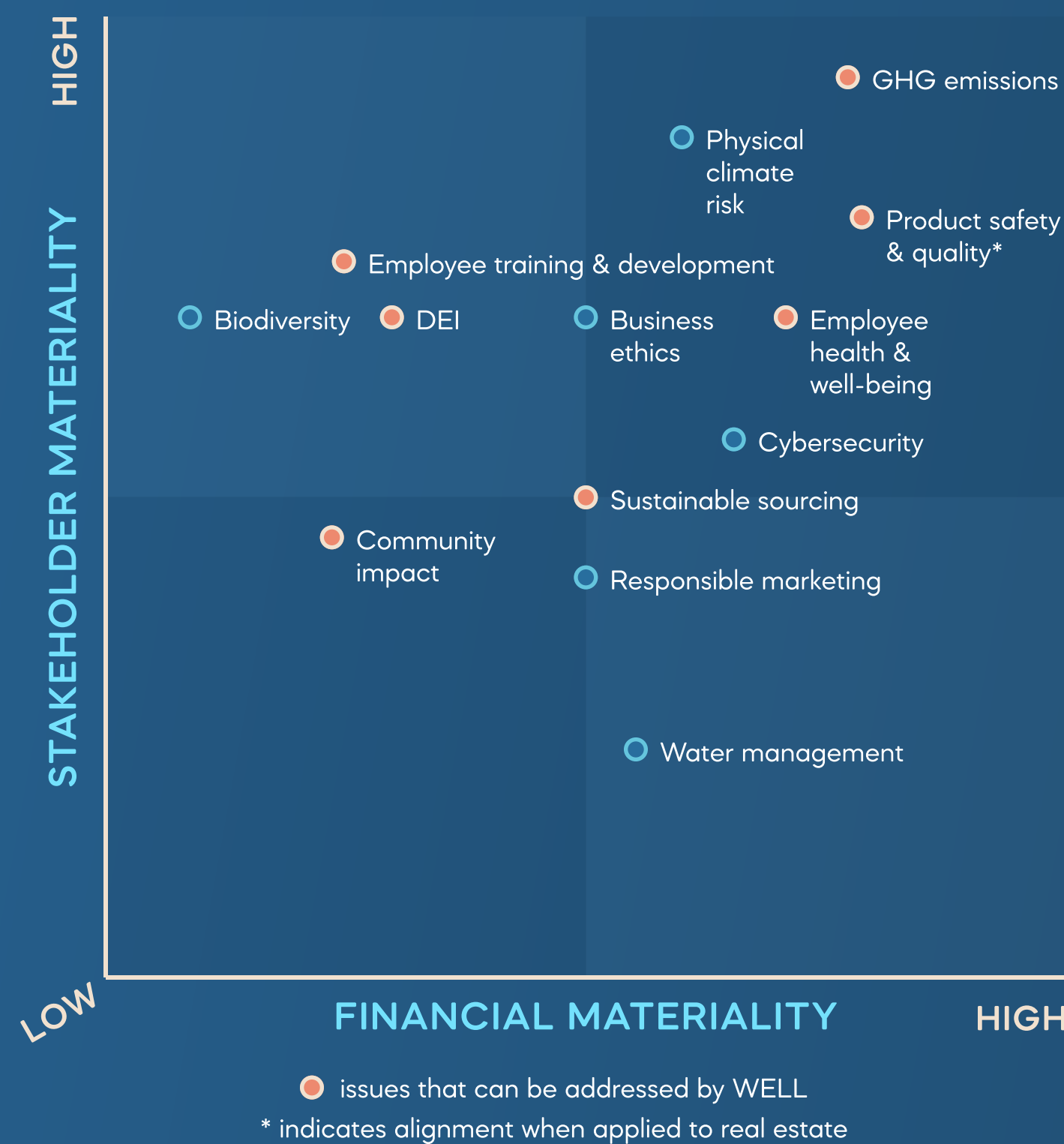
Sustainability and ESG goals are typically established according to the findings of materiality assessments.^{2, 3}

A materiality assessment helps companies identify non-financial risks and opportunities that are likely to impact a company’s financial performance. Materiality assessments involve assessing factors along two dimensions:

- **Stakeholder materiality:** This dimension assesses the impact a company has on the ecosystem in which it operates - the environment, society and economy. This dimension also considers how important individual issues are to a company’s stakeholders.
- **Financial materiality:** This dimension assesses the impact that the environment, society and the economy have on the company’s financial performance.

Stakeholder engagement is a critical step in the materiality assessment process as it can inform both dimensions of materiality. Companies typically engage a variety of stakeholders including investors, board members, employees, vendors, customers and/or local communities. This engagement is focused on assessing stakeholder values and priorities.

Example of a company's ESG materiality map



A materiality map helps companies prioritize issues according to where they fall along these two dimensions. While a materiality assessment and map will include consideration of multiple issues, companies will typically prioritize issues that score highly on both dimensions of materiality.

Based on the findings of their stakeholder engagement and materiality assessment, companies establish specific ESG goals to address the issues they deem most material. Companies typically include both their materiality map and a description of their ESG goals within their annual ESG or sustainability report.

WELL can support this stage of ESG strategy development in two ways:

- 1 Guiding stakeholder engagement to inform the materiality assessment, and
- 2 Guiding the establishment of ESG goals

Strategies in the WELL Standard that support:



*WELL features highlighted here guide stakeholder engagement with a specific focus on assessing needs to inform action.

In addition to these individual WELL strategies, or "features," projects complete a goals module at the beginning of their WELL journey to guide prioritization of WELL features. WELL at scale clients work with their coach to revisit the goals module annually. Insights from this exercise can provide companies with supporting details for communications with investors regarding their social sustainability priorities, milestones and planned actions.

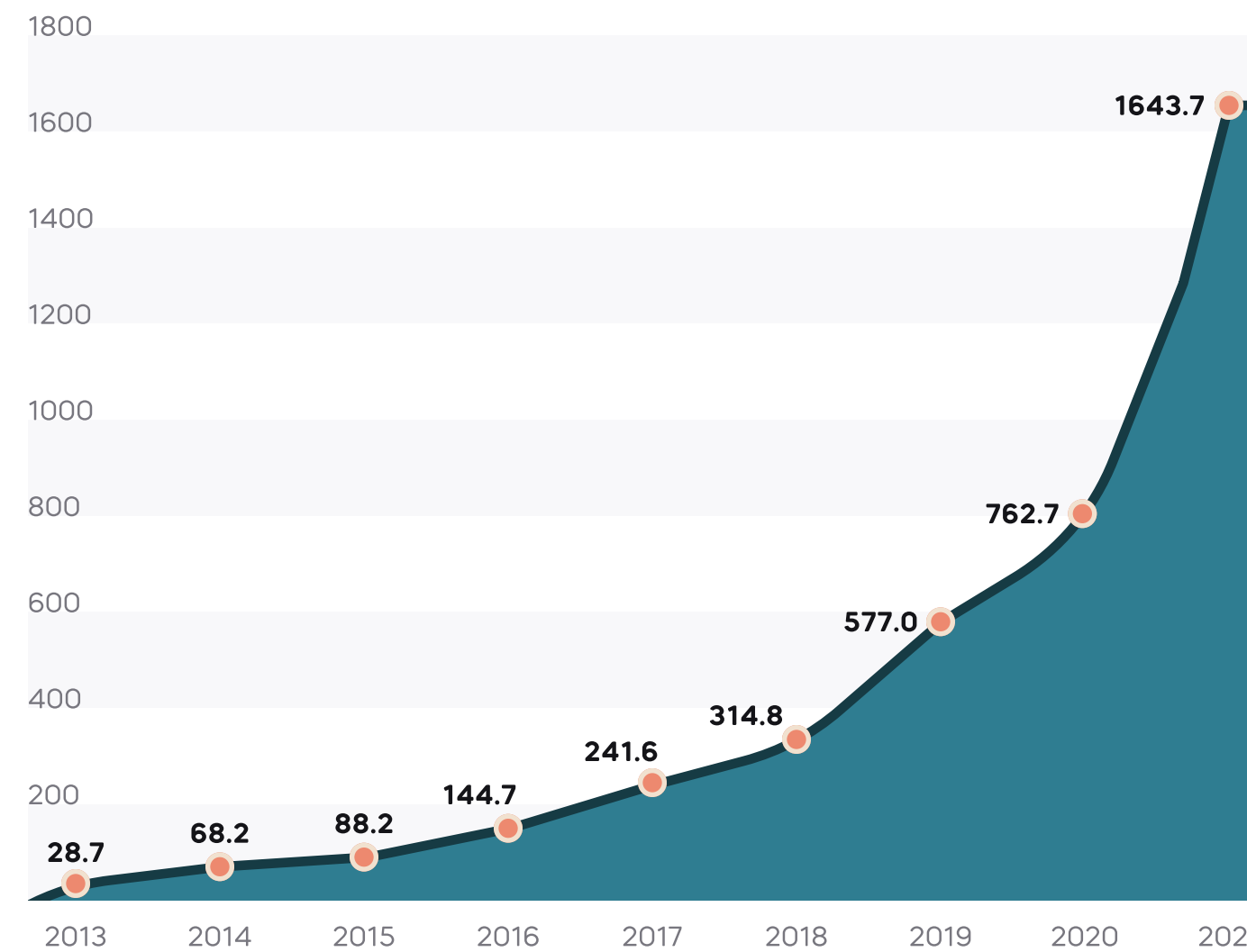
Financing

Acting on a materiality assessment to pursue specific environmental and social goals often requires financial investment. Sustainable finance helps companies access capital to fund the execution of strategies to meet environmental and social goals through financial instruments such as sustainability-linked bonds and loans, green bonds and social bonds.

While the specific structure varies, these instruments typically provide a financial incentive for improved sustainability performance. In order to qualify for this type of financing, companies must provide evidence that they are equipped with processes to utilize capital for sustainability and/or deliver sustainable outcomes in addition to the traditional criteria of companies' financial positions and credit ratings. In the case of green bonds, social bonds and sustainability bonds, companies are required to allocate the use of proceeds towards sustainability projects. In the case of sustainability-linked bonds and loans, companies are required to set and report back on specific sustainability KPIs (key performance indicators) that are also linked to a pricing reduction mechanism.

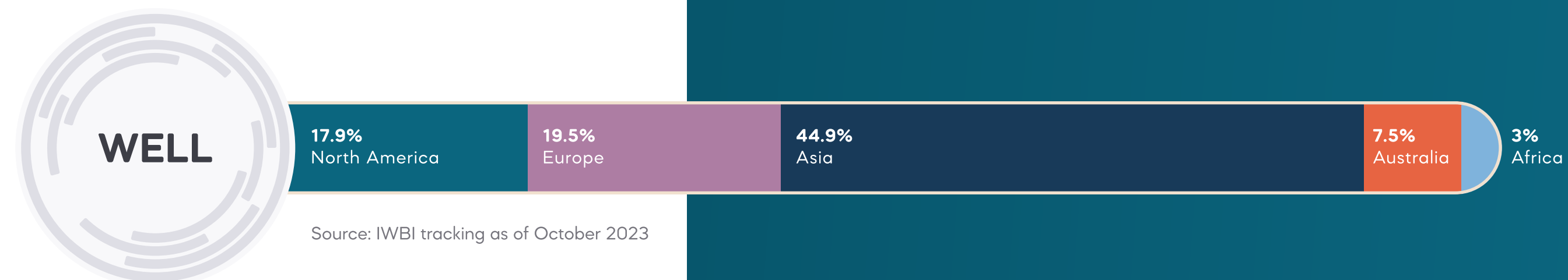
Third-party standards with a rigorous performance verification process, such as the WELL Standard, help companies structure and communicate a strong sustainability vision through financing.⁴

Annual sustainable debt issuance (\$B)
2013–2021



Source: BloombergNEF, Bloomberg L.P.

Global adoption of WELL in sustainable finance



Source: IWBI tracking as of October 2023

Utilization of WELL in Sustainable Finance

Companies, financial institutions and government entities around the world have incorporated WELL into their sustainable finance frameworks, with more than 67 examples documented from September 2017 to July 2023. These examples span **five continents, 23 countries, 14 industries and 12 different financial instruments**. For a look at some of these examples, including Aviva Investors, CBUS Property, Champion REIT, Colliers International, Mexico Ministry of Finance and Qatar National Bank, see the [WELL Sustainable Finance](#) resource.

WELL Certification or ratings typically fall within the use of proceeds of a bond or as a key performance indicator (KPI) within a sustainability-linked loan or credit facility. Additionally, organizations often highlight prior achievement of WELL Certification or ratings in their sustainable finance frameworks even if engagement with WELL is not directly positioned as a KPI or activity within the use of proceeds.

Organizations also utilize Second Party Opinions (SPOs) to further validate and communicate their sustainable finance strategies and planning with lenders, underwriters, investors and other key stakeholders.

Taking Action & Monitoring Impact

Once a company has established its goals for social sustainability and ESG more broadly, the WELL Standard can guide and support action to address those goals. **The WELL Building Standard (WELL Standard) is a library of over 100 holistic, evidence-based solutions and criteria to promote health, well-being and social equity through organizational and building performance.** This library of solutions can be applied in a variety of ways.

Opportunities with **WELL at scale**:

- WELL at scale guides application of the WELL Standard throughout an entire organization or real estate portfolio.
- Leaders demonstrate progress over time by implementing health and well-being strategies across portfolios and pursuing third-party verification for individual WELL strategies on an annual basis.
- WELL at scale helps **standardize ESG efforts** by providing ongoing decision-making and **change management support** through one-on-one technical coaching. The annual WELL at scale goals module allows companies to **prioritize WELL features** according to their **ESG goals**.
- Enterprises benchmark their progress utilizing the **WELL Score**, a weighted average of points achieved across a portfolio's locations, updated annually.
- Organizations and real estate portfolios can pursue any of the following WELL achievements, with flexible access to the full suite of strategies within the WELL Standard.

WELL achievements:



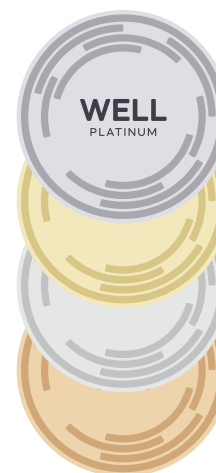
The WELL Health-Safety Rating provides strategies for supporting long-term health and safety needs such as those related to **emergency preparedness and long-term resilience**. Strategies include operational policies, cleaning protocols, performance testing, stakeholder engagement and emergency plans.



The WELL Equity Rating gives organizations an actionable framework to improve access to health and well-being, celebrate **diversity**, prioritize **inclusivity** and promote sensitivity while addressing disparities in populations that have been traditionally marginalized and underrepresented.



The WELL Performance Rating allows companies to provide **transparency** on indoor environmental quality by **verifying performance** through onsite testing and sensor technology. Performance measurements cover **air, light and water quality**, as well as **thermal and acoustic comfort**.



WELL Certification is the most comprehensive WELL solution. It recognizes companies that implement a **holistic approach** by achieving features that span across all 10 concepts of the WELL Standard: air, water, nourishment, light, movement, thermal comfort, sound, materials, mind and community. Every WELL Certified project is verified through on-site testing of building performance. WELL Certification is available at the **Bronze, Silver, Gold or Platinum** level.

Across these various applications of the WELL Standard, WELL can help companies take action to promote health for various stakeholder groups and monitor impact. In the sections that follow, this document maps WELL strategies to ESG objectives and metrics within each of the stakeholder groups impacted by an organization's value chain: employees, customers, local communities and suppliers.

Methodology

IWBI staff monitor existing and evolving ESG reporting frameworks and company reporting trends found in company annual reports, sustainability reports, ESG reports and other relevant disclosures. The ESG objectives and metrics highlighted within this resource are based on such IWBI market research to help make the guidance relevant and impactful to organizations.

The tables on the following page highlight the most relevant WELL features to support common ESG objectives and metrics that have been identified in IWBI's market research, but they are not intended to be exhaustive. WELL features selected for inclusion in the tables below are based on IWBI assessments of how explicitly they address the applicable ESG objective and/or metric in question.

Sample alignment structure:



The ESG objectives and metrics listed on the following pages are based on current reporting trends and should not be construed as a holistic list of ways to measure social performance. For more on IWBI's efforts to guide organizational measurement, see the [12 Competencies for Measuring Health and Well-being](#).

Employees

Employees want to work for organizations that value their health.

According to IWBI's 2023 State of Workforce Well-Being Poll conducted with the Harris Poll:

84%

of employees agree that supporting the health of employees is a "must-have" for companies.

87%

agree that employers should be "ethically obligated" to create a work environment that enhances the health, safety and well-being of their employees.

A healthy work environment is non-negotiable.

- According to employees, a healthy work environment is linked to their productivity.

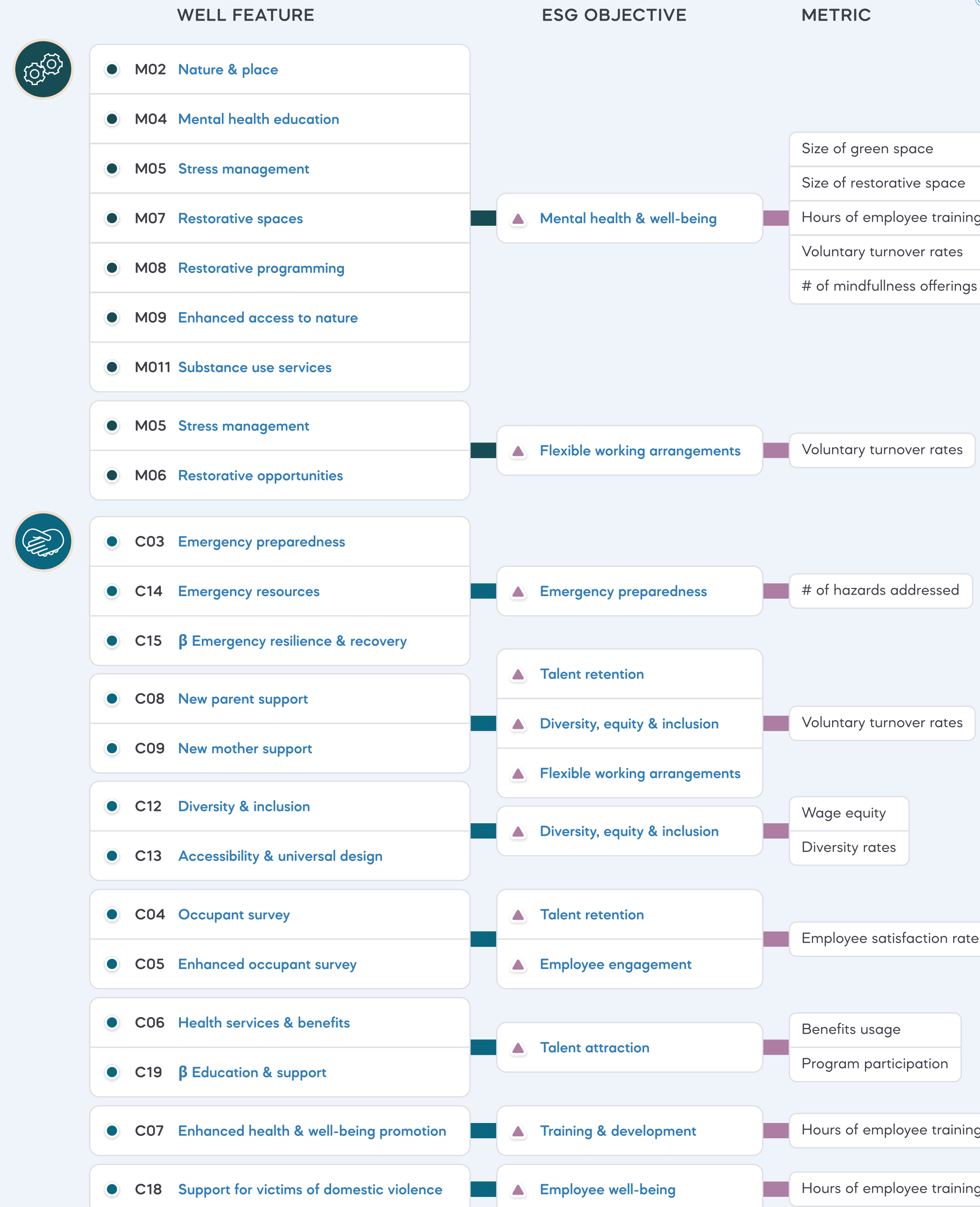
Also according to IWBI's 2023 State of Workforce Well-Being Poll:

96%

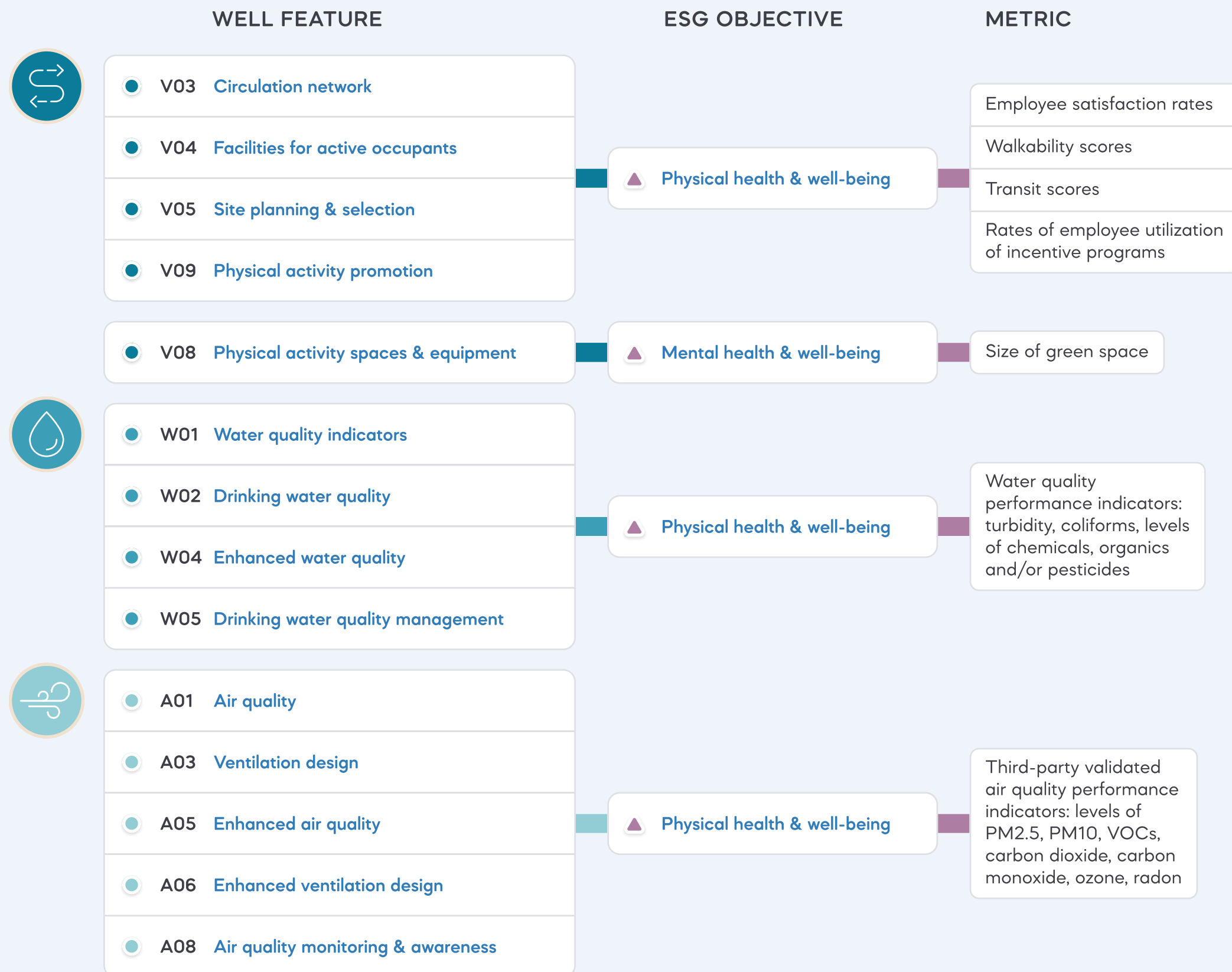
of employees agree that a healthy work environment is necessary for employee productivity.

81%

agree that their company's physical work environment has a major impact on their health and well-being.



Employees continued...



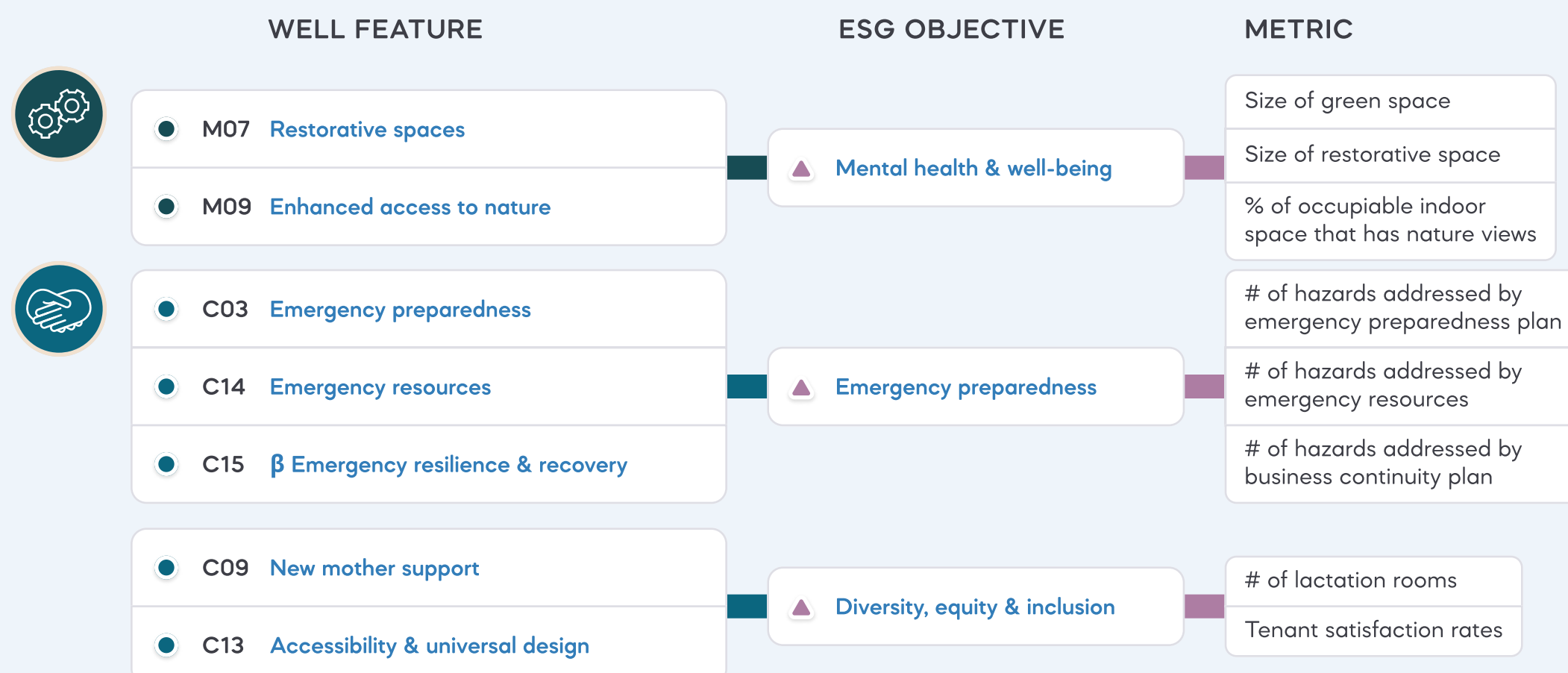
Customers & tenants

Real estate companies and organizations that implement WELL in customer-facing locations can use WELL to drive customer health, well-being and satisfaction.

Healthy building certification boosts rent premiums, lease terms and property values.

According to IWBI's [Investing in Health Pays Back Research Review](#):

- **Certified healthy buildings saw a 4.4% to 7.7% increase in rents** compared to nearby non-certified buildings. (MIT)
- **Spaces with health-focused attributes yield longer lease terms**, more than a year longer (88.3 months compared to 75.3 months) than spaces without them. (MIT)
- Overall, people-first characteristics in real estate enhance and complement an asset's market value.

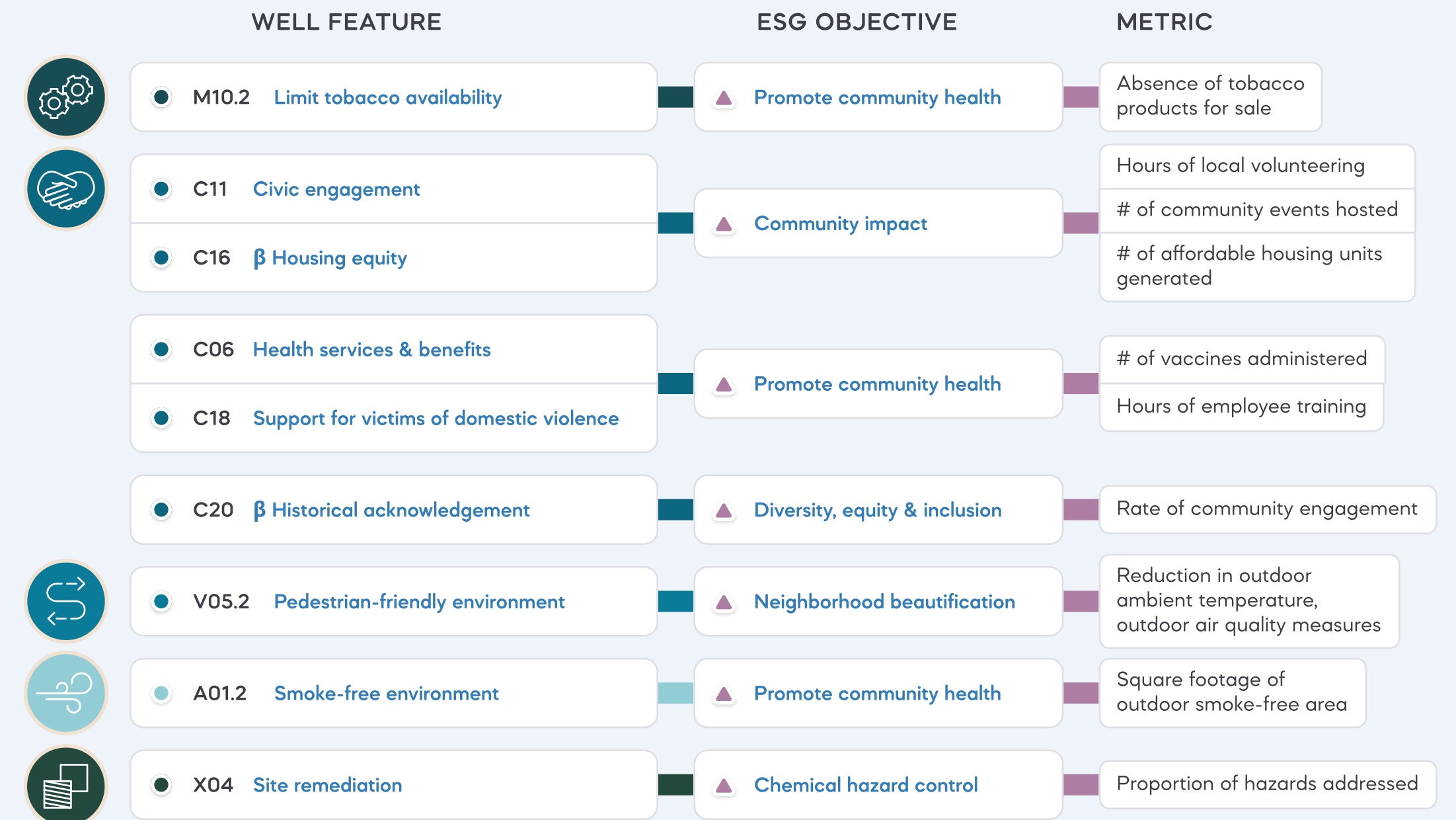
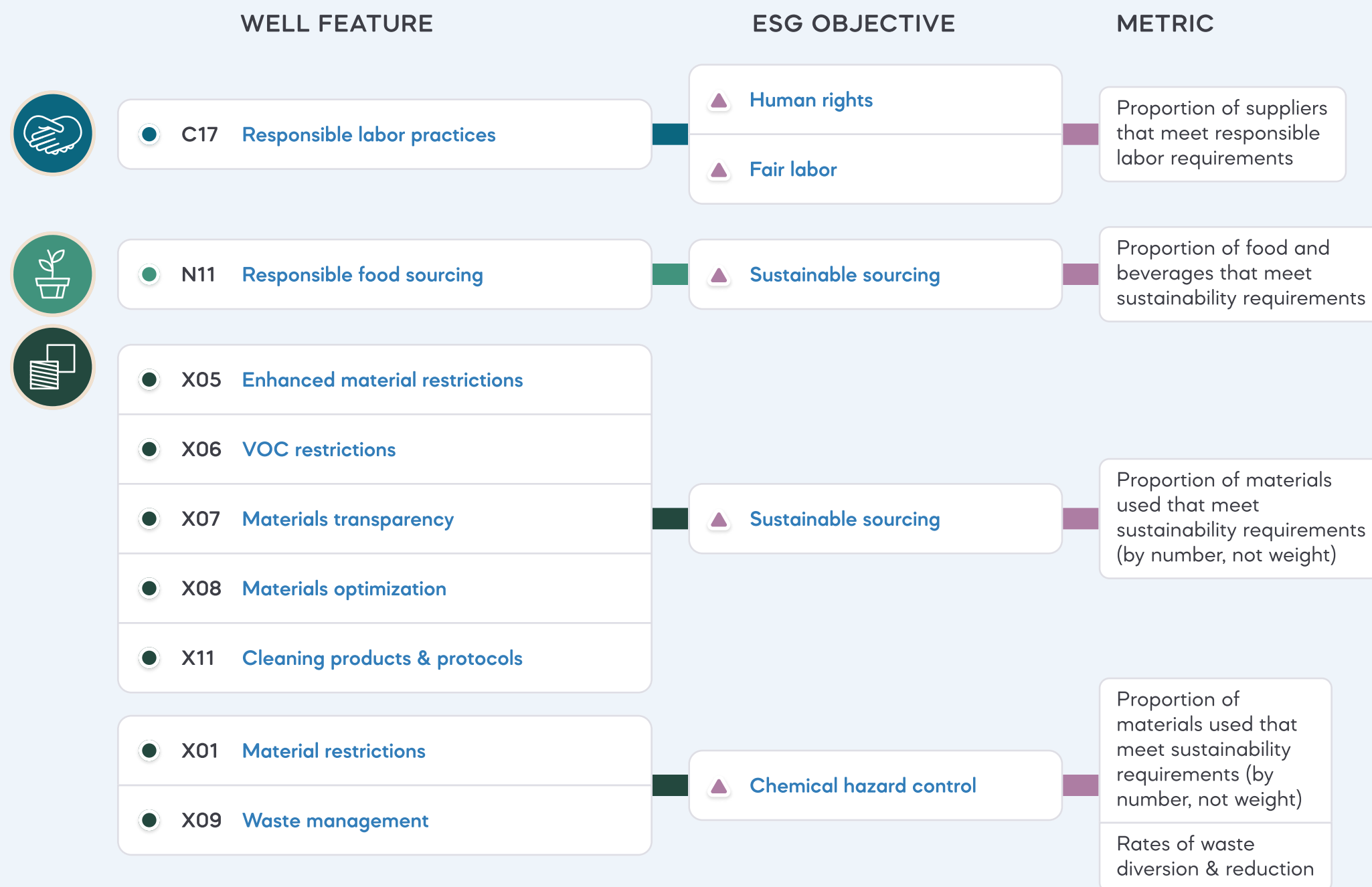


Supply chain

Across sectors, there has been an increased focus placed on sustainability within the supply chain. This is due to both **increasing public awareness regarding human rights violations, increasing regulatory pressure and environmental impacts.**⁹ Organizations that approach their supply chains strategically are able to reduce reputational and regulatory risk while also unlocking opportunities to drive efficiency, resilience and competitive differentiation.

Local communities

Organizations are increasingly focused on driving value for the communities in which they operate.



Reporting

Finally, organizations can utilize WELL to guide their annual reporting on social sustainability. **Since 2018, more than 150 organizations have incorporated WELL into their sustainability and ESG reporting.**

As the expectations of regulators and investors increase around the world, so does the need for accurate and transparent reporting on social sustainability performance. The WELL Standard provides a suite of evidence-based strategies to help organizations address their ESG and sustainability priorities, particularly those related to health, well-being and social equity.

Organizations and projects that complete a WELL review cycle are provided with third-party verification, down to the individual strategy level, that action has been taken and/or a certain level of performance has been achieved. Substantiating disclosures in reporting enhances credibility and the assurance provided by third-party verification is particularly valuable when reporting on social performance, which is often perceived to be more qualitative in nature.

IWBI has conducted a number of alignment exercises that map features within WELL to key components of leading ESG frameworks, most notably the UN Sustainable Development Goals (SDGs) and the GRESB Real Estate Assessment.



The UN SDGs

The SDGs provide a shared global blueprint for peace and prosperity for both people and the planet. Across the world, companies and investors are incorporating the SDGs into their ESG strategy and reporting.

Companies can use the WELL Standard to make progress toward many SDGs. **The WELL Standard has the strongest level of alignment with SDG 3: Good Health & Well-being** as well as the SDGs focused on gender equality, reducing inequalities, sustainable cities and responsible consumption. The WELL and SDG alignment tool maps individual WELL features to specific SDG targets, providing concrete WELL strategies to help companies address the SDGs. Organizations that pursue WELL at scale receive access to custom data, highlighting how their progress with WELL contributes to specific SDGs.



Good Health & Well-being	142	Clean Water & Sanitation	15	Decent Work & Economic Growth	5
Sustainable Cities & Communities	30	Climate Action	12	Partnerships for the Goals	2
Responsible Consumption & Prod.	30	Peace, Justice & Strong Institutions	11	Zero Hunger	1
Reduced Inequalities	25	No Poverty	8	Life on Land	1
Industry, Innovation & Infrastructure	24	Quality Education	8		
Gender Equality	18	Affordable & Clean Energy	7		



The GRESB Real Estate Assessment

The GRESB Real Estate Assessment benchmarks the ESG performance of real estate funds and companies worldwide. In 2022, over 1,800 entities participated in the assessment, covering \$6.92T USD of gross asset value across 74 countries.

Features within WELL align with almost 40% of the 2022 GRESB Real Estate Assessment indicators. This alignment spans all three GRESB components:

- GRESB Management, where WELL aligns to **23 GRESB indicators**
- GRESB Performance, where WELL aligns to **12 GRESB indicators**
- GRESB Development, where WELL aligns to **12 GRESB indicators**

Additionally, **WELL is recognized within the certification portion of the GRESB Assessment where WELL Certification is worth a full point.** The WELL Health-Safety Rating and WELL Equity Rating are both worth a partial point.

Real estate companies and fund managers interested in using WELL strategies to improve their GRESB performance can use the [WELL-GRESB alignment tool](#) to help ensure their WELL achievements inform their annual GRESB submission. While completing the annual WELL at scale goals module, clients can use the alignment tool to prioritize WELL features that are aligned with GRESB indicators.

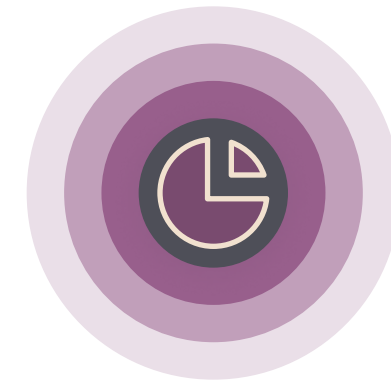
Real estate funds that report to GRESB are composed of individual building assets. Building practitioners who work on these individual buildings – architects, facility managers and consultants – can also use the WELL-GRESB alignment tool to communicate how their asset-level efforts support portfolio-level performance within GRESB.

The GRESB components



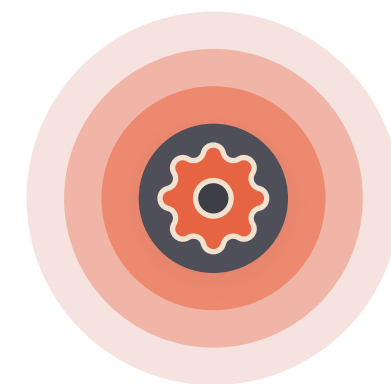
MANAGEMENT COMPONENT

Measures entity's strategy and leadership management, policies and processes, risk management and stakeholder engagement approach, comprising information collected at the organizational level.



PERFORMANCE COMPONENT

Measures the entity's asset portfolio performance, comprising information collected at the asset and at the portfolio level. It is suitable for any real estate company or fund with operational assets.



DEVELOPMENT COMPONENT

Measures the entity's efforts to address ESG issues during the design, construction and renovation of buildings.

WELL strategy alignment with GRESB



MANAGEMENT

- **26** slightly aligned strategies
- **56** partially aligned strategies
- **12** fully aligned strategies

PERFORMANCE

- **5** slightly aligned strategies
- **10** partially aligned strategies
- **13** fully aligned strategies

DEVELOPMENT

- **8** slightly aligned strategies
- **6** partially aligned strategies
- **35** fully aligned strategies

Additional WELL reporting tools

IWBI has also developed the following resources to support incorporating WELL into ESG reporting:

WELL at scale annual summary reports:

- Companies participating in WELL at scale receive annual summary reports. These reports are released every year in Q1 and highlight the organization's WELL performance, achievements and progress during the previous year. These reports are designed to directly inform organizational reporting by providing quick access to an organization's verified performance, including information on SDG and GRESB (when applicable) alignments.

[WELL and ESG Reporting Guide](#). This resource contains:

- An overview of how WELL aligns with ESG and sustainable finance.
- Examples of how WELL has been used in CSR, ESG and sustainability reporting.
- Questions to guide the utilization of WELL to enhance ESG strategy.
- Helpful tips and resources to make reporting easier and more efficient.

Citations

- 1 UN Global Compact. (2023). *Social sustainability*. <https://unglobalcompact.org/what-is-gc/our-work/social>
- 2 International Organization for Standardization. (2015). *Environmental management systems — Requirements with guidance for use (ISO Standard No. 14001:2015)*. <https://www.iso.org/standard/60857.html>
- 3 KPMG International. (2014). *Sustainable Insight: The essentials of materiality assessment KPMG materiality assessment guide*. <https://assets.kpmg.com/content/dam/kpmg/pdf/2014/10/materiality-assessment.pdf>
- 4 Green Building Council of Australia. (2023). *Unlocking the value: A practical guide for sustainable finance in the Australian real estate sector*. <https://gbca-web.s3.amazonaws.com/media/documents/gbca-sustainable-finance-guide.pdf>
- 5 International WELL Building Institute. (2023). *The WELL Building Standard*. <https://v2.wellcertified.com/en/wellv2/overview>
- 6 International WELL Building Institute. (2023). *State of Workforce Well-Being Poll*. <https://www.wellcertified.com/health-pays-back/#harris-poll>
- 7 Sadikin, N., Turan, I., & Chegut, A. (2021). *The financial impact of healthy buildings: Rental prices and market dynamics in commercial office*. MIT Center for Real Estate Research. https://realestateinnovationlab.mit.edu/research_article/the-financial-impact-of-healthy-buildings/
- 8 Australian Council of Superannuation Investors, KPMG. (2019). *Modern Slavery Risks, Rights & Responsibilities A GUIDE FOR COMPANIES AND INVESTORS*. <https://acsi.org.au/wp-content/uploads/2020/01/ACSI-Modern-Slavery-Report.Feb19.pdf>
- 9 United Nations. (2016). *Sustainable Development Goals*. <https://www.un.org/sustainabledevelopment/sustainable-development-goals/>
- 10 GRESB. (2023). *GRESB Real Estate Assessment*. <https://www.gresb.com/nl-en/real-estate-assessment/>

Cite this work as: Worden, K., Williams, V., Yang, M. (2023). Leveraging WELL for Social Sustainability. International WELL Building Institute.



© 2023. International WELL Building Institute PBC. All rights reserved.

International WELL Building Institute, IWBI, the WELL Building Standard, WELL v2, WELL Certified, WELL AP, WELL Score, The WELL Conference, We Are WELL, the WELL Community Standard, WELL Health-Safety Rated, WELL Equity, WELL Equity Rated, WELL Performance Rated, Works with WELL, WELL and others, and their related logos are trademarks or certification marks of International WELL Building Institute pbc in the United States and other countries. Other marks used herein are the trademarks marks of their respective owners.

This IWBI resource is intended to be solely informational and a supporting tool and does not constitute a representation, warranty, promise, claim, advice or commitment about likelihood of achieving those goals or recognition within any particular reporting framework as a whole or sufficiency of any reporting requirements; nothing in the WELL Building Standard, WELL programs or IWBI resources should be considered or used as a substitute for legal, medical, investment, financial, regulatory or other professional advice; and neither IWBI nor any of its representatives shall have any liability resulting from the use or content of or information from, or any action taken or any inaction occurring in reliance on this resource. Unless stated otherwise in this resource, any references to alignments with third party frameworks are based on internal review and analysis.