

Investor statement - Expectations for the nursing home sector

The undersigned investors and fiduciaries representing 138 institutions and \$4.4 trillion in combined assets under management or advice are writing to express our expectations regarding the nursing home sector.

The impact of the COVID-19 pandemic has illuminated and exacerbated many long-standing issues in the nursing home sector. From the onset of the pandemic, nursing homes around the world have been at the epicentre of the crisis. A large number of COVID-19 deaths have thus far occurred among nursing home residents, who comprised an average of 41% of all deaths across 22 countries reporting as of February 2021.ⁱ Hundreds of thousands of nursing home workers have also become infected, many of whom are facing long lasting aftereffects and a large number have died.ⁱⁱ

These devastating outcomes have many causes –including the inherent vulnerabilities of aged care, global unpreparedness to a pandemic of this magnitude and in some instances the failures of governments to adequately support and regulate nursing homes and their residents. But this tragedy has also highlighted the direct link between poor working conditions and quality of resident care, a concern pre-dating and extending beyond the COVID-19 pandemic.ⁱⁱⁱ

Nursing home workers care for those most vulnerable to the disease in extremely high-risk environments. They work in congregate settings, some even moving into care homes to ensure they will not transmit the virus in or out. Mostly women and often minorities or from marginalized communities, these workers often earn low wages, on part-time hours or precarious arrangements, in some countries without sick pay or union representation. With these poor working conditions, nursing homes struggle to attract and retain enough workers to meet current demands, let alone the need for more carers to match demographic shifts. The staff to resident ratio in many nursing homes has frequently been found inadequate to provide even basic care to residents, let alone the quality required during a pandemic.^{iv}

The undersigned investors support international human rights standards enshrined in norms such as the UN Guiding Principles on Business and Human Rights, and expect the same from their investee companies. Meeting these standards can also mitigate the legal, reputational and operational risks for our investee companies in the nursing home sector.

As vaccines are rolled out across the world, there is the promise of relief from the impact of COVID-19 in the months ahead. However, the pandemic continues to unfold and there is still an urgent need to improve working standards across the sector to minimise illness and death. Even more important, as the sector recovers and we reflect upon the damage to our societies and the loss of human life during the pandemic, we must seize this moment to ensure the industry changes for the better and develops a more humane and resilient model.

Such a shift requires all actors to play a role. Governments and regulators must ensure that regulatory environments and funding provisions enable nursing homes to meet the necessary standards. Companies must take substantive steps to raise standards. And investors should set clear expectations, thus we have set out the following investor expectations to all nursing home companies to address the risks which came tragically into view over the past year.

Expectations:

Develop and implement group-wide standards, which adapt to but go beyond local regulatory requirements, on quality of care and working conditions on the following areas:

- **Understaffing:**
 - Adhere to best practices of safe staffing levels.
 - Ensure adequate staff organization, appropriate working hours and protection of workers from occupational risks.
 - Ensure that in health crisis, such as the pandemic, workers are empowered to request extra staffing to meet additional needs of resident care.
- **Health and safety:**
 - Ensure robust health and safety provisions regarding COVID-19 in line with the latest World Health Organisation [guidance](#) including provision of adequate PPE.
 - Ensure that up to date data is held on COVID cases and fatalities among the workforce, and reported to relevant authorities.
 - Provide fully paid sick leave for all workers.
 - Ensure the existence of an Infection Prevention and Control (IPC) programme and team or at least a trained IPC focal point. Conduct annual infectious disease training for all workers involved in direct patient care or come into contact with patient areas. Provide workers up-to-date information on infectious diseases.
 - Create effective health and safety workplace representation through elected worker representatives or joint labour and management committees, consistent with ILO Convention 155.
 - Invest in digital and technological upgrades to improve health and safety conditions.
- **Wages and contracts:**
 - Provide hazard pay for all workers to reflect the increased risks they bear for the remainder of the pandemic.
 - Uplift wages to living wage levels.
 - Shift away from use of precarious contracts, including reliance on agency work, temporary contracts or limited-hour contracts.
- **Freedom of association and collective bargaining:**
 - Respect workers' rights to freedom of association, to organize a union and to bargain collectively, free from retaliation, interference and opposition, as recognized by the core ILO conventions.
 - Engage in constructive social dialogue with trade unions at the local, national, and global levels.
 - Conduct human rights due diligence to identify and mitigate risks that these rights are not respected in global operations.
- **Quality of care:**
 - In addition to the interconnected measures above, particularly staffing levels, adhere to best practices for quality of care for residents including:
 - Ensure adequate autonomy for residents and opportunities for residents to stay active
 - Invest in care solutions including innovations to meet the diversity of resident care needs
 - Collect and report levels of resident satisfaction
 - Report publicly and to the relevant authorities on quality of care indicators including any incidents

We also expect investee companies owning real estate used for nursing homes, such as Real Estate Investment Trusts, to support the operators to meet these expectations through their oversight of their properties, including through contractual obligations in leases, and labour-related due diligence processes pre and post-investment, including effective monitoring processes to ensure these standards are met.

For all firms in the sector, there should be board level oversight for the development and implementation of these measures, and adequate skills and experience among board members to be able to effectively fulfil these responsibilities.

To restore public trust and further our understanding as investors, we also expect to see comprehensive and reliable public disclosure on: the company's governance of these areas, targets set and their integration into management incentive schemes, measures taken, and outcomes through key performance indicators.

While we acknowledge that some of these expectations might currently be out of reach for some nursing homes operators and others are making significant efforts to address them, we expect companies to embrace them, including through an open dialogue with shareholders, regulators trade unions, advocates and other key stakeholders. Doing so would improve the confidence of investors, regulators, workers, residents and their families in the industry in this period of grave concern and beyond.

We as investors will be working collaboratively with UNI Global Union as the global trade union federation for the private care sector to ensure these expectations become a reality across the sector, including through regular coordination meetings. We will also engage, individually or collaboratively, on these issues with the companies in which we invest to work towards meeting these expectations. To track progress and ensure alignment across the investment community towards companies, we will support the development of key indicators of best practices on these expectations.

We will also seek to support the necessary shifts by other actors such as governments or standard setters to enable the sector to meet these expectations and ultimately develop a more socially and financially sustainable model of eldercare.

ⁱ <https://ltccovid.org/2021/02/02/updated-international-report-mortality-associated-with-covid-19-in-care-homes-data-up-to-26th-january-2021/>

ⁱⁱ <https://www.scientificamerican.com/article/nursing-home-workers-had-one-of-the-deadliest-jobs-of-2020/> ; https://www.uniglobalunion.org/sites/default/files/imce/the_impact_of_covid-19_fin.pdf

ⁱⁱⁱ This was highlighted in media exposés and academic studies including:

<https://www.oecd.org/coronavirus/policy-responses/workforce-and-safety-in-long-term-care-during-the-covid-19-pandemic-43fc5d50/#section-d1e28>;

<https://www.healthaffairs.org/doi/10.1377/hblog20210210.904101/full/#.YC54R8lqLMM.facebook>

<https://www.healthaffairs.org/doi/full/10.1377/hlthaff.2020.01011>

<https://www.tortoisemedia.com/2020/05/18/coronavirus-care-homes-ian-birrell/>

^{iv} See for example studies on staffing levels before the COVID-19 pandemic:

https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6055099/pdf/10.1177_0046958018788686.pdf

See below studies during the COVID-19 pandemic:

<https://agsjournals.onlinelibrary.wiley.com/doi/10.1111/jgs.16787>

<https://www.cbc.ca/news/world/australia-covid-19-long-term-care-1.5591912>

<https://www.medrxiv.org/content/10.1101/2020.07.14.20152629v1.full.pdf>

<https://www.bloomberg.com/news/features/2020-10-31/covid-pandemic-coronavirus-devastated-nursing-homes-after-cost-cutting#skip-to-main-content>

Signatory investors:

Aargauische Pensionskasse (APK)	Caisse de prévoyance du personnel de l'Etat de Fribourg (CPPEF)
APICIL Group	
ATISA Personalvorsorgestiftung der Tschümperlin-Unternehmungen	Caisse de prévoyance du personnel de l'Etat du Valais (CPVAL)
AVENA - Fondation BCV 2e pilier	Caisse de retraite professionnelle de l'industrie vaudoise de la construction
Aviva Investors	Caisse intercommunale de pensions (CIP)
B.C. Government and Service Employees' Union	Caisse paritaire de prévoyance de l'industrie et de la construction (CPPIC)
Bernische Lehrerversicherungskasse	Candriam
Bernische Pensionskasse BPK	CAP Prévoyance
BMO Global Asset Management, part of Columbia Threadneedle Investments	Cassa pensioni di Lugano
Bridgestone Hispania Pension, FP	CCOO, FP
BVG-Stiftung der SV Group	CIEPP - Caisse Inter-Entreprises de Prévoyance Professionnelle
Caisse Cantonale d'Assurance Populaire - CCAP	Comitato Lady Lawyer Village
Caisse de pension du CERN	Corporate Responsibility office – Province of Saint Joseph of the Capuchin Order
Caisse de pension du Comité international de la Croix-Rouge	CPCN - Caisse de pensions de la fonction publique du canton de Neuchâtel
Caisse de pension Hewlett-Packard Plus	Degroof Petercam Asset Management
Caisse de pensions de l'Etat de Vaud (CPEV)	Domini Impact Investments
Caisse de pensions du personnel communal de Lausanne (CPCL)	Dorval Asset Management
Caisse de pensions ECA-RP	Ecofi
Caisse de pensions Féd. int. des Stés. de la Croix-Rouge et du Croissant-Rouge	EdenTree Investment Management
Caisse de prév. des Fonctionnaires de Police & des Etablissements Pénitentiaires	Edmond de Rothschild Asset Management (France)
Caisse de Prévoyance de l'Etat de Genève CPEG	EFG Asset Management
Caisse de Prévoyance des Interprètes de Conférence (CPIC)	EGAMO
Caisse de prévoyance du personnel communal de la ville de Fribourg	Emmi-Vorsorgestiftung
	Etablissement Cantonal d'Assurance (ECA VAUD)
	Etablissement cantonal d'assurance et de prévention (ECAP- Neuchâtel)

Ethical Partners Funds Management	La Banque Postale Asset Management (LBP AM)
Ethos Foundation, Switzerland	Liechtensteinische AHV-IV-FAK
Evangelisch-reformierte Landeskirche des Kantons Zürich	Local Authority Pension Fund Forum (LAPFF)
Fondation de la métallurgie vaudoise du bâtiment (FMVB)	Loyalis BVG-Sammelstiftung
Fondation de prévoyance Artes & Comoedia	Luzerner Pensionskasse
Fondation de prévoyance du Groupe BNP PARIBAS en Suisse	Man Group
Fondation de Prévoyance Edmond de Rothschild	Meeschaert Asset Management
Fondation de prévoyance professionnelle en faveur de AROMED	Miller/Howard Investments, Inc.
Fondation de prévoyance Romande Energie	NEI Investments
Fondation Interprofessionnelle Sanitaire de Prévoyance (FISP)	Nest Sammelstiftung
Fondation Leenaards	OFI Asset Management
Fondation Patrimonia	Ostrum Asset Management
Fonditel B	Pensions Caixa 30 (PC30)
Fondo de Pensiones de Empleados de Telefónica España	Pensionskasse Römisch-katholische Landeskirche des Kantons Luzern
Fonds de Prévoyance de CA Indosuez (Suisse) SA	Pensionskasse AR
Fonds interprofessionnel de prévoyance (FIP)	Pensionskasse Bank CIC (Schweiz)
Gebäudeversicherung Luzern	Pensionskasse Basel-Stadt
Gebäudeversicherung St. Gallen	Pensionskasse Bühler AG Uzwil
Generali Investment Partners	Pensionskasse Caritas
Groupama Asset Management	Pensionskasse der Basler Kantonalbank
Harmonie Mutuelle	Pensionskasse der Diözese St.Gallen
HESTA	Pensionskasse der Schweizer Paraplegiker-Gruppe Nottwil
ICCR	Pensionskasse der Stadt Frauenfeld
International business of Federated Hermes	Pensionskasse der Stadt Weinfelden
Kirao AM	Pensionskasse der Stadt Winterthur
	Pensionskasse der Technischen Verbände SIA STV FSAI USIC
	Pensionskasse Pro Infirmis
	Pensionskasse Schaffhausen

Pensionskasse SRG SSR	Stiftung Abendrot
Pensionskasse Stadt Luzern	Stiftung Auffangeinrichtung BVG
Pensionskasse Stadt St. Gallen	Stiftung Personalvorsorge Liechtenstein
Pensionskasse Unia	Storebrand Asset Management
Pensionskasse von Krankenversicherungs- Organisationen	SVA Zürich
Personalvorsorgekasse der Stadt Bern	Sycomore Asset Management
Personalvorsorgestiftung der Würth-Gruppe Schweiz	Symova Sammelstiftung BVG
PIRC	Terre des hommes Schweiz
Préfon	Trades Union Share Owners
previva, fonds de prévoyance des professionnels du travail social	Trades Union Congress Superannuation Society
Prévoyance Santé Valais (PRESV)	U Ethical Investors
Profelia Fondation de prévoyance	UGT Pension Scheme
Prosperita Stiftung für die berufliche Vorsorge	Unfallversicherungskasse des Basler Staatspersonals
Rentes Genevoises	Union Mutualiste Retraite (UMR)
RP - Fonds institutionnel	Université de Genève (UNIGE)
Secunda Sammelstiftung	Vancity Investment Management (VCIM)
SHARE	Verein Barmherzige Brüder von Maria-Hilf (Schweiz)
Spida Personalvorsorgestiftung	Vorsorge SERTO
St. Galler Pensionskasse	WHEB Asset Management

Contact:

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