

Feeling the heat: How healthcare providers can meet the climate challenge

KEY TAKEAWAYS

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The essential "E" in healthcare's ESG agenda

2. Respond to changing healthcare needs

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gfU]b]b[`YU`h`WfY`dfcj]XYfg`WdUW]mUbX` bUbWg`
Extreme weather and rising temperatures and sea levels are expected to increase malnutrition, injuries, infectious and chronic disease, and mental ill health (see Exhibit 1). For example, the changing distribution of pathogens and hosts will increase the prevalence of infectious diseases like dengue and Zika in some parts of the world¹²žk \]Y`ga c_Y`Zfca `k]X` fYg`

can aggravate the risks and costs of respiratory and cardiovascular disease.¹³ Climate change can trigger unmanageable spikes in healthcare utilization during crises: For example, people with pre-existing conditions whose medications (such as commonly used psychiatric drugs, antihistamines, and beta-blocker drugs)(o)-1.4 57 (u)-6.5 (l)-11(f(o)-1.4 57 (u)-12.89m)-8.6 (cl1.9 (

3. Support health equity

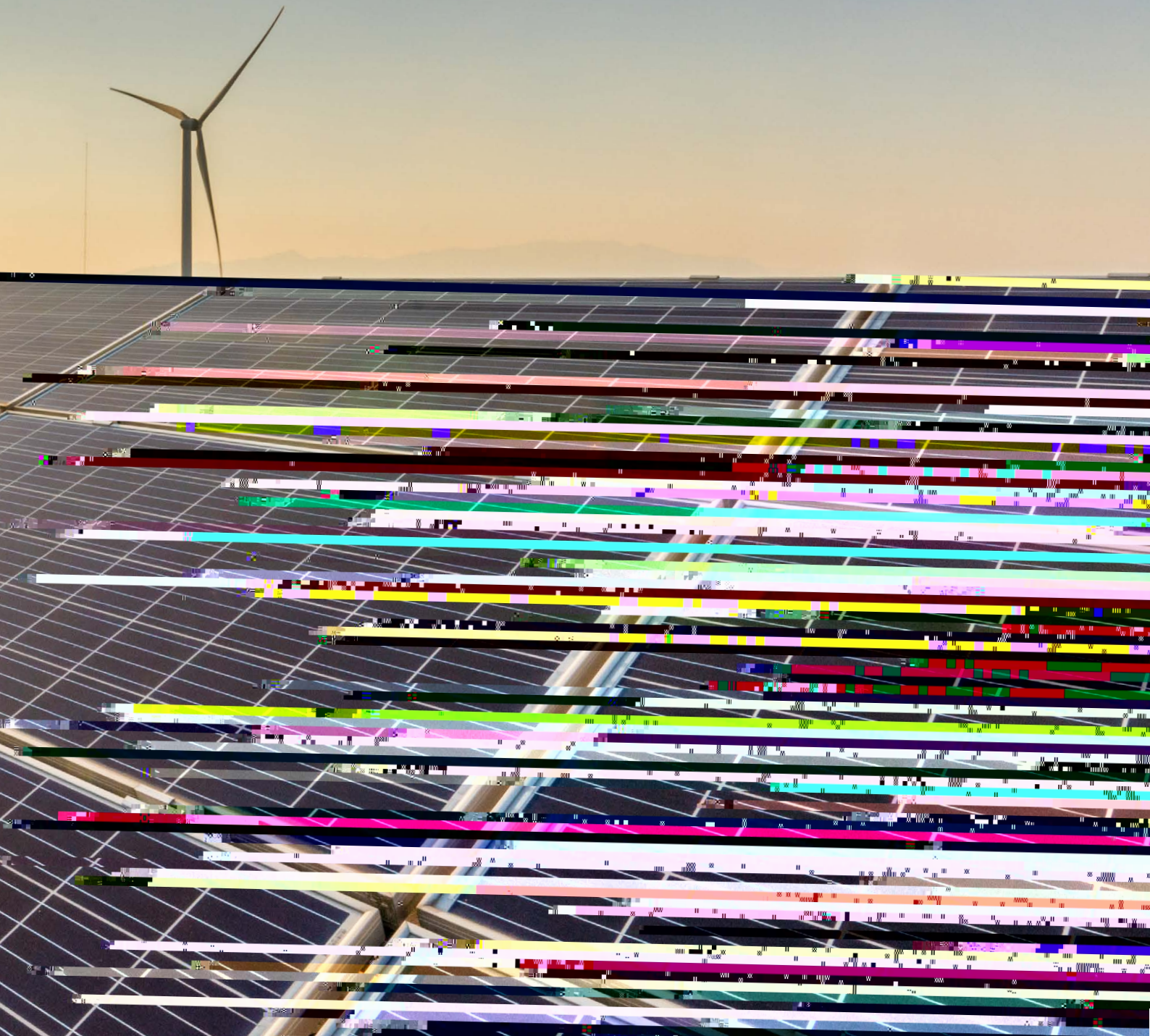
Environmental and social factors are interlinked: Social inequities increase patients and employees vulnerability to climate shocks and stresses, which exacerbate health disparities within the community. Sub-optimal air quality disproportionately affects poorer and marginalized people more at risk of heatstroke and heart attacks during heatwaves.¹⁷ At the same time, extreme heat disproportionately reduces the productivity and income of already low-paid workers in insecure jobs, such as day laborers and migrant workers.¹⁸

Health equity initiatives²¹

4. Attract employees and consumers

As societal expectations shift, patients and talent will increasingly screen for ESG performance. Healthcare organizations are focused on attracting and retaining talent¹⁹: 93% of healthcare employees expect their employer to pursue a sustainability agenda.⁸⁵ While consumer decision-making still plays a relatively limited role in the healthcare journey, the trend is towards more consumer choice that may favor healthcare

Navigate climate risks and opportunities



While all healthcare providers face climate impacts,

What is TCFD?

Established by the Financial Stability Board in 2009, the Task Force on Climate-related Financial Disclosures (TCFD) aims to enable stakeholders to understand and evaluate the climate risks that could affect an organization's financial performance and exposure to climate risks.²⁸ Its 11 disclosure recommendations are grouped into four areas: Governance, strategy, risk management, and metrics and targets.

TCFD is emerging as the leading climate reporting framework. It is increasingly part of regulatory frameworks as governments like the UK have introduced compulsory climate reporting for all sectors of

Exhibit 2: Climate-related risk drivers as classified by TCFD

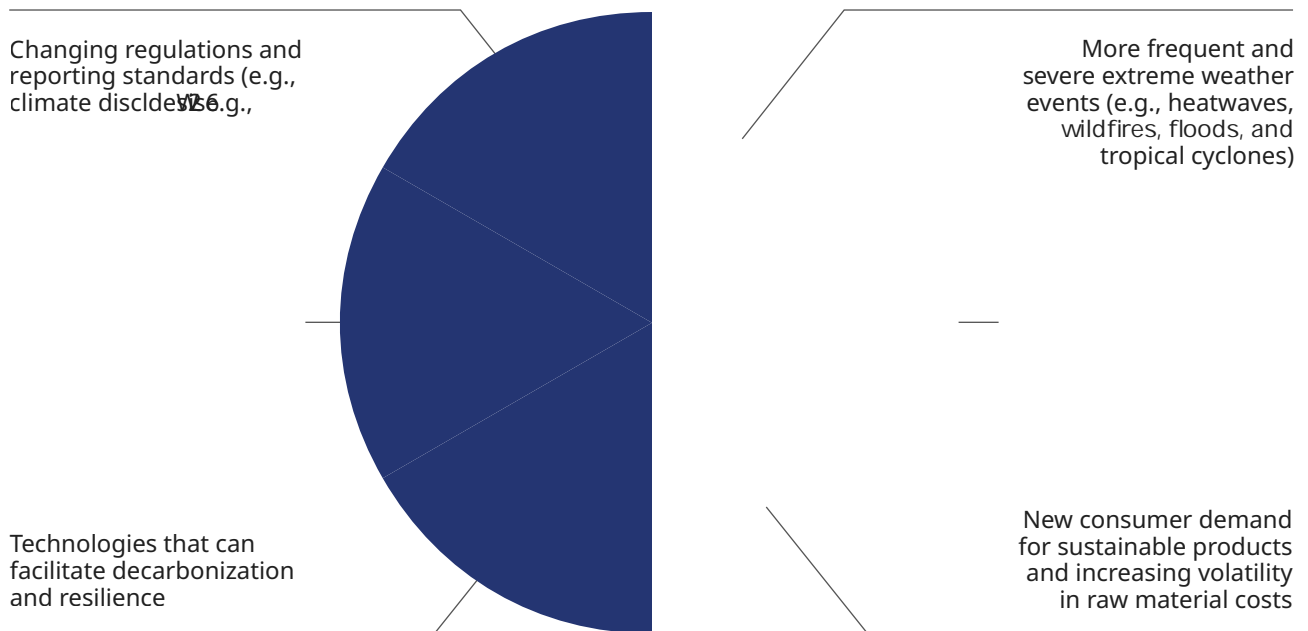


Exhibit 4: Examples of risks and opportunities arising from climate change

| Risk/Opportunity | Description | Impact |
|------------------|----------------------------------|--|
| Physical Risk | Sea level rise | Property damage, displacement |
| Transition Risk | Carbon pricing | Increased costs, reduced profitability |
| Opportunity | Renewable energy | New markets, revenue growth |
| Opportunity | Energy efficiency | Cost savings, improved productivity |
| Opportunity | Sustainable products | Enhanced brand reputation, customer loyalty |
| Opportunity | Climate-resilient infrastructure | Long-term durability, reduced maintenance costs |
| Opportunity | Green finance | Access to capital, lower cost of funds |
| Opportunity | Talent attraction | Improved employee retention, productivity |
| Opportunity | Innovation | Competitive advantage, market leadership |
| Opportunity | Regulatory compliance | Avoidance of fines, legal costs |
| Opportunity | Stakeholder engagement | Improved relationships, transparency |
| Opportunity | Risk management | Proactive identification and mitigation of risks |
| Opportunity | Reporting | Increased transparency, accountability |
| Opportunity | Leadership | Industry influence, positive social impact |
| Opportunity | Resilience | Ability to withstand and recover from shocks |
| Opportunity | Sustainability | Long-term success, stakeholder trust |
| Opportunity | Value creation | Enhanced financial performance, stakeholder satisfaction |
| Opportunity | Competitive advantage | Differentiation, market growth |
| Opportunity | Innovation | New products, services, business models |
| Opportunity | Talent attraction | Attracting and retaining top talent |
| Opportunity | Brand reputation | Enhanced brand value, customer loyalty |
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3. Assess impacts

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The overview below illustrates some ways
in which climate risks affect healthcare providers.

[Climate hazards disrupt care.](#) Hospital buildings

On the flipside, climate risk drivers can provide opportunities for healthcare providers.

Decarbonization and adaptation investments make infrastructure climate-proof and lower operational costs in the longer run. Investing in climate resilience by reducing energy consumption is a key solution: It lowers operational costs while reducing the risk of climate-related damage. For example, the Gundersen Health System in the northeast of Wisconsin has installed solar panels on its buildings, which has reduced its energy costs and carbon footprint. In South Africa, drought in the Western Cape has led to the installation of water treatment plants in its hospitals for improved water quality.

Sustainability initiatives help attract talent and boost workforce morale. Environmentally sound, green, and wellness-oriented facilities as well as disclosure of waste and emissions data are of such]a dcfhUbw'rc'ghU 'h\Uh\ YmWb'VY'U'df]a Ufmi motivator for healthcare providers to develop a sustainability strategy. Fresenius Medical Care fYdcfhs\Uh]hg'gi ghU]bUV']]ma UbU[Ya YbhgnghYa helps maintain its reputation and acceptance in society, while also meeting increased demand for sustainable business operations, reessagn 78

Develop strategies for



Operational resilience requires adapting to gradual shifts as well, such as sea-level rise and rising temperatures. Healthcare providers can consider investing further in digitally delivered and home-based care, making just-in-case arrangements to

Financial resilience

Healthcare providers must also plan to protect their

Looking ahead, climate change is likely to shift disease burdens and amplify care needs in a context of already high healthcare costs.

Healthcare delivery and reimbursement models will have to evolve in ways that prevent disease and reduce underlying vulnerabilities, cut costs such as by shifting care to digital platforms (which furthers both decarbonization and climate resilience goals)

Healthcare providers' climate strategies can deliver
the broader health ecosystem and surrounding
communities. For example, healthcare providers
can use their purchasing power to set new climate-
related standards for third-party vendors, partners,
or equipment with partners and peers can help
healthcare providers recover from a crisis.

sustainability by reducing population vulnerability
to natural and human-induced stresses.

health data with their electronic health records
to understand the environmental determinants
of health.

Acknowledgements

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