



A presentation by

HILL DICKINSON

LaingBuisson Private Healthcare Summit

What does net zero mean to private healthcare?

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How net zero fits into ESG

- ESG = shift in emphasis from short-term profit maximisation as the primary objective of corporations towards a business model with positive societal impact covering three areas:

Examples of environmental, social and governance (ESG) factors



Environmental

- Climate change and greenhouse gas emissions
- Emissions to air, water and land, pollution and waste
- Biodiversity, deforestation and land use
- Energy efficiency
- Resource depletion (including water)



Social

- Human rights (including modern slavery and child labour)
- Health and safety
- Diversity and inclusion (D&I) and equal pay
- Conflict zones and conflict minerals
- Stakeholder and community engagement



Governance

- Bribery and corruption
- Executive pay
- Board independence, diversity and structure
- Conflicts of interest
- Anti-money laundering

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Why is ESG and net zero important?

- Increase in ESG reporting requirements - non-mandatory frameworks by industry groups, NGOs and other international organisations, as well as increased focus from governments/regulators on *mandatory* ESG reporting standards
- The rise of ESG investing with the creation of ESG benchmarks and indices - more investors than ever are screening companies for ESG criteria when making investment decisions
- Link between strong ESG performance and higher investment returns
- ESG shareholder activism / litigation risk
- Demands from other stakeholders (e.g. employees and consumers)
- Government sustainability thresholds and requirements for appointment – leveraging public procurement
- ...and not forgetting the moral imperative

Some statistics...

The NHS, as the largest employer in Britain, is responsible for around **4%** of the nation's carbon emissions.

Almost **30%** of preventable deaths in England are due to non-communicable diseases specifically attributed to air pollution.

More than **60%** of the NHS carbon footprint is based within the NHS supply chain.

The propellants in metered dose asthma inhalers are greenhouse gases accounting for **13%** of the UK NHS carbon footprint.

In 2017, 3.5% (9.5 billion miles) of all road travel in England was related to patients, visitors, staff and suppliers to the NHS.

76% of consumers say they will stop buying from companies that treat the environment, employees, or the community in which they operate poorly

A CMA co-ordinated global review of randomly selected websites has so far found that **40%** of green claims made online could be misleading consumers.

In June 2019, Newcastle Hospitals became the first healthcare organisation in the world to declare a climate emergency, recognising the threat that climate breakdown poses to public health, and committing to becoming carbon neutral by 2040.

New Cross Hospital in Wolverhampton plans to run entirely on renewable energy after green light given to solar farm.

Guy's and St Thomas' NHS Foundation Trust has become the first in the country to pilot a daily riverboat delivery service as part of plans to reduce its carbon footprint.

UK healthcare targets and key policies

Targets:

- UK government binding target to reach net zero emissions by 2050.
- NHS ambition to become the world's first net zero health service by 2040
- IHPN industry-wide pledge to achieve net zero emissions by 2035 and a net zero supply chain by 2045.

Key policy:

- UN 17 Sustainable Development Goals
- Net Zero Strategy: Build Back Greener
- NHS Long Term Plan
- Draft Health and Care Bill
- Greener NHS programme
- Delivering a Net Zero NHS

Supplying to the NHS – what you need to be aware of

- Public procurement rules – recent guidance including:
 - PPN 06/20: Taking account of social value in the award of central government contracts (to be applied to the NHS from 2022)
 - PPN 06/21 – Taking Account of Carbon Reduction Plans in the procurement of major government contracts (to be applied to NHS suppliers for contract values of £5m+ from 2023)
- Green Paper on Transforming Public Procurement
- Net Zero Supplier Roadmap:
 - 2024: PPN06/21 extended to all contracts, irrespective of value
 - 2030 - suppliers will only be able to qualify for NHS contracts if they can demonstrate their progress through published progress reports and continued carbon emissions reporting through the supplier framework
- Specific contractual obligations and reporting requirements now becoming mandatory, e.g. NHS Standard Contract, Model Services Contract etc

Key themes / challenges

- Healthcare businesses need to articulate what their ambitions are for achieving net zero / wider ESG goals and how they will achieve them
- Temptation to think of this as a long-term issue; but actually it is a short term issue as decisions and action are needed asap, in particular if supplying to the NHS
- Needs to be applied to decision-making and processes across all levels of a business and its supply chain
- Avoid box ticking / window dressing / 'greenwashing'
- Be aware that the ESG landscape is constantly changing / lack of standardisation
- Quality, consistency and reliability of data is key
- Lack of resources/systems to drive improvements needs to be tackled
- Take practical steps towards net zero

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