



# What is ESG and how do I help my Hospital?

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## What is ESG?

ESG stands for environmental, social, and governance. These three areas within a business are reported annually and evaluated to measure a company's social consciousness and sustainability. An organization's ESG pillars can feed its growth in value and competitiveness. From a business's perspective, evaluating its ESG areas allows it to capture opportunities and risks within the company. Which can optimize a company's productivity and save money. Companies that regularly invest in their ESG pillars may refer to this as their ESG strategy.

## How can it help hospitals?

ESG efforts are for all businesses, including healthcare facilities. It is shown that companies utilizing an ESG strategy tend to perform better and are financially stronger than those not utilizing it (Journal of Sustainable Finance & Investment). Healthcare industry leaders are starting to find that this strategy can also benefit them. To understand the benefits of the ESG framework in the healthcare industry, let's evaluate each ESG pillar in a hospital.

### *Environmental*

When applying the ESG framework to a healthcare setting, the environmental pillar would address the environmental impact the healthcare facility is having on the community around it and globally. This pillar alone has a large impact on the healthcare industry, due to the fact that U.S. healthcare accounts for an estimated 8.5% of the nation's greenhouse gas emissions.

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### Environmental

- Energy use and efficiency
- Greenhouse gas emissions
- Waste reduction
- Carbon footprint

### Social

- Working conditions & benefits
- Impact on local communities
- Health & safety initiatives

### Governance

- Compliance
- Ethical business practices
- Stakeholder engagement
- Shareholder rights

Assessing the environmental pillar in the healthcare sector alone has shown to bring about many benefits and added value, not only, to the healthcare facilities, but also, to everyone impacted by them. Furthermore, when assessing a healthcare facility's environmental impact, specifically, one may look at a hospital's energy use, waste use, and, at large, its greenhouse gas emissions.

### *Social*

The next pillar in the ESG framework, social, looks at an organization's impact on people. For a hospital or other healthcare facility, this could mean evaluating a hospital's safety initiatives, working conditions/benefits, impact on the local community, and more. Truly any initiative or program that directly or indirectly impacts its employees, patients, or the community surrounding it.

### *Governance*

The final pillar in the ESG framework, governance, analyzes an organization's management, policies, and compliance. In the healthcare sector, the governance pillar could include assessing its HIPAA or cybersecurity practices, price transparency, ethics, and more. Governance issues, similar to those just mentioned, are a very real concern for stakeholders currently in the healthcare sector.

In review, the ESG framework has already proven to be a beneficial strategy in other industries. Applying it to organizations in the healthcare industry would allow for, not only, the organization to flourish, but also, at large the communities surrounding it.