## **ESG** Alert



# HHS Invites Health Care Industry to Make Climate Pledge

May 2, 2022

### **Key Points:**

- U.S. hospitals, health systems, suppliers, pharmaceutical companies and other industry stakeholders are invited to submit voluntary pledges to reduce greenhouse gas emissions and increase their climate resilience.
- Pledges are due by June 3, 2022, and the White House plans to host a convening in June to highlight health care sector progress in promoting climate actions.
- Organizations interested in signing the pledge should develop policies and procedures that will support their commitments, identify tools to assist with emission tracking, designate individuals within the institution responsible for each of the initiatives and update ESG strategies.

On Friday, April 22, the Biden administration called upon the health care industry to step up efforts to address the climate crisis. The health care sector is said to be responsible for as much as 4.6 percent of total greenhouse gas (GHG) emissions globally and as much as 8.5 percent in the United States. Among health care sector participants, hospitals have the most substantial carbon footprint, followed by physician and clinical services and pharmaceutical manufacturers.

By signing the pledge, health care organizations will be committing to:

- 1. Reducing their organization's emissions (50 percent by 2030 and to net-zero by 2050) and publicly reporting on their progress.
- 2. Designating an executive-level lead for the organization's emission reduction work.
- 3. Completing an inventory of Scope 3 (supply chain) emissions.
- 4. Developing climate resilience plans for their facilities and communities.

The White House will recognize those that sign the pledge at an event to be held in June.

A link to the pledge form can be found here. Completed forms must be submitted via email to OCCHE@hhs.gov by June 3, 2022.

#### **Contact Information**

If you have any questions about this process, would like assistance with pledge implementation or have need of counsel regarding your organization's ESG strategies and programs, please contact:

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# HHS Continues to Develop Robust Climate Change and Health Equity Initiatives

The pledge follows a series of recent policy developments initiated by the U.S. Department of Health and Human Services (HHS) that demonstrated the agency's commitment to addressing the intersection between climate change and public health harms.

For example, the HHS Office of Climate Change and Health Equity (OCCHE), which was established in August of 2021, will play an active role in communicating information about the pledge opportunity, accepting signed pledge forms and answering questions. Stakeholders interested in the pledge opportunity can register here for an informational webinar that will be hosted by HHS OCCHE from 1:00 pm – 1:45 pm ET on May 5, 2022.

### What Are the Potential Implications of Signing the Pledge?

The pledge is entirely voluntary, and signing the pledge does not itself legally bind an organization to adhere to its terms. However, organizations that sign the pledge are expected to work toward these commitments and proactively share their progress with the public.

Public transparency has been a consistent theme in the Biden administration's whole-of-government approach to combat the climate crisis. For example, the Securities and Exchange Commission (SEC) recently proposed amendments that would require public companies to make certain environmental- and climate-related disclosures.

By making a public commitment, pledge signatories may experience increased public scrutiny or pressure from activist shareholders seeking to hold organizations accountable.

## What Should Organizations Do in Order to Implement the Pledge?

To meet the pledge's commitments, organizations will want to:

- Develop and update, as needed, internal policies and procedures related to the tracking and reporting of emissions. Pledge signatories may find federal tools, such as Environmental Protection Agency's (EPA) ENERGY STAR Portfolio Manager platform, useful in meeting these emission-related commitments.
- Determine the baseline year that will be used for emission reduction commitments.
   HHS suggests, but does not require, that organizations use 2008 as the baseline year to align with requirements for federal health systems.
- Identify individuals within the organization who will support the various commitments under direction of the designated executive-level lead.
- Evaluate and update, as needed, environmental, social and governance (ESG) strategies to support the assessment and development of a climate resilience plan that will emphasize the experiences and needs of marginalized communities.

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<sup>2</sup> *Id*.

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<sup>&</sup>lt;sup>1</sup> https://www.commonwealthfund.org/publications/explainer/2022/apr/how-us-health-care-system-contributes-climate-change.