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What the US health care sector can learn from Coca-Cola

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A new, Yale-led analysis suggests that the Coca-Cola Company and a number of other corporations are the real thing when it comes to publicly reporting the environmental impact of their operations—something the American health care industry would do well to replicate.

Writing in the *New England Journal of Medicine Catalyst*, Dr. Jodi Sherman, an associate professor of anesthesiology and epidemiology at Yale, Todd Cort, a lecturer at the Yale School of Management, and their colleagues said U.S. health care organizations—and the public—would greatly benefit from providing regular, comprehensive data on their sustainability efforts.

Some 2,000 major companies, including 90 percent of S&P 500 companies, annually produce such sustainability reports. The vast majority of U.S. health care organizations do not.

"The health care sector, which is responsible for 18 percent of the U.S. economy, should be leading the rest of industry in its environmental performance. Instead, health care organizations are lagging far behind," said Sherman, whose research focuses on sustainability and supply chain issues in the U.S. healthcare industry.

"We're in the midst of a climate change crisis, and the health care industry is contributing to the problem," she added. "We need data, not anecdotes."

Researchers from the Icahn School of Medicine at Mount Sinai Hospital, the University of Texas, and the World Bank co-authored the analysis.

In the study, the authors cited a number of essential sustainability data points that U.S. health care organizations should include in regular reports, starting with their efforts to mitigate greenhouse gas emissions across their entire operations and supply chain. Likewise, the authors said, health care firms should report on fuel that is burned on-site, electricity that has been purchased, and greenhouse gas emissions associated with all goods and services that support their operations—essential data for accountability and strategic management.

These disclosures are commonly termed Corporate Social Responsibility (CSR) or Environment, Social, and Governance (ESG) reporting, the authors said. Companies create these reports using frameworks such as Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) to collect, track, and organize sustainability information. CSR and ESG are based on the Triple Bottom Line—People, Planet, Profit—accounting concept that seeks to quantitatively measure the environmental and social costs, in addition to the financial costs, of business operations.

"Roughly 80 percent of emissions in the health care industry come from the supply chain," Sherman said, "and it cannot be ignored."

Providing sustainability data would also benefit U.S. health care companies financially, Cort noted—a fact that continues to emerge in the broader business community.

Sustainability reporting and transparency often bring new market opportunities from clients and customers who are concerned about climate change. Similarly, Cort said, investors and lenders alike are paying greater attention to sustainability and the risks posed by companies that do not address their own environmental impact in a meaningful way.

There is also increased social pressure from consumers, regulators, lawmakers, and employees to see companies address any policies or practices that contribute to climate change, biodiversity loss, or damage to ecosystems, he said.

"There are tangible financial benefits attached to reporting on sustainability," Cort said. "That's why Coca-Cola and others do this."

The authors highlighted one non-U.S. health care system—the National Health Service in England—as being a world leader in providing environmental data that meet international standards for scientific accountability. They also noted that a governmental mandate would likely be required for U.S. health care companies to report sufficient, rigorous, verifiable environmental data.

First author Emily Senay, an assistant professor at the Icahn School of Medicine at Mount Sinai Hospital in New York, added that health care companies' sustainability reports should also include those efforts to sustain the well-being of the human beings that are part of a company's operations.

Many large companies, Senay said, disclose data on their work to create equitable, safe, and healthy workplaces and communities. Diversity, equity, and inclusion are core features of ESG reporting, for example.

"If Coca-Cola and Wal-Mart can tell people what they're doing to protect their human capital, and the planet, then why shouldn't hospitals?" Senay said.

Provided by Yale University

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