IFRS Sustainability

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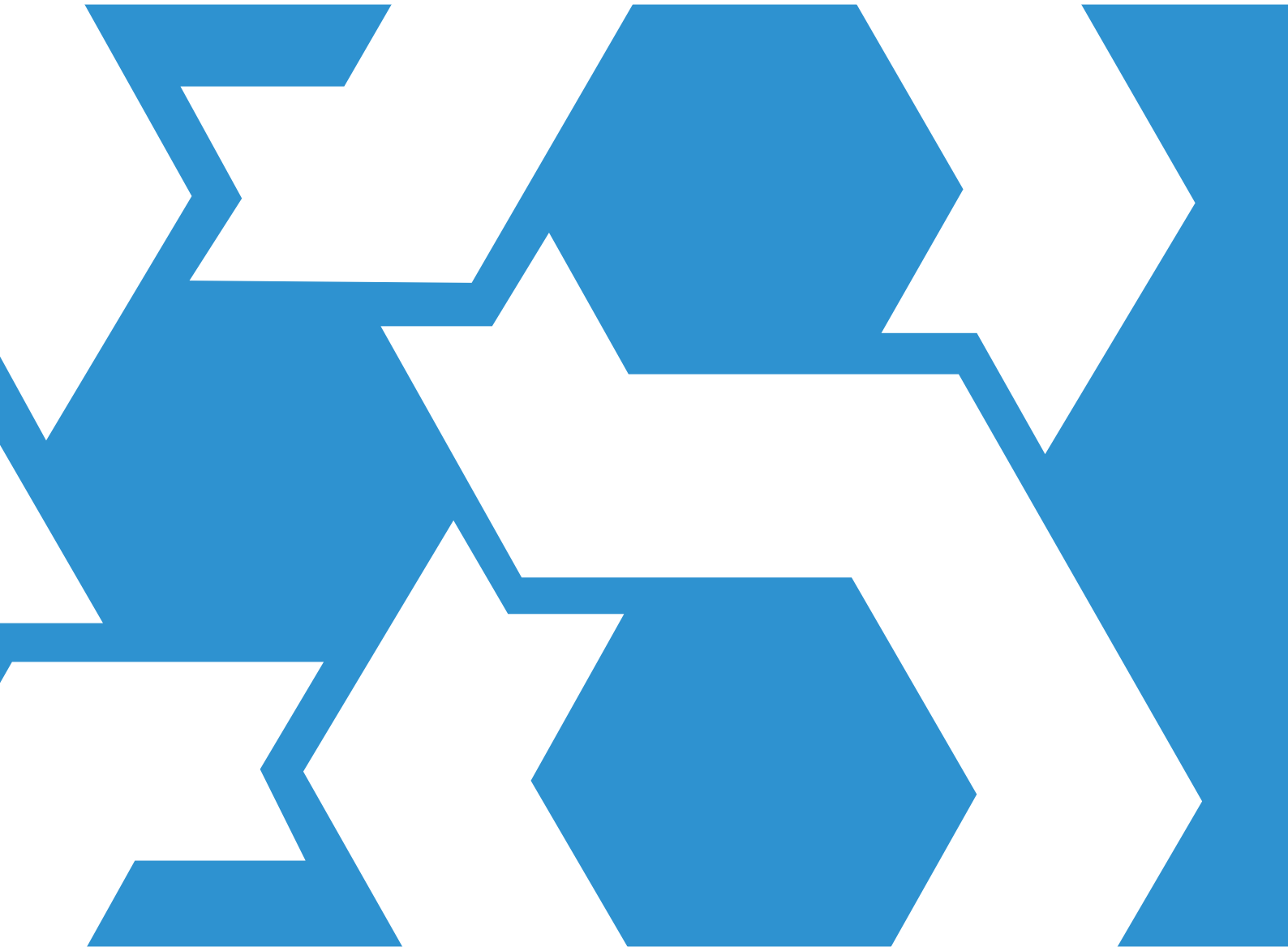
Exposure Draft

IFRS® Sustainability Disclosure Standard

[Draft] IFRS S2 Climate-related Disclosures
Appendix B Industry-based disclosure requirements

Volume B28—Health Care Delivery

Comments to be received by 29 July 2022



International Sustainability Standards Board

ED/2022/S2

This industry from Appendix B Industry-based disclosure requirements accompanies the Exposure Draft ED/2022/S2 *Climate-related Disclosures* (published March 2022; see separate booklet). It is published by the International Sustainability Standards Board (ISSB) for comment only. Comments need to be received by 29 July 2022 and should be submitted by email to commentletters@ifrs.org or online at https://www.ifrs.org/projects/open-for-comment/.

All comments will be on the public record and posted on our website at www.ifrs.org unless the respondent requests confidentiality. Such requests will not normally be granted unless supported by a good reason, for example, commercial confidence. Please see our website for details on this policy and on how we use your personal data. If you would like to request confidentiality, please contact us at commentletters@ifrs.org before submitting your letter.

Introduction

This volume is part of Appendix B of [draft] IFRS S2 Climate-related Disclosures *and is an integral part of that [draft] Standard. It has the same authority as the other parts of that [draft] Standard.*

This volume sets out the requirements for identifying, measuring and disclosing information related to an entity's significant climate-related risks and opportunities that are associated with specific business models, economic activities and other common features that characterise participation in this industry.

The industry-based disclosure requirements are derived from SASB Standards (see paragraphs B10–B12 of [Draft] IFRS S2 *Climate-related Disclosures*). Amendments to the SASB Standards, described in paragraph B11, are marked up for ease of reference. New text is underlined and deleted text is struck through. The metric codes used in SASB Standards have also been included, where applicable, for ease of reference. For additional context regarding the industry-based disclosure requirements contained in this volume, including structure and terminology, application and illustrative examples, refer to Appendix B paragraphs B3–B17.

Health Care Delivery

Industry Description

The Health Care Delivery industry owns and manages hospitals, clinics, and other health care-related facilities. Companies provide a range of services, including inpatient and outpatient care, surgery, mental health, rehabilitation, and clinical laboratory services. Demand for health care delivery services is driven largely by rates of insurance coverage, demographics, illness, and injury rates. ~~The U.S. Patient Protection and Affordable Care Act (PPACA) increased the number of individuals with insurance, however, the future of this legislation remains uncertain.~~ The industry is characterized by high fixed labor and facilities costs, and an increased regulatory emphasis on reduced costs of care and improved outcomes. Health care delivery companies also face significant competition for patients and resources from private, nonprofit, and religious health care systems.

Sustainability Disclosure Topics & Metrics

Table 1. Sustainability Disclosure Topics & Metrics

TOPIC	METRIC	CATEGORY	UNIT OF MEASURE	CODE
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	HC-DY-130a.1
Waste Management	Total amount of medical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	Quantitative	Metric tons (t)	HC-DY-150a.1
	Total amount of: (1) hazardous and (2) non-hazardous pharmaceutical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled	Quantitative	Metric tons (t), Percentage (%)	HC-DY-150a.2
Climate Change Impacts on Human Health & Infrastructure	Description of policies and practices to address: (1) the physical risks due to an increased frequency and intensity of extreme weather events and (2) changes in the morbidity and mortality rates of illnesses and diseases, associated with climate change	Discussion and Analysis	n/a	HC-DY-450a.1

Table 2. Activity Metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE
Number of (1) facilities and (2) beds, by type	Quantitative	Number	HC-DY-000.A
Number of (1) inpatient admissions and (2) outpatient visits	Quantitative	Number	HC-DY-000.B

Energy Management

Topic Summary

Health care delivery companies operate energy-intensive facilities and rely on both purchased electricity and fuel. The consumption of both can contribute to environmental impacts, including climate change and pollution. Legislative attempts to limit these impacts and to incentivize energy efficiency and renewable energy may result in price volatility associated with fossil fuels and conventional electricity. Companies that are able to improve energy efficiency can decrease costs and limit exposure to fluctuations in energy pricing.

Metrics

HC-DY-130a.1. (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable

1 The entity shall disclose (1) the total amount of energy it consumed as an aggregate figure, in gigajoules (GJ).

1.1 The scope of energy consumption includes energy from all sources, including energy purchased from sources external to the entity and energy produced by the entity itself (self-generated). For example, direct fuel usage, purchased electricity, and heating, cooling, and steam energy are all included within the scope of energy consumption.

1.2 The scope of energy consumption includes only energy directly consumed by the entity during the reporting period.

1.3 In calculating energy consumption from fuels and biofuels, the entity shall use higher heating values (HHV), also known as gross calorific values (GCV), which are directly measured or taken from the Intergovernmental Panel on Climate Change (IPCC)~~, the U.S. Department of Energy (DOE), or the U.S. Energy Information Administration (EIA)~~.

2 The entity shall disclose (2) the percentage of energy it consumed that was supplied from grid electricity.

2.1 The percentage shall be calculated as purchased grid electricity consumption divided by total energy consumption.

3 The entity shall disclose (3) the percentage of energy it consumed that is renewable energy.

3.1 Renewable energy is defined as energy from sources that are replenished at a rate greater than or equal to their rate of depletion, such as geothermal, wind, solar, hydro, and biomass.

3.2 The percentage shall be calculated as renewable energy consumption divided by total energy consumption.

3.3 The scope of renewable energy includes renewable fuel the entity consumed, renewable energy the entity directly produced, and renewable energy the entity purchased, if purchased through a renewable power purchase agreement (PPA) that explicitly includes renewable energy

certificates (RECs) or Guarantees of Origin (GOs), a Green-e Energy Certified utility or supplier program, or other green power products that explicitly include RECs or GOs, or for which Green-e Energy Certified RECs are paired with grid electricity.

3.3.1 For any renewable electricity generated on-site, any RECs and GOs must be retained (i.e., not sold) and retired or cancelled on behalf of the entity in order for the entity to claim them as renewable energy.

3.3.2 For renewable PPAs and green power products, the agreement must explicitly include and convey that RECs and GOs be retained or replaced and retired or cancelled on behalf of the entity in order for the entity to claim them as renewable energy.

3.3.3 The renewable portion of the electricity grid mix that is outside of the control or influence of the entity is excluded from the scope of renewable energy.

3.4 For the purposes of this disclosure, the scope of renewable energy from ~~hydro and~~ biomass sources is limited to ~~the following:~~

~~3.4.1 Energy from hydro sources is limited to those that are certified by the Low Impact Hydropower Institute or that are eligible for a state Renewable Portfolio Standard;~~

~~3.4.2~~ ~~Energy from biomass sources is limited to~~ materials certified to a third-party standard (e.g., Forest Stewardship Council, Sustainable Forest Initiative, Programme for the Endorsement of Forest Certification, or American Tree Farm System), materials considered eligible sources of supply according to the *Green-e Framework for Renewable Energy Certification, Version 1.0* (2017) or Green-e regional standards, and/or materials that are eligible for an applicable state renewable portfolio standard.

4 The entity shall apply conversion factors consistently for all data reported under this disclosure, such as the use of HHVs for fuel usage (including biofuels) and conversion of kilowatt hours (kWh) to GJ (for energy data including electricity from solar or wind energy).

Waste Management

Topic Summary

Health care delivery companies generate a significant amount of regulated medical and pharmaceutical waste. Disposal fees for these types of waste are typically higher than that of conventional waste and can present a significant cost for the industry. Companies that are able to reduce the amount of waste generated by enhanced waste segregation strategies, recycling, and reuse can limit their exposure to these costs.

Metrics

HC-DY-150a.1. Total amount of medical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled

1 The entity shall disclose the total amount of medical waste generated, in metric tons, aggregated for all facilities it owns and operates.

2 Medical waste (also known as regulated medical waste, infectious waste, biomedical waste, or biohazardous waste), that may be subject to ~~federal or state level regulation, shall be defined according to the expired Medical Waste Tracking Act of 1988 and~~ jurisdictional regulation, includes:

2.1 Cultures and Stocks — Cultures and stocks of infection agents and associated biological cultures, including cultures from medical and pathological laboratories, and stocks of infectious agents from research and industrial laboratories, waste from the production of biological, discarded live and attenuated vaccines, and culture dishes and devices used to transfer, inoculate, and mix cultures.

2.2 Pathological Wastes — Human pathological wastes, including tissues, organs, body parts, and body fluids that are removed during surgery and autopsy, or other medical procedures, and specimens of body fluids and their containers.

2.3 Human Blood and Blood Products — (1) Liquid waste human blood; (2) products of blood; (3) items saturated and/or dropping with human blood; or (4) items that were saturated and/or dripping with human blood that are now caked with dried human blood, including serum, plasma, and other blood components, and their containers that were used or intended for use in patient care, testing and laboratory analysis, or the development of pharmaceuticals. Intravenous bags are also included in this category.

2.4 Sharps — Sharps that have been used in animal or human patient care or treatment, or in medical research or industrial laboratories, including hypodermic needles, syringes (with or without the attached needle), Pasteur pipettes, scalpel blades, blood vials, needles with attached tubing, and culture dishes (regardless of presence of infectious agents). Also included are other types of broken or unbroken glassware that were in contact with infectious agents, such as used slide and cover slips.

2.5 Animal Waste — Contaminated animal carcasses, body parts, and bedding of animals that were known to have been exposed to infectious agents during research (including research in veterinary hospitals), production of biologicals, or testing of pharmaceuticals.

2.6 Isolation Wastes — Biological waste and discarded materials contaminated with blood, excretion, exudates, or secretions from humans who are isolated to protect others from certain highly communicable diseases, or isolated animals known to be infected with highly communicable diseases.

2.7 Unused Sharps — The following unused discarded sharps: hypodermic needles, suture needles, syringes, and scalpel blades.

3 The entity shall calculate the percentages of medical waste by their final disposition method as the total weight of medical waste generated that was (a) incinerated, (b) recycled or treated, and (c) landfilled, divided by the total weight of medical waste generated.

3.1 Recycling or treatment shall include disposal via recycling facility, treatment facility, or other (e.g., return to a supplier or commercial composting).

4 If the entity utilizes a waste transport service, broker, or intermediary to handle its medical waste, it shall make a good faith effort to determine the final disposition method.

HC-DY-150a.2. Total amount of: (1) hazardous and (2) non-hazardous pharmaceutical waste, percentage (a) incinerated, (b) recycled or treated, and (c) landfilled

1 The entity shall disclose (1) the total amount of hazardous pharmaceutical waste generated, in metric tons, aggregated for all facilities it owns and operates, and the percentage (a) incinerated, (b) recycled or treated, and (c) landfilled.

1.1 Hazardous pharmaceutical waste is defined per the legal or regulatory framework(s) applicable within the jurisdiction(s) where the waste is generated ~~waste includes listed Resource Conservation and Recovery Act (RCRA) waste and non-listed, characteristic waste~~.

~~1.1.1 Listed RCRA waste is defined as waste that appears on one of the four hazardous wastes lists (F-list, K-list, P-list, or U-list) found in regulation 40 CFR Part 261.~~

1.2 ~~1.1.2~~ ~~Non-listed, characteristic waste is defined as waste that exhibits at least one of four characteristics~~Hazardous pharmaceutical waste generally includes those that display the following characteristics: ignitibility, corrosivity, reactivity, or toxicity.

~~1.2 The entity shall follow the most recent version of definitions provided by the Environmental Protection Agency (EPA) Management Standards for Hazardous Waste Pharmaceuticals.~~

1.3 The entity shall calculate the percentages of hazardous pharmaceutical waste by their final disposition method as the total weight of hazardous pharmaceutical waste generated that was (a) incinerated, (b) recycled/ treated, and (c) landfilled, divided by the total weight of hazardous pharmaceutical waste generated.

1.3.1 Recycling or treatment shall include disposal via recycling facility, treatment facility, or other (e.g., return to a supplier or commercial composting).

1.4 The entity may use the U.S. Environmental Protection Agency's (EPA) Resource Conservation and Recovery Act (RCRA) or the EU Waste Framework Directive (Directive 2008/98/EC on waste, including its subsequent amendments) for the purposes of defining hazardous pharmaceutical waste for operations located in jurisdictions that lack applicable legal or regulatory definitions.

1.5 The entity shall disclose the applicable jurisdictional standard or regulation used to define hazardous pharmaceutical waste.

2 The entity shall disclose (2) the total amount of non-hazardous pharmaceutical waste generated, in metric tons, aggregated for all facilities it owns and operates, and the percentage (a) incinerated, (b) recycled or treated, and (c) landfilled.

2.1 Non-hazardous (solid) waste is defined as any garbage or refuse, sludge from a wastewater treatment plant, water supply treatment plant, or air pollution control facility and other discarded material, including solid, liquid, semi-solid, or contained gaseous material resulting from industrial, commercial, mining, and agricultural operations, and from community activities. It may require special handling because it is a controlled substance or poses an environmental or human health effect.

2.2 The entity shall calculate the percentages of non-hazardous pharmaceutical waste by their final disposition method as the total weight of non-hazardous pharmaceutical waste generated that was (a) incinerated, (b) recycled/treated, and (c) landfilled, divided by the total weight of non-hazardous pharmaceutical waste generated.

2.2.1 Recycling or treatment shall include disposal via recycling facility, treatment facility, or other (e.g., return to a supplier or commercial composting).

3 If there are other disposition methods for hazardous or non-hazardous pharmaceutical waste (e.g., composting or permanent long-term storage), then the entity should disclose these.

4 If the entity utilizes a waste transport service, broker, or intermediary to handle its pharmaceutical waste, it shall make a good faith effort to determine the final disposition method.

Climate Change Impacts on Human Health & Infrastructure

Topic Summary

An increase in extreme weather events associated with climate change could present physical threats to health care delivery facilities and create challenges in serving affected populations. Coupled with the potential spread of infectious diseases, and food and water scarcity, these events may present material implications for the Health Care Delivery industry. Company disclosure on policies, practices, and preparedness relating to climate change will help investors understand how value will be protected.

Metrics

HC-DY-450a.1. Description of policies and practices to address: (1) the physical risks due to an increased frequency and intensity of extreme weather events and (2) changes in the morbidity and mortality rates of illnesses and diseases, associated with climate change

1 The entity shall describe the nature, scope, and implementation of its policies and practices related to addressing the risks to physical infrastructure and assets presented by changes in the frequency, severity, type, and geographic location of extreme weather events such as:

1.1 Risks to physical infrastructure that is located in flood prone low-lying and/or hurricane-prone areas

1.2 Risks to physical infrastructure based on facility design, such as having key medical equipment in basements or the availability of backup power

2 The entity shall describe the nature, scope, and implementation of its policies and practices related to addressing the risks presented by the changes in prevalence, geography, and severity of certain diseases that are likely to be impacted by climate change, such as:

2.1 The need for added and/or flexible capacity due to influx of patients due to heat-related illness

2.2 Obtaining the necessary facilities and expertise to identify and treat changing disease profiles in patients, such as for:

2.2.1 Malaria, dengue fever, and other vector borne diseases that affect tropical populations, but due to climate change may target non-tropical regions in the future

2.2.2 Heat-related diseases (e.g., lung diseases such as asthma caused by increases in ground level ozone)

2.2.3 Waterborne diseases (e.g., cholera due to increased flooding incidence)

2.2.4 Human developmental disorders (e.g., malnutrition due to decreased food availability)

