

2024 VIZIENT CONNECTIONS SUMMIT

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Strategies for Building a Better Future: How to Integrate Sustainability and Diversity into Facility Growth and Expansion

Theresa Brigden, Senior Principal, Indirect Spend, Vizient
Shaleta Dunn Vick, Vice President, ESG Impact Spend, Vizient

Learning objectives

- Discuss best practices and strategies to effectively incorporate sustainability and diversity goals into the planning process for facility growth and expansion.
- Explain how to effectively engage suppliers in achieving sustainability and diversity objectives.



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Opportunity and obstacles

Three ways to address Environmental Social Governance Impact Spend

- **Vizient Vulnerability Insights**
 - Employment
 - Connection between addressing social determinants of health
 - Construction opportunities governed by wage requirements
 - Include language in construction contracts
 - Urban, suburban, rural outreach
- **Environmental Sustainability**
- **Economic impact**



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Pollution: our planet's urgent call to action



Climate change contributes directly to the increasing **scale**, **frequency** and **intensity** of humanitarian emergencies.

The direct damage costs to health is estimated to be between **US\$ 2–4 billion per year by 2030**.¹

¹World Health Organization; 2024. Accessed Aug. 1, 2024.
https://www.who.int/health-topics/climate-change#tab=tab_1

Vizient action:

- Suppliers requested to disclose Scope 1 and Scope 2 to Vizient
- Climate Performance Solutions greenhouse gas data reporting tool offered to providers
- Co-leading Collective Healthcare Action to Reduce MedTech Emissions (CHARME) to address and reduce greenhouse gas emissions within the U.S. healthcare sector's MedTech supply chain

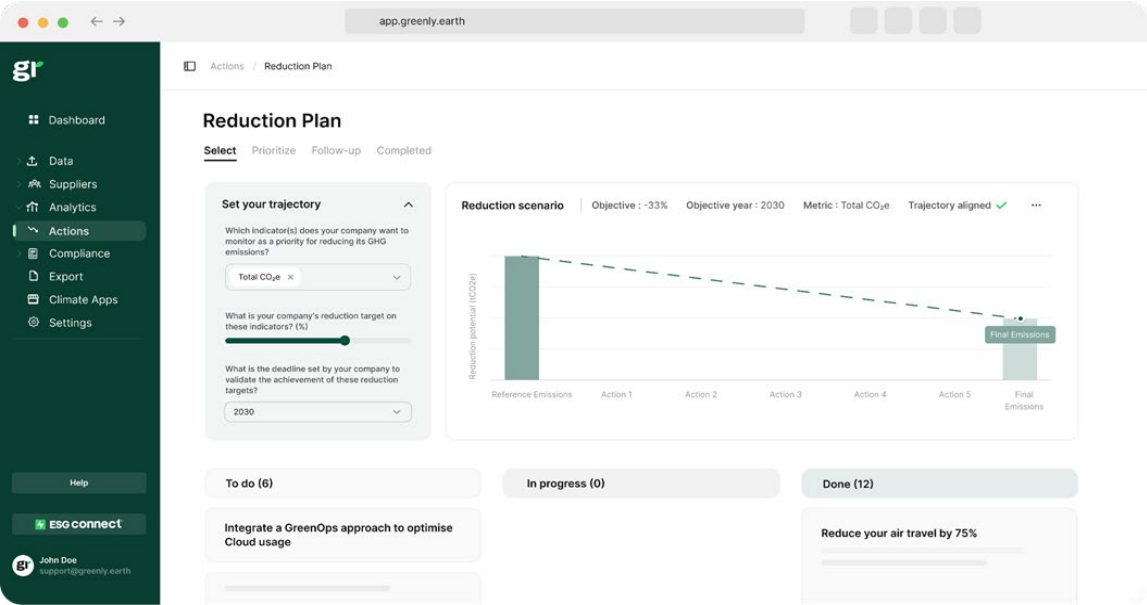
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Emissions: Scope 1, 2, and 3



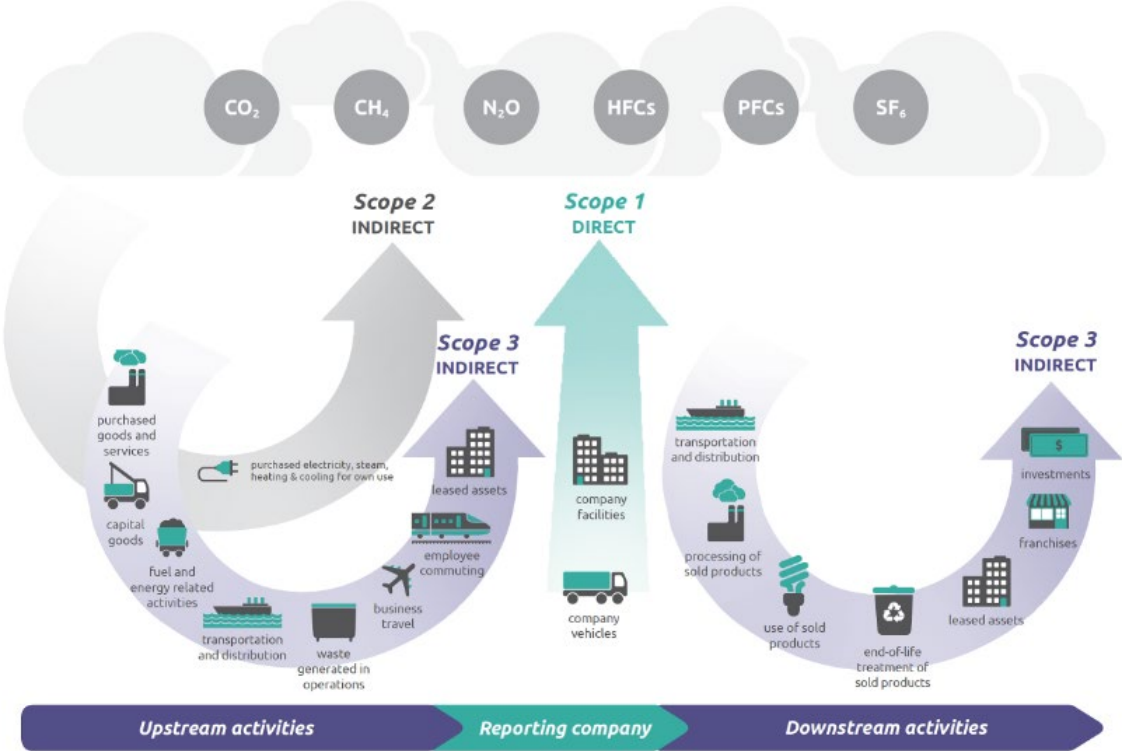
greenly

Carbon accounting platform



The White House pledge:
Reducing greenhouse emissions by 50% by 2023.

Overview of GHG Protocol scopes and emissions across the value chain



Source: [WRI/WBCSD Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard \(PDF\)](#), page 5.

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Diversity Tiers 1 and 2

What is supplier diversity? A strategic business practice that seeks to ensure a **diverse and inclusive** supplier base.

Implementation involves setting diversity goals, developing policies and procedures to identify and engage diverse suppliers, and tracking and reporting on diversity spend and outcomes.

- **Tier 1** – Total procurement dollars that are spent directly with a certified diverse supplier, distributor, and vendor.
- **Tier 2** – Total procurement dollars that a prime supplier directly or indirectly spends with diverse suppliers, contractors, subcontractors, and vendors.



Facilities operations and construction considerations

- Understand your organizations' targeted program goals and objectives and how facilities and construction roles support program goals and objectives
- Product and equipment selection impact
 - Chemicals of concern, monitor, document and report
 - Energy efficiency
 - Creating jobs
- Decisions on diversity goals and objectives
- Inception to completion – master planning, programming, construction, maintenance
- Design and construction partners must understand expectations, goals and objectives



Government mandates and compliance requirements



Diverse supplier reporting bill: California AB962 and AB1392

- Understand local, state and federal requirements
 - Vizient can support your efforts to address mandates
- Adopt best practices in your region
- Add requirements into contractual documents
- Understand how your organization recognizes community needs

SEC Climate Disclosure Rules:

- Adopted on March 6, 2024, these rules require public companies to disclose climate-related risks and their potential impacts on business strategies and financial conditions.
- Companies must report Scope 1 and Scope 2 greenhouse gas (GHG) emissions if they are material, with phased-in compliance deadlines starting in 2025 for large accelerated filers and 2026 for others.

California Climate Accountability Package (CCAP):

- Under SB 253, entities with over \$1 billion in annual revenue doing business in California must disclose their Scope 1, 2, and 3 GHG emissions starting in 2026, with assurance requirements phased in.
- SB 261 mandates that companies with over \$500 million in revenue must publish a TCFD-aligned climate risk report biannually, also starting in 2026.

Federal Supplier Climate Risks and Resilience Proposed Rule:

- This proposed rule targets federal contractors, requiring them to disclose climate-related risks and emissions as part of their contract evaluations, signaling a shift towards integrating climate considerations into federal procurement processes.

Compliance and Penalties:

- Non-compliance with these regulations can lead to significant administrative penalties, such as up to \$500,000 for violations of SB 253 in California and \$50,000 for SB 261

Achieving goals

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- Understand your goals and drivers
- Get commitment on planning, design, construction
- How do you do that in facilities and construction
 - *(education i.e., vendor fairs)*



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What this means to you

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- Competitiveness – become hospital of choice, thinking about their community: Provider A, Provider B, Provider C
- How this benefits providers
 - Improves patient payer mix
 - How ESG Impact Spend benefits providers and your community



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Best practices: key questions to include in your design team RFP

- Does your company qualify as a certified minority, women or veteran-owned business based on U.S. Government criteria?
- Does your organization have a diversity program?
- Does your organization have a sustainability report?
- Describe your company's environmental purchasing and supply chain program.
- Describe your company's waste reduction program (energy consumption, wastewater, reduction of carbon footprint, etc.).
- Provide any environmentally preferred certification for products or manufacturing process.



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Lessons learned

- Understand your organization's objectives during planning
- Understand local, regional, state and federal regulation that may impact your initiatives
- Partner with design and construction teams that align with your core values and goals in your community



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Key takeaways

- Understand your organizations' goals and objectives top down, and how they align with your facilities and construction goals
- Insert them into your process ASAP
- You need to think about these during planning phase
- How this stays in your facility continuum



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Questions?

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