



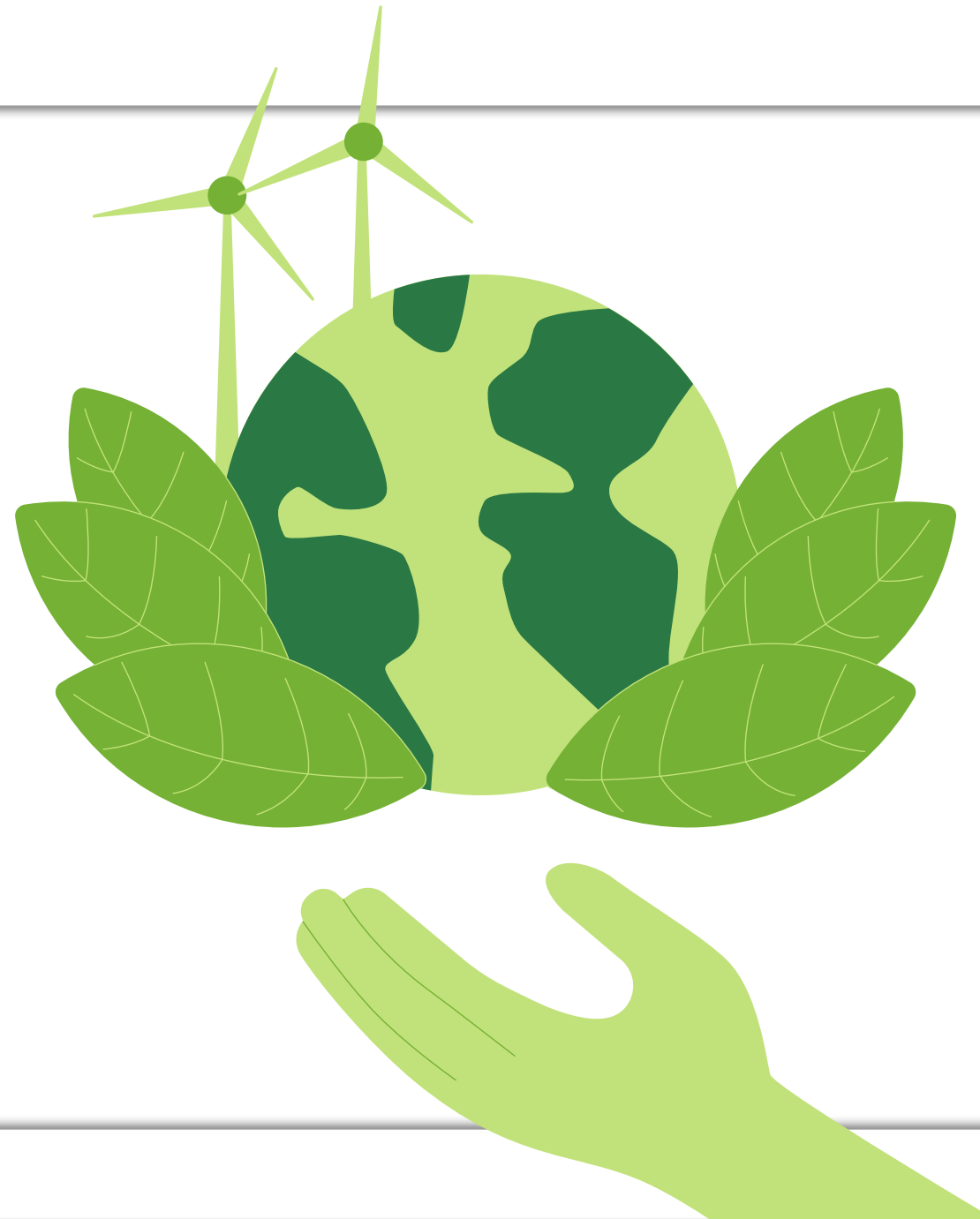
ESG Overview: To What Extent Should Radiology Practice Embrace ESG Concepts?

Kristen DeStigter, MD, FACR, FAUR

Professor and Chair, University of Vermont

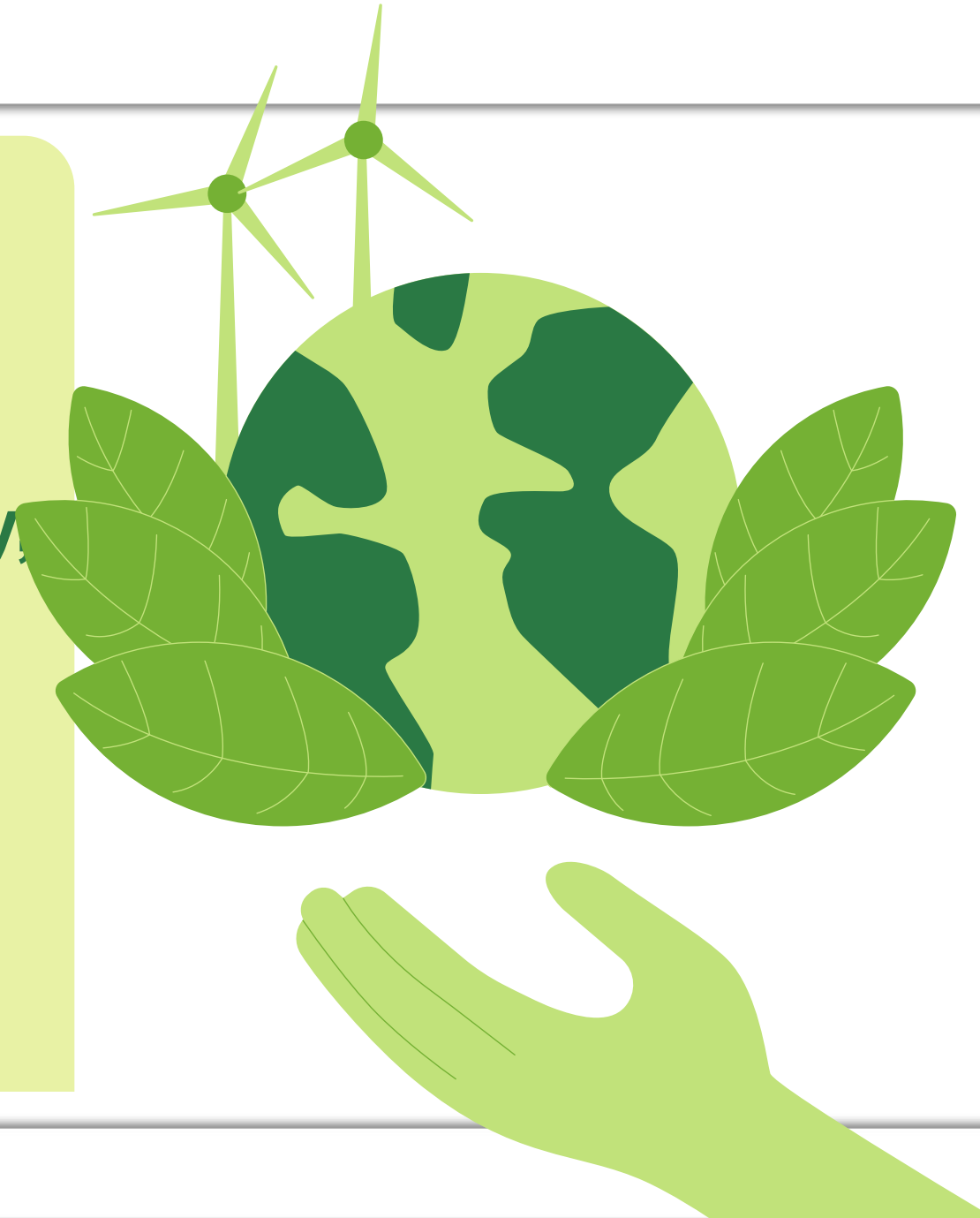
**Environmental,
Social,
Governance**

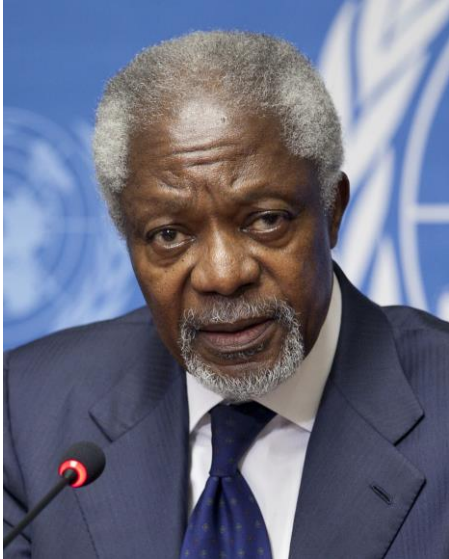
No Relevant Disclosure



Environmental Responsibility, Social Awareness, Corporate Transparency

Increasingly important to all stakeholders





Kofi Annan
Former UN Secretary General
Nobel Peace Laureate



- Launched in 2000:
- Companies, UN, civil society and labor
- 10 Principles:
 - Human Rights
 - Working Conditions
 - The Environment
 - Anti-corruption



THE GLOBAL
COMPACT

Who Cares Wins

Connecting Financial Markets
to a Changing World

Recommendations by the financial industry to better integrate environmental, social and governance issues in analysis, asset management and securities brokerage

ESG Introduced in 2004

Endorsed by:
ABN Amro • Aviva • AXA Group • Banco do Brasil • Bank Sarasin • BNP Paribas • Calvert Group • CNP Assurances
Credit Suisse Group • Deutsche Bank • Goldman Sachs • Henderson Global Investors • HSBC • Innovest
ISIS Asset Management • KLP Insurance • Morgan Stanley • RCM • UBS • Westpac

The Idea is that Companies that Perform Better Can:

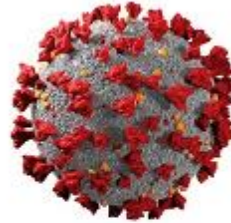
- Increase shareholder value
- Properly manage risks
- Access new markets
- Contribute to sustainable development in the societies in which they operate
- Have a strong impact on reputation and brand
- On the other hand, prospective stakeholders can be wary of how ESG practices affect companies before making investment or partnership decisions.



The Case for Sustainable Business



UN SDGs are driving a global commitment to sustainability



COVID-19 has spurred economic upheaval and The Great Reset



Inequality is driving activism



Climate change is driving corporate strategy

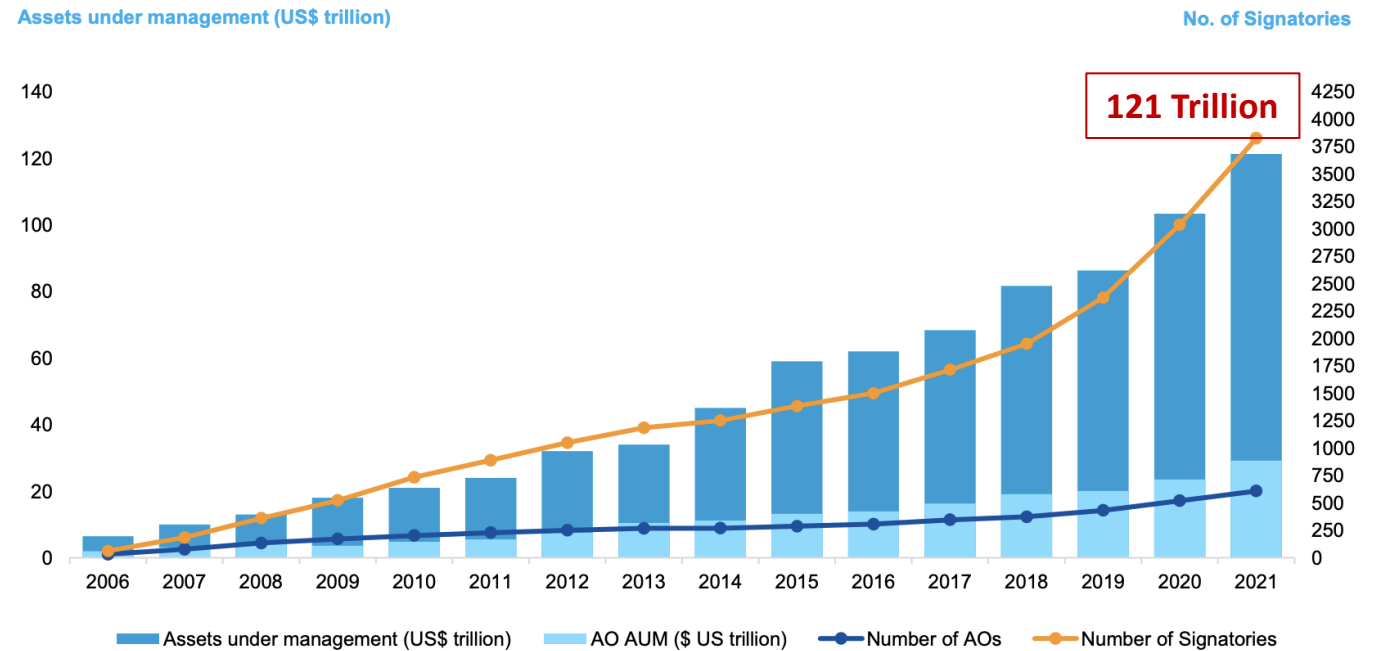
- 2015 release of 17 UN SDGs: Peace and Prosperity for the People and the Planet by 2030
- COVID-19 pandemic highlighted egregious inequities
- Me Too and Black Lives Matter Activism Movements
- Signed Paris Agreement in 2016

ESG Investing – A Changing World Since 2004

- Companies transition from “profits” to long-term value creation and risk assessment
- Flip from company-initiated ESG concepts to consumer-driven
- Pressure on financial institutions to demonstrate sustainable business practices
- The new generation of consumers prefer environmentally responsible products.
- Assets allocated to sustainable investing grew more than 60% from 2018-2021

PRI signatory growth in 2020-2021

AUM, total number of signatories and number of asset owner signatories all increased



Europe is Ahead in ESG Reporting

- To protect shareholders and create transparency, binding regulations require companies to disclose ESG metrics
- Two standards in Europe apply to companies of more than 500 people and their suppliers
- The U.S. Securities and Exchange Commission (SEC) voted to issue a proposal for public companies to have climate related disclosure rules
- The Equal Employment Opportunity Commission obliges companies to report their employee diversity





Climate change is tangible – everyone is experiencing this. Extreme heatwaves are real.

“Approximately 66% of investors reported that recent climate disasters have made them more interested in responsible investing. The desire to invest ethically is especially pronounced among millennials.”

Examples of ESG Integration & Investing

- **Stakeholders** can assess the risk/reward profile of companies for Sustainable Investing:
- **Exclusionary Investing (Socially Responsible Investing)**: Screen out controversial companies that don't meet their criteria: tobacco, fossil fuels, human rights violations, weapons production
- **Inclusionary Investing (Best in Class)**: Seek companies that are ranked highly in sustainability criteria, like top performing tech companies in ESG



Impact Investing

- **Goal-Based Investing:** focuses investments on companies and activities deemed to be actively solving a world problem and that deliver a measurable social or environmental impact along with a financial return
- Examples: clean energy, sustainable agriculture, microfinance, healthcare and education.



ENVIRONMENTAL

- Green policies since 2010
- Solar Power
- Carbon footprint reduction
- Sustainable Supply Chain
- Responsible Travel
- Partnerships with top ESG companies and other NGOs

SOCIAL

- Improved access and care for women and children through democratization
- Adherence to Labor Laws
- Workplace Safety
- Capacity Building
- Community Engagement
- Data Security and Privacy

GOVERNANCE

- URM-led business
- Corporate Governance
- Risk Mitigation
- Ethical Business Practices
- Conflict of Interest Policy
- Accounting Integrity and Transparency
- Anti-Corruption Rules

Acrimony: ESG Backlash in the USA

The leader of the House GOP's anti-ESG efforts

By ELEANOR MUELLER | 07/05/2023 12:01 PM EDT

VERBATIM



Rep. Bill Huizenga and his GOP colleagues have big plans for what they're calling ESG month. | Kevin Dietsch/Getty Images



BlackRock's support for climate and social resolutions falls sharply: Financial Times August 23, 2023

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ESG
Decarbonization
Conscientious Capitalism

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Other Arguments Against ESG

- LMIC Countries: International obligations too stringent
 - High costs to implement, monitor, and enforce
 - possible trade sanctions
 - High wealth countries make the rules
 - Uneven Playing Field, where violations in HICs remain commonplace (e.g., migrant workers in the USA)

Kenya and the US are negotiating a trade deal that could be a model for Africa - but its position on workers needs a rethink

Published: August 16, 2023 6.52am EDT



ESG Under Fire: False Reporting

- Accusations of “Greenwashing”
 - False advertise environmental friendliness
- ESG Funds Noncompliant with labor laws (London School of Economics)
- Company Argument:
 - Limits front-line decision making of organizations
 - Prioritizes ideology over profits to the detriment of consumers and markets

Michigan Journal of Economics

April 15, 2022 / MJE / Boundaries of Economics



To What Extent Should Radiology Practices Embrace ESG Concepts? **We Should Proceed Unbounded!**

- Moral imperative – right thing to do for business and the world
- Health systems have been slow to embrace ESG concepts – we can be leaders that cascade these objectives through our organizational operations
- ESG Concepts are a lens through which we must make decisions and should be integrated in our strategic planning
- We are playing the long game; no short-term ROI; redefine “profitability” to incorporate the social and environmental costs and gains realized by an enterprise’s actions
- Create a Sustainability Command Center
 - Director that looks at hospital greenhouse gas emissions and employee engagement and turnover - A Woman Radiologist!

Radiology Recommendations:

- Set clear goals and expectations: not just a label but a framework of goals to which resources should be allocated and then measured and monitored;
 - My Personal Performance Metric for FY24 is a Dept. Sustainability Audit and Plan
- Engage faculty and staff in purposeful activities – creating interdisciplinary teams to identify areas of waste and opportunities for the circular economy
- Be accountable – measure track and report on progress against objectives at least annually
- Prioritize diversity
- Improve access to affordable imaging, find ways to democratize imaging “close to home” for vulnerable patients
- Embed ESG concepts into our residency training and other educational programs as well as research
- Form Strategic Industry Collaborations built around ESG concept value propositions

JACR: Review Article

- Identify leaders and standup task groups
- Undertake a self-study
- Identify 2 initiatives in each ESG area
- Add to strategic plan
- Protocol optimization
- Effectively document and communicate progress



The screenshot shows the JACR (Journal of the American College of Radiology) website. The header features the JACR logo and the journal's name. A navigation menu includes 'Articles', 'Publish', 'Topics', 'About', and 'Contact'. The main content area is dark blue and displays the article title 'The Environmental, Social, Governance Movement and Radiology: Opportunities and Strategy' under the category 'REVIEW ARTICLE | ARTICLES IN PRESS'. The authors listed are James H. Thrall, MD, James A. Brink, MD, and Michael E. Zalis, MD. The publication date is July 23, 2023, and the DOI is <https://doi.org/10.1016/j.jacr.2023.02.036>.



“The Peacemaker taught us about the Seven Generations. He said, when you sit in council for the welfare of the people, you must not think of yourself or of your family, not even of your generation. He said, make your decisions on behalf of the seven generations coming, so that they may enjoy what you have today.”

Oren Lyons (Seneca)
Faithkeeper, Onondaga Nation
UN Member, Indigenous Peoples of the Human Rights Commission