



The impact of the climate crisis on global healthcare

ESG voices podcast series

Host

Hello and welcome to another episode of ESG voices. This podcast series addresses the opportunities and challenges within ESG. Through interviews with ESG specialists from KPMG and beyond. Throughout this series, we will discuss a broad range of environmental, social and governance issues aiming to support governments, businesses and communities in creating an equitable and prosperous future.

In today's episode, we will hear from Mike Hayes, Climate Change and Decarbonization Leader, Global Head of Renewable Energy KPMG International and Dr. Anna Van Poucke, Global Head of Healthcare KPMG International and Health Care Senior Partner at KPMG in the Netherlands.

As an area gaining increasing global attention and being explored at COP29, Mike and Anna will discuss with us the impact the climate crisis has on global healthcare, exploring the importance of health systems ability to adapt and be resilient to climate change and reduce their own emissions to contribute to the global efforts.

This is a topic with much to discuss, so let's jump right in. Mike, hoping we can start with you. The climate health nexus is a KPMG focus at COP29 this year before diving more deeply into the topic can you give our listeners an overview as to why this is such a globally relevant topic in relation to climate change?

Mike Hayes

I regard the climate health nexus as one of the most important things we need to talk about as we head into COP29. And I think the important point is that there is an impact of climate on health. And also there's an impact of health on climate. When I am going to deal with the two things separately. First of all, the impact of climate on health, my opinion quite clearly, is that the climate crisis is the single biggest threat to human health. And there's lots of studies to demonstrate this, and I won't go into them in detail. I know, and I will build on this during this discussion. But one prediction really astonishes me, which is 14.5 million additional deaths between now and 2050. And that really brings home why it's such an important issue. I'll give you one other example. Many people talk

about the melting of permafrost as one of the vast physical changes that will happen as a result of climate change. What we also need to understand is that that is going to result in the release of a vast amount of new pathogens, which have dramatic consequences for health care. There are many other examples, and we will go into it in this discussion in a little bit more detail. But I also want to turn to the flip side, which is the impact of health on climate. And we talk a lot in the world of climate about heavy emitting sectors, about aviation, shipping, cement and other things, but in the world of health care, health care can account for at least 5 percent of global emissions. And depending on how you look at it and how you cut it across different regions, it could actually be up to 10 percent in some cases.

So health care is a very, very dramatic sector which contributes to global emissions. What's been happening over the last number of years is that there's been increasing recognition of the nexus between these two critical issues. If I go back to the Paris Agreement, which we all talk about, and it's still our northern stars, we look at the whole world of climate change and how we respond to it.

Health did not get a mention, and it's only been in recent years that it's really sort of become on the agenda. It was a big feature of COP26, where it was recognized, and I know the World Health Organization started having a more meaningful presence at COP, a COP28, with a really important declaration on climate and health. And I'm hoping that that's going to lead to meaningful action.

And literally in the last week or so, the G20 in Rio de Janeiro issued a declaration on climate and health and the connection between those two issues. So we've got to a point where there's increasing recognition of this nexus. The real challenge is what are we going to do about it now?

Host

Thanks, Mike. Anna jumping to you. According to the World Health Organization, the climate crisis is the single biggest threat to health as a leader directly involved in the space how are you seeing climate change impact health care in jurisdictions globally?

Dr. Anna Van Poucke

Well, to inconvenient truth is that we're seeing this effects more and more, and they're actually increasing at a very high rate. Now let's go back to COP28, where I think and that's a very positive point. We coined the phrase that the climate crisis is a health crisis. And that really describes the reality that we are facing over and over again.

And the WHO. has actually mentioned that climate change is now representing the biggest threat to achieving universal health coverage recently. If we look at research that's being done and the research that are trying to get to the bottom of the impact of changing climate and health, we see two things. We see the direct effects. And so the direct effect observable and the effects that occur directly due to climate related events. Just look at the flooding that happened to this week. Only in Spain was now having over 200 victims already. We're talking about heat related illnesses, infectious diseases, mental health issues. And then we have the indirect effects, which are actually sort of where the effect of climate change on health are also affecting things like GDP and country. The social determinants of health, a productivity of a country. And in the end, if you look at all these effects are direct and indirect effects. What we see is that climate change is a threat multiplier and undermining decades of health progress affecting all the pillars in our health system, physical environment, disease patterns, social and economic conditions. And it was only this week that The Lancet brought out their climate countdown 2024. And if I just mention a few points there. Heat exposure has caused a record loss of 512 billion potential work hours in 23, meaning that countries are losing on their GDP. And the bad news is that especially the lower income countries are losing their GDP here. So they're losing now up to 7.6 percent of their GDP due to heat effect. Rising night temperature has led to a record 6 percent increase in sleep hours that are being lost. And at the same time, we see heat exposure leading to increased irritability, aggressive behavior, and even higher rates of suicides. Now, if I look at all the travels that I'm doing, and I'm speaking to a lot of the leaders from different nations across the globe, the Caribbean, where the low lying islands are facing increasing storms and flooding periods, putting increasing pressure on already aging infrastructure. Hospitals that now have to stop using the ground floor of medical facilities because of recurring floods. I'm looking at dengue, I'm looking at Zika, where we are seeing a very strong rise. And in my recent conversations with governments in countries like Uganda and Nigeria, it is very clear that, for example, malaria is on the rise again, going back to the levels where it was before they started all the prevention campaigns. And the reality at this moment is that there is just no clear, dry and wet season anymore. So that means that prevention is even hampered further because transportation of materials, education is difficult. And if you then look at the economical effects in countries like Nigeria, where 95 percent of all health spending is out of pocket, we could easily see that the rise of malaria means out-of-pocket spending. It means people forcing to sell their livestock and driving them into extreme poverty. So the direct and indirect effects are starting to add up and are starting to become a bigger and bigger crisis. How would even want to say it to humankind in the way we're seeing it at this moment?

Host

Thanks, Anna. That gives us a lot to think about as we head into the rest of today's episode. As these jurisdictions navigate through climate change, how can health systems ensure they're prepared to adapt and be resilient in a time of flux?

Dr. Anna Van Poucke

Yeah, when we support our clients at this moment on building climate resilient health system, we build on the WHO ten pillars of climate resilience health system, including, for example, adapting and training, leadership and government assessment of climate and health risk and GHG emissions, integrating risk monitoring, early warning, integrating GHG emission tracking, putting together climate informed health programs, investing in climate related emergency preparedness and management, and many others.

Going back to Spain again. We now realize that the emergency system just wasn't in place well enough, so we need to get these systems in place. A very concrete example also include Ministry of Health and partners, who are engaging with international organizations, including the WHO and donor, to conduct health system resilience assessments and adaptation plans. And I feel that these resilience assessments and adaptation plans are a very good first step for health systems to evaluate their strengths and weaknesses against a warming climate, and focusing their attention to tackling the weaknesses based on the specific context so it can be climate resilient infrastructure building up of prevention against vector borne diseases. It can be on adapting cities to heatwaves, and we are now seeing that more and more these assessments are done at city level, country level or regionally. And for example, if I go back to the Caribbean, we're seeing there that communities are heavily investing in monitoring and preparedness capabilities against extreme weather events. It can forget pandemics or investment in climate resilient infrastructure and basic services.

Now, another type of initiative which KPMG supported recently was on early detection systems, where the Ministry of Housing in Indian turned the Covid waroom into an early detection and warning system, and that's the health observatory they are building there in order to get a much better view on diseases like malaria and the spread and how to prevent it. Mike, I would love to hear your thoughts on this as well.

Mike Hayes

The area that I worry most about as we move into this discussion about how health care systems globally will respond, is the question of financing. Clearly there are very, very defensive actions and measures that can be taken because what we're talking about here is an incredibly serious crisis. But one thing sticks out a mile for me on, and that is the fact that sustainable finance is not being directed towards health care systems, and in particular, making health care systems resilient and adaptable to climate change. And that that I think is becoming a real significant global issue. I'm involved in all

aspects of the climate agenda, particularly around energy transition, and we are looking at increasing volumes of sustainable finance, doing the right things, guided by various investor frameworks such as the EU taxonomy and all the things. And that's actually helping to make a difference on the broader climate agenda. But what we're talking about here, I think, is actually a significant gap. And I think Anna one of the messages we want to really echo from this podcast is the importance of thinking about sustainable finance and the relationship of sustainable finance, not just to climate, which is of course as critical, but to the wider SDGs. And here's a point I want the investment community to understand. Investing in resilient healthcare systems is actually a climate investment. We need to understand the connection between these things. So I think, yes, there's lots of new interesting investment products being developed in various types of green bonds that are focused on health care. But until we change the investor mindset and really understanding that investing in resilient health care systems is an important part of climate investing, number one. Number two, I would say increasingly I think we're going to need some type of taxonomy to actually guide investors, because increasingly today, because of greenwashing and other concerns, investors do need some guiding principles about what is good and what is bad. So I think, there was a real demand for something that will help navigate investors, because it is very clear that without the financing, we're in for a pretty major crisis, and not in the longer term, but in the very immediate future.

Host

Looking at this from another angle, how can health systems around the world do their part in reducing their emissions that contribute to our changing climate?

Mike Hayes

It's almost like a vicious circle as, climate has an adverse and continuing to have an adverse impact on health care systems that's only going to result in increased emissions from the healthcare system. So this is why we're addressing both the impact of climate on health and health and climate. I think the two things go completely together. And clearly we know where the problems are. We know that, for example, procurement of medicines, food, devices and other products result in significant emissions. But the real question is, how are we going to move from where we are today to doing something about this now? There are various solutions and various what we call decarbonization levers. There are things like energy efficiency has a huge role to play, as does the procurement of renewable power. And two others I would mention in particular that are relevant and very relevant in the health care sector circularity and understanding the power of circularity, particularly given the amount of medical waste that we're trying to deal with around the world. And lastly, the whole question of low carbon mobility. No, they are what we call the what we call the decarbonization levers.

What I want to address is what are we going to do to actually change things now in the world of of corporates across broad industry sectors that I deal. And the single most important development has been the advent of transition plans, because transition plans are what really

translate overall ambition and a desire to do something good, to help you to achieve the actual outcomes.

And I'm really calling for a greater adoption of the thinking around transition plans in the healthcare industry, not just in the context of individual private organizations working in healthcare. People probably are already starting to embrace the concept of transition plans. But I want, you know, health healthcare organizations at a governmental level to start thinking about transition plans, because transition plans force you to think about not just what are the solutions. They also force you to think about how am I going to go about implementing these solutions? One of the type of operational and governance changes that are required to implement this. And most importantly, going back to my previous point as well about financing, how am I going to finance these changes? Because that is proven to be one of the single biggest difficulties that we're encountering in the market. You know, we can come up with all these fantastic measures to decarbonize. But the real issue is how do you finance it and how do you get organizations to go on what is clearly a very complex transformation journey? So that's how I think about it Anna. There's a journey to go. And I think the message is health care results and very significant, the missions we are going to have to up our game in healthcare if we're going to do something about us. Anna I'm going to turn it back to you and I'm going to ask you what have you been seeing healthcare systems do to help with global ambitions around climate change?

Dr. Anna Van Poucke

Yeah, my to to pick up on the two points that you were mentioning, the transitions of care. That's number one. And the second one is of course what our healthcare organizations are doing to also diminish their their carbon footprint. Now, as we say in Dutch, every disadvantage has its own advantages. And the fact that we have such a huge workforce crisis in healthcare at this moment is actually helping us in achieving these, reduction of carbon emissions.

What I see worldwide, and I'm just back from a conference where we were speaking with, hospital leaders from across four continents. That movement in transition of care is, I feel at this moment, the biggest transition that's taking place, which means that we are providing remote care. It means that we're using more and more AI, Gen AI to be preventative, to be personalized, and actually to keep people out of the hospital and treat them at home and very close to home, meaning that we're relying less and less on infrastructure. Also meaning that we in our infrastructure, we are reducing the carbon emissions and actually we're totally sort of changing health care delivery models. And you're very right there Mike. That's not only a question of what hospitals and hospital leaders or health care providers should be doing by themselves that needs to be embedded in their payment systems in regulation. So government payers, providers all have a role to play here. Now when it comes to the health care systems addressing their own emissions. That's a trend that we see at this moment, mainly in high income countries. And the good news is that a number of health systems are embarking on that net zero journey. The NHS has it net zero strategy, investing very heavily in it. France is having

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a plan for decarbonization, and certain institutions in the US have already achieved a net zero situation. So the good news is it can be achieved and healthcare can have its own contribution to going to the reduction of our carbon footprint. Now, the interesting point that you address, the point about how are we going to finance it? Then, of course, you have to reinvest before you can reap the benefits on this. However, if I look at what's happening now, there is a growing recognition that important financial savings can be achieved by investing in energy efficiency and reducing emissions. And I'm just mentioning the example of Boston Medical Center that reduced its emissions by 90 percent, but also at the same time cutting their cost by 30 percent over five years. So in that sense, it seems as if we're getting into a model where the returns on investment are coming back and are sort of like starting to self finance. It means, however, at the same time that we do need to have that sort of prior investment that create intervention investments. And in that sense Mike what you were saying about green bonds, about getting access to sustainable funding and financing, that's all very important. And we need to do that in order to get to the reduction of carbon emission in the higher income countries, but certainly in the lower and middle income countries.

Host

Thank you both for that. It is fascinating to hear. Before we wrap up today's episode, I'd like to see if there are any final thoughts you'd like to leave our listeners with. Anna.

Dr. Anna Van Poucke

My most important takeaway, and that's actually being, well, nearly hammer down on me more and more that when we speak about the impacts of climate change, we tend to think that that is something that's going to happen in the future. The reality is that is no longer the case. 23 was the hottest year in history. Like I just said, the floods in Spain are costing the lives of more than 200 people. Malaria is back on the rise again, not only in the countries where it always existed, but is on the rise as well in countries and regions in this world where we never saw it, and the amount of heat waves and mortality and diseases coming into existence due to those heat waves and the loss in productivity and mental health issues, are not going to knock on our doors tomorrow, they are knocking on our doors today more and more heavily, and I think more and more people are going to directly be affected by the effects of climate change on health. And so there is the need for very effective and very intense collaboration within countries and between countries,

between the consequences of climate change and health system. If we don't foster that effective collaboration between the health and the climate community, we are going to see worsening effects.

And my fear is sometimes that what we're seeing at this moment is only scratching the surface, and we're going to see much more, and that's going to affect humankind in a very, very heavy way. Yes, climate and health initiatives are more and more common, but it's not enough, and there is still a lack of alignment and coordination. Too many silos. So there is a very strong call to action from mindset between climate and health communities, businesses and governments, academia and non-profits. We need to realize that the moment to start working together, to tackle and to counter this is now. Not tomorrow, but now. And it needs to be a pretty substantial investment that we're going to do.

Host

And Mike.

Mike Hayes

From my perspective, I just really want to echo absolutely everything that Anna has said. Over the past ten years when we've been talking about climate, the way we've got people's attention is talking about two things the physical risk of climate and the transition risk. And that's very much built around financial impacts. I think what's really important about today's conversation is we're trying to get people to understand that it is also about health. And as Anna said, not in the future today. What we've witnessed this week in Spain, unfortunately, we're going to be seeing many, many more episodes like this. This is very real. It is with us today. And the sooner we understand that a climate crisis is not just about the money in your wallet, it is about your health as a human being. And I think once we make that link and once we fully understand that, I very much hope that we will start taking the relevant type of actions, and also that the funding and financing will flow to help us make this happen.

Host

Well, Anna and Mike, thank you so much for joining us today. You've left us with a lot to think about around the interconnectedness of climate and health. Join us again next time for more insights from ESG leaders and innovators. You can also find the latest KPMG insights covering a range of ESG topics, by visiting [KPMG.com/ESG](https://www.kpmg.com/ESG).

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