

Bottom-line benefits

Strong ESG commitment helps Spire Healthcare drive success

As Interim Head of Investor Relations and ESG lead at Spire Healthcare, one of the country's leading private hospital and healthcare providers, Angus Prentice is witnessing first-hand "the rising importance of ESG within the sector", as well as the impact ESG can have on the bottom line for healthcare firms.

"I agree, generally, that many firms in this sector are lagging when it comes to ESG – and especially when it comes to being able to demonstrate their ESG credentials, even if they are actually doing some good things already," he explains. "It's a bit of a mixed bag. Some firms are certainly better than others. But the more sophisticated businesses are really embedding ESG into their business strategy now."

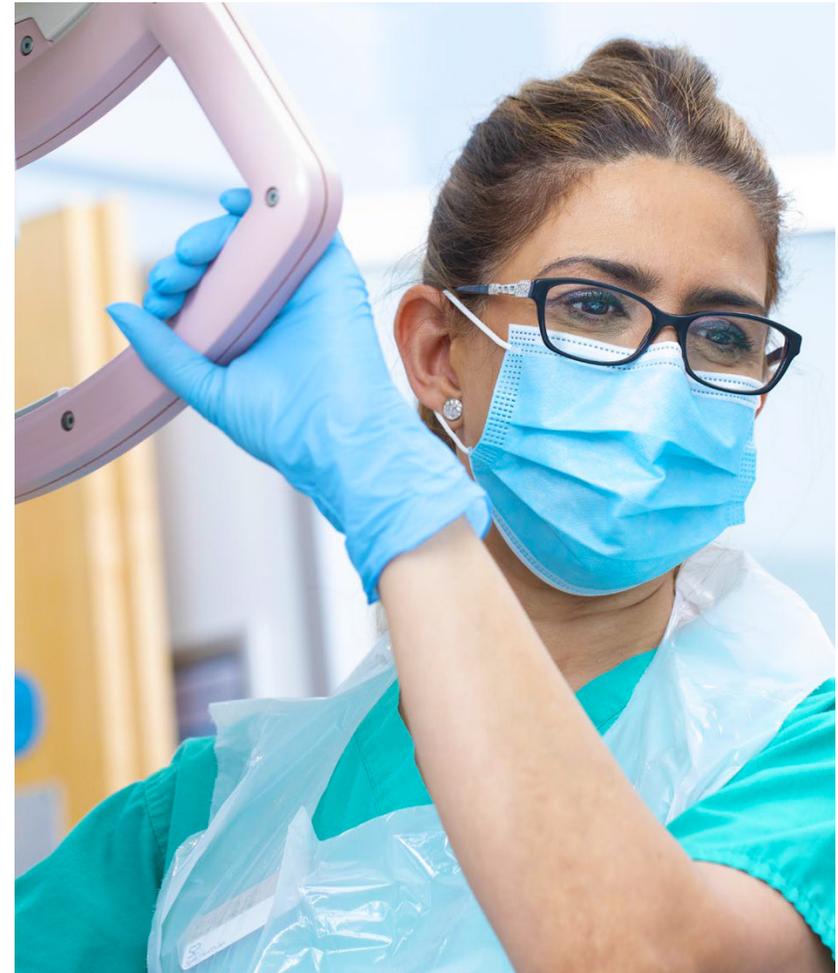
Reputational risks

In his frontline investor relations role at Spire – which operates 39 hospitals and eight clinics across the UK and has a market capitalisation of nearly £1bn – Prentice is clear on the risks facing healthcare firms that fail to grasp the importance of ESG today.

"Many of the risks are transparent and obvious," he says. "As a listed company, there is a real risk of falling out of favour with institutional investors and the lending banks. That is a real issue now because investors are absolutely scrutinising every aspect of where their money goes. Falling behind on ESG certainly has the potential to make it more challenging to raise finance.

"But there are more subtle risks, too – such as failing to attract and retain the right colleagues in an increasingly competitive talent market," he adds. "People coming into the healthcare sector are now quite cognizant of and keen to understand how an organisation deals with its people, how it relates to its people, how it relates to diversity.

"What's more, our hospitals and clinics sit at the heart of local communities – and those communities are also becoming increasingly aware of performance and reputation. So, it's also increasingly critical in terms of ensuring we are front of mind when they are choosing a provider."



Case study - Spire Healthcare

Early stages

While Spire is clearly working hard to demonstrate its own ESG credentials, Prentice says that, like many other organisations, it's really only in the early stages of telling its full ESG story.

"I certainly put our hand up and say we're only just getting into this," he explains. "If I use the metaphor of a 100-metre race – we're probably still in the first 25 metres. It's not that we've not been conducting a number of ESG-related initiatives and actions for several years. It's actually about pulling that together into something that people would recognise as a sustainability report, whether that's a standalone report or a part of the annual report. We're really only just starting that."

Despite that, the firm has made some considerable strides in recent times.

"Sustainability is now very much part of our agenda and the way we operate," Prentice says. "We have a stated ambition to target net zero carbon emissions by 2030, which is part of our sustainability-linked funding via Barclays, and there is evidence of that in the work we have done to convert to steam boilers within our hospitals, the photovoltaic panels we now have on top of our buildings, and the electricity charging points we have installed.

"Outside of carbon, there is very clear evidence of our commitment through our waste disposal strategy, where we are working hard to reduce single-use plastics in order to reduce pollution. And we have a very strong social agenda within the business, which is now one of our core pillars."

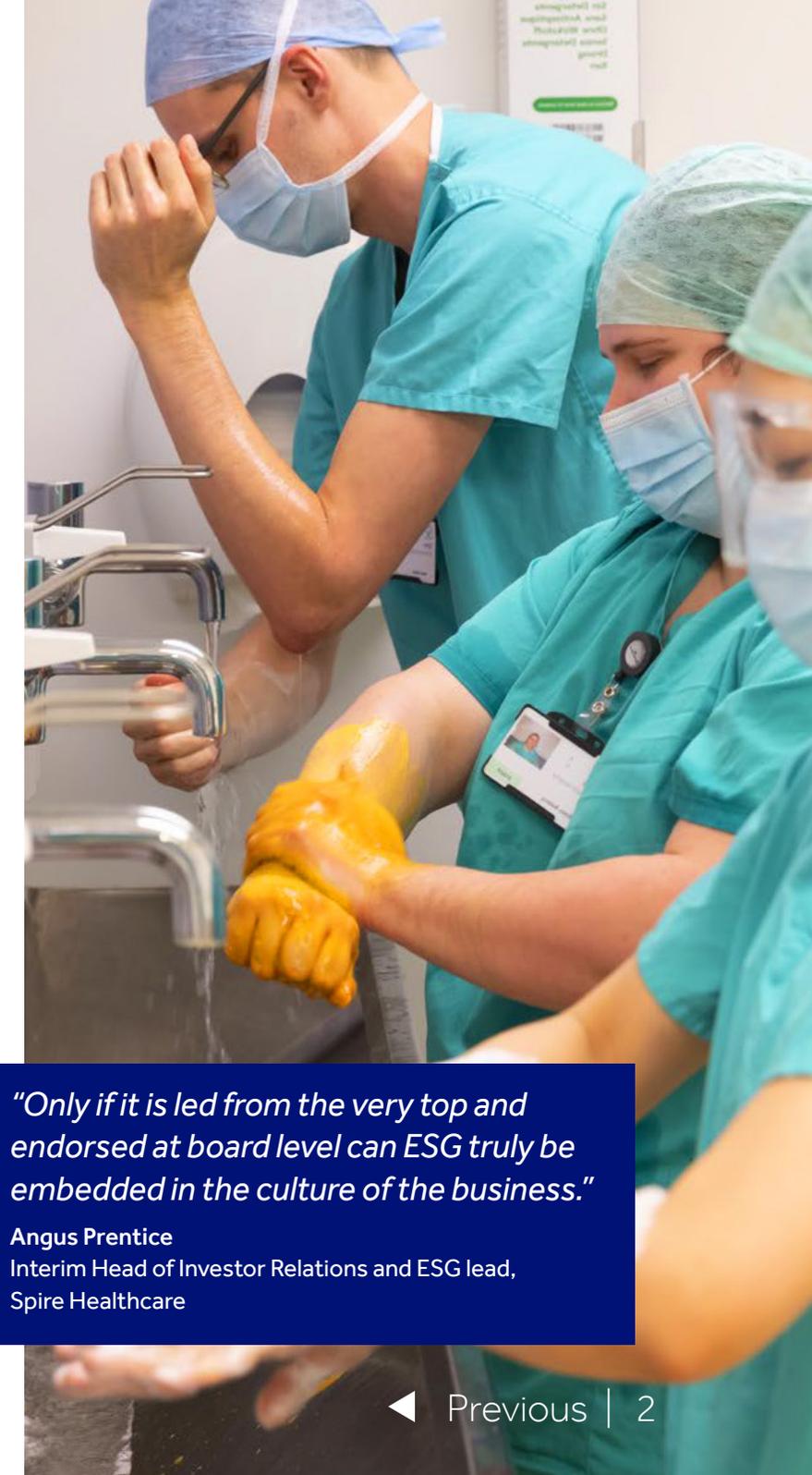
Cost benefits

While those moves are helping demonstrate Spire's commitment to ESG, they are also delivering clear and tangible benefits to the balance sheet.

Among those, Prentice cites a reduction in energy costs as a result of the photovoltaic panels and LED lighting installed across sites; a reduction in recruitment costs and an ability to attract the best talent; and greater staff retention.

So, how can others in the sector advance their own ESG journey? Prentice points to three clear actions.

"The first thing is to just get on with it," he says. "Don't be put off by the complexity – just jump in and get started. The second thing is that it's OK to begin with incremental steps – you don't have to start with a with a fully-fledged end game, and that comes back to the 100-metre race analogy. And, finally, lead from the top. Only if it is led from the very top and endorsed at board level can ESG truly be embedded in the culture of the business."



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