

# **Environmental and Social Responsibility at CDC**

## **Adding value in healthcare**





## This is a summary of how CDC's Environmental and Social Responsibility (ESR) team works with our investee companies in the healthcare sector.

### Before investing

We ensure the companies we invest in meet the environmental and social (E&S) standards enshrined in our Code of Responsible Investing and adopt best industry practice. We begin this work by having early conversations to assess how the business currently manages E&S issues.

As the investment process progresses, we commission external E&S specialists to work with us to conduct more in depth due diligence on the company. During this process, the consultants (and often, members of our ESR team) request sustainability related information.

A site visit is then conducted, where we will speak to management in order to understand

more about how E&S is structured, as well as doing a physical site reconnaissance of facilities to understand how issues are managed on the ground.

Our focus areas include fire and life safety and emergency response processes, staff, labour and working conditions, occupational health and safety, and waste management.

*"CDC is like us. They look at the long-term horizon, they look at making this world a better place to live. As long as an investment is going to touch more people, and help more people, they are supportive."*

- Dr Devi Shetty, Chairman,  
Narayana Health

## After investing

### Awareness workshops

After investing, our ESR team runs workshops with senior management, zonal directors, facility directors and maintenance managers. We do this to raise awareness on environmental, social and governance compliance, talk through the environmental and social action plan (ESAP) we aim to implement in more detail, and discuss value-add opportunities.

Workshops we've conducted in the past have led to senior level support for E&S management, commitments to tackling certain sustainability metrics and development of E&S governance structures.

### Capacity building

Our ESR team provides ongoing support and capacity building, typically through company visits, training sessions, and the provision of E&S related templates and documents. If needed, we also provide support for the implementation of the ESAP and any E&S issues the company may be facing.

### Energy efficiency

We have a Resource Efficiency Facility (REF), which can be used to support investee companies achieve efficiency gains through better resource management and use of renewable energy.

The REF works in two tranches. Tranche I provides grants to companies to assess the feasibility of implementing resource efficiency projects - for example, by carrying out water or energy audits. At some of our current investments, for example, these measures are resulting in up to up to 30 per cent improvements in energy performance.

Once a viable project has been identified, Tranche II provides low-cost loans to to help businesses implement the proposed programme. Examples of such measures include installation of rooftop solar panels, rainwater harvesting or energy efficiency improvements.

### Water efficiency

Hospitals tend to consume large volumes of water, which can be an issue if they are located in areas of water scarcity. Introducing measures to improve water efficiency not only helps the environment but can help a company mitigate against the risk of future water stress and provide cost savings.

At a facility owned by one of our investees, Narayana Health, water audits and a sewage treatment plant resulted in a more than 30 per cent reduction in total water consumption when implemented across all of the provider's facilities. It was achieved through a combination of quick fixes like stopping leaks, and longer-term investments, such as upgrading dishwashers and investing in a water treatment plant.

This provided cost savings of more than INR 100 lakhs (around \$156,000). The provider also achieved estimated energy savings up to INR 16.03 lakhs (around \$19,500), as a result of less water consumption.

### Waste management

Effective waste management is essential for hospitals. We can commission waste and lifecycle assessment audits to reduce the volume and cost of waste. This will typically be achieved through improving recycling and reuse of waste, as well as ensuring the company complies with local regulations.

### Reputation management

We can support healthcare providers build their reputation by helping them achieve internationally recognised certifications, such as Excellence in Design for Greater Efficiencies (EDGE), National Accreditation Board for Hospitals (NABH) and Joint Commission International (JCI).

### Corporate social responsibility (CSR)

We work with healthcare companies to develop CSR initiatives that align with their core strengths. Building rural primary health care centres, youth counselling, and providing mobile and tele-medical support to rural communities are examples of some projects our investees have implemented.

# How our team works

Our Environmental and Social Responsibility team is involved at every stage of the investment cycle.

