SB 261 Report – Rady Childrens Hospital San Diego

prepared by: ecom-energy

Sustainability Compliance | Date: December 2025

ECOM-ENERGY, INC.

714-485-4122 | info@ecom-energy.com | www.ecom-energy.com

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INTRODUCTION

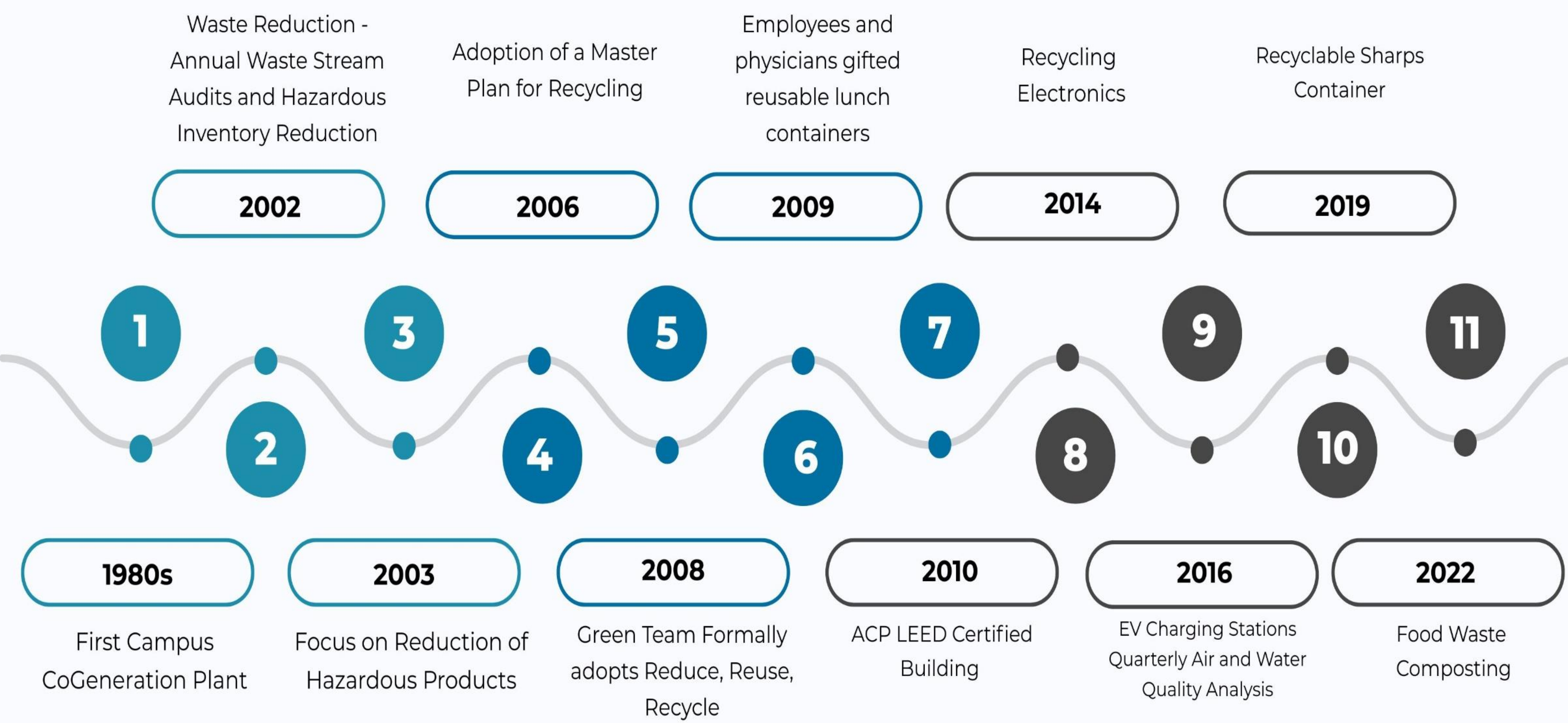
Rady Childrens Hospital San Diego first cared for patients in 1954. Over the decades it has grown into a major pediatric health system. As of January 2024, the hospital has 511 licensed beds.

Rady Childrens offers a full continuum of pediatric care: primary and preventive care, neonatal and pediatric intensive care, trauma care, surgical services, and a broad array of specialty and subspecialty treatments. It also provides extensive outpatient services and serves children and families across San Diego, southern Riverside, and Imperial counties.

Rady Childrens Health recognizes that healing goes beyond medical treatment; the environment plays a critical role in emotional, mental, and physical well-being. Through its “Healing Environment” program, the hospital promotes a family-friendly, child-centered atmosphere incorporating art, storytelling, soothing design, and peaceful gardens. Rady Childrens has taken concrete steps to reduce environmental impact; exemplified by its LEED-certified facility.

Climate-related risks such as heat waves, air pollution, and water scarcity pose significant threats to Childrens health and the hospital’s operational stability. To address these challenges, Rady Childrens Health is exploring strategies to enhance resilience across its operations. This includes evaluating water-use efficiency, waste-management practices, and procurement processes to identify opportunities for reducing environmental impact and ensuring long-term reliability of essential resources. These efforts align with Rady Childrens broader emergency preparedness and patient safety initiatives, helping the hospital maintain uninterrupted, high-quality care in the face of environmental pressures.

By combining advanced pediatric care, research, education, a healing environment, and a strong commitment to environmental responsibility, Rady Childrens Health seeks not only to heal children but also to build a healthier, more sustainable future for the communities it serves. Rady San Diego partners with the community and also industry leaders collaboratively to shared best practices and learning. The hospital actively partners with local agencies, adult healthcare systems, peers, and nonprofit organizations to share best practices and build capacity for long-term resilience. As part of routine operations and strategic planning, including environmental considerations into facility management, procurement, and community engagement, Rady Childrens Hospital San Diego living to our mission of improving the health and future of children in the community.



Rady Children's Health

ABOUT THIS REPORT

This report has been developed in alignment with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), established in 2015 by the Financial Stability Board (FSB). TCFD provides a globally recognized framework for organizations to disclose climate-related risks and opportunities in a structured, transparent, and decision-useful way. Its recommendations are widely supported by regulators, investors, and businesses, and they form the foundation of emerging disclosure mandates such as California's SB 261, as well as the U.S. Securities and Exchange Commission's (SEC) proposed climate disclosure rule.

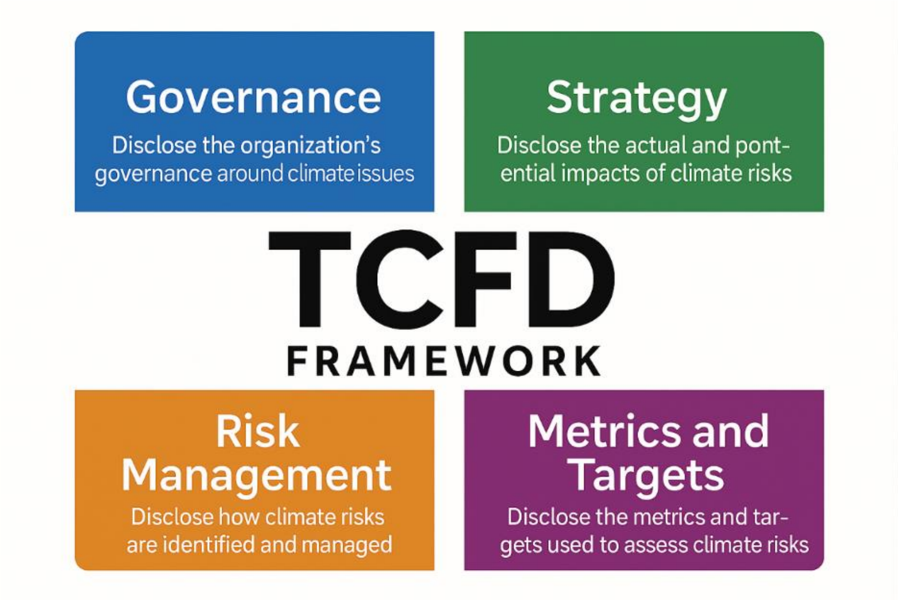
The following entities are covered in this report:

RADY CHILDRENS HOSPITAL SAN DIEGO – CARB Entity # 986482

For Rady Childrens Hospital San Diego, the TCFD framework offers a structured lens to evaluate how climate change and related hazards influence not only our facilities and operations but also our long-term mission to protect Childrens health. While traditional sustainability reporting focuses on the hospitals impact on the environment, the TCFD framework shifts the perspective to how environmental, and climate related risks affect the organization itself.

Through this disclosure, we identify both acute physical risks (e.g., earthquakes, wildfires, IT outages, utility failures) and transition risks (e.g., regulatory compliance with SB 261, supply chain volatility, cybersecurity, and market expectations). We have also highlighted the financial exposures related to these risks, drawn from Hazard Vulnerability Assessments (HVAs), Emergency Operations Plans (EOPs), and industry benchmarks.

By structuring this disclosure under TCFD's four pillars, we aim to enhance transparency, improve internal awareness, and strengthen decision-making across our system:



GOVERNANCE

Rady Childrens Hospital uses a governance structure that integrates climate related and environmental risk management across enterprise leadership, facility operations, and regulatory safety functions. The Board of Directors retains ultimate accountability for overseeing risks and opportunities that may affect business continuity, patient safety, and capital planning. Rady Childrens Hospital embeds resilience and environmental considerations into emergency preparedness and operational policy to ensure the hospital can maintain safe, uninterrupted care during community wide or facility specific disruptions.

Executive Steering Committee

The Executive Steering Committee provides system level oversight and leadership alignment for key initiatives. The committee reviews compliance obligations, operational performance, risk exposure, and relevant planning priorities. This governance structure supports consistent communication and accountability across departments that influence resilience, safety, and environmental performance.

Executive Steering Committee:

- Charlie Davis, Regional President San Diego County
- Gail Knight, Chief Medical Officer San Diego County
- James Uli, Chief Financial Officer
- Jill Strickland, Chief Administrative and Experience Officer
- Jay Gabriel, Chief Legal Officer
- Steve Jennings, Chief Development and External Affairs Officer
- Lynn Perez, Executive Director Genomics
- Richard Pineda, VP, Strategic Finance Planning and San Diego County Chief Financial Officer
- Brian Cunningham, Senior Director Facilities and Plant Operations and Maintenance
- Chris Abe, VP, Operations and Associate Chief Operating Officer

Emergency Management and Environment of Care Committees

Rady Childrens integrates climate and environmental risk considerations within its regulatory emergency governance. The Emergency Management Committee coordinates development and annual updates to the Emergency Operations Plan. It ensures readiness for hazards such as wildfires, utility failures, water contamination, temperature extremes, and cybersecurity incidents, which are identified as top risks in the Hazard Vulnerability Analysis.

The Environment of Care Committee oversees the safety, functionality, and sustainability of the physical campus, including mitigation and response protocols for facilities, utilities, and infrastructure performance. The Emergency Management Committee reports to the Environment of Care Committee.

Rady Green Team

The Rady Green Team has been the champion group for sustainability. There are representatives from across the organization who bring ideas on recycling, reuse, selection of products that are safe for the environment, use and opportunities for energy savings and more. The team researches ideas, work with community partnerships and our vendors to make the organization, our environment and our future safer and more sustainable. The Green Team reports up through the Environment of Care Committee and work is available on the intranet for easy access. The engagement and passion for sustainability is rooted in our staff, physicians and leaders.

Reporting and Accountability

Climate and environmental performance information flows from facilities and operational teams, the Green Team to the Emergency Management Committee and the Environment of Care Committee, and through the Executive Steering Committee to the Board of Directors. This structure supports shared accountability for environmental compliance, resilience, patient safety, and strategic planning, ensuring that environmental and climate related actions remain aligned with Rady Childrens mission and operational priorities.

STRATEGY

Enterprise-Wide Climate and Emergency Resilience Vision

Rady Childrens is committed to protecting patients, families, and staff by integrating environmental sustainability and emergency preparedness into clinical operations and infrastructure planning. We recognize that responsible resource management, incorporating utility best management practices and systems, waste reduction, and pollution prevention support both operational reliability and long-term health outcomes. The strategy aligns with the TCFD framework and California Senate Bill 261, ensuring that climate-related risks and opportunities are considered in governance, strategy, and risk management across the enterprise.

The organization's sustainability efforts are aligned with its mission to improve the well-being of children and are supported at every level of the enterprise, including governance, facilities, supply chain, and clinical teams. Executive leadership prioritizes environmental responsibility because it improves patient care, operational value, and workforce engagement. These committees ensure that resilience efforts advance the hospital's mission to provide uninterrupted pediatric care while meeting state and federal regulatory requirements such as CMS § 482.15 and Joint Commission EM standards.

Integrating Climate Resilience into Core Operations

Rady Childrens Health enterprise-wide EOP integrates the findings of annual HVAs from each clinical site. These HVAs identify and rank the events most likely to disrupt operations, including earthquakes, severe storms, flooding, wildfires, pandemics, and heat or drought conditions. Each risk scenario informs both facility-level continuity plans and system-level resource allocation. Staff throughout the organization receive training in disaster response, and continuity procedures are maintained so that care can continue safely even during operational disruptions.

Infrastructure and Facility Resilience

Rady Childrens invests in systems and facility upgrades that support operational reliability and reduce environmental impact.

- LEED certified Acute Care Pavilion and adherence to energy efficient construction standards since 2010.
- Siemens Building Management System (BMS) upgrades to improve energy efficiency and system monitoring.
- Air handler modernization, water efficient sterilizers, and ventilation improvements that reduce both resource consumption and operational risk.
- New Patient Tower and Central Utility Plant designed for energy efficiency.

Planned initiatives include energy conservation strategies through third party contracts, expansion of electric vehicle charging, LED lighting improvements, and drought resilient landscaping consistent with California mandates.

Business Continuity and Operational Readiness

Rady Childrens uses the Hospital Incident Command System(HICS) for scalable response management. Senior leadership and designated clinical leads are authorized to activate emergency procedures and coordinate staffing, communications, utilities, IT continuity, and facility access controls. HICS is used as a part of routine facilities/IT maintenance that impacts utilities and systems and with construction planning. This keeps the team ready and well versed in emergency responses, set up with redundancies and back-up processes for business continuity. Priorities for business continuity include:

- Rapid redeployment of staff through an Emergency Labor Pool.
- Maintaining essential services through alternative methods of operation when normal systems are disrupted.
- Priority restoration of pediatric intensive care and emergency services
- Preplanned alternative care locations for short term utilization as needed by event
- Rapid restoration of normal business to meet all patient needs

Essential function priorities are outlined within continuity plans to ensure uninterrupted pediatric care. These include security, pharmacy, IT systems, dialysis, transplant services, and protection of critical environments such as neonatal and pediatric intensive care units.

Risk Transfer and Asset Protection

Rady Childrens maintains a comprehensive, multi-layered insurance and risk management program designed to reduce the financial impact of both acute and chronic hazards. The program covers property, business interruption, general and professional liability, and governance-related exposures.

By combining insurance coverage with proactive disaster preparedness and infrastructure investments, Rady Childrens can protect its patients, staff, and community from the financial and operational impacts of climate-related and other physical hazards.

Resource Optimization and Investment Prioritization

Rady Childrens has a twenty-year record of sustainability progress, including:

The organization monitors greenhouse gas emissions from its cogeneration operations and participates in building energy benchmarking statewide. Rady Childrens remains in compliance with all carbon reporting requirements and has not needed to purchase carbon credits to date. Water reduction audits and energy efficiency projects continue to support cost savings and reduced reliance on constrained utilities. Capital planning for facilities modernization, efficiencies, and safer equipment are all part of the routine process, i.e.: reduction of radiation by using MRI for procedures.

Collaboration and Regional Partnerships

Rady Childrens contributes to regional preparedness through the San Diego Healthcare Disaster Coalition and coordinated emergency planning with local response agencies. Rady is seen as the pediatric leader and expert for preparedness. The integration of emergency operations with community partners ensures that pediatric care remains accessible during events affecting the surrounding region.

Employee engagement activities such as telecommuting, carpooling, bicycling, and telemedicine further support community health and resiliency goals.

Scenario Planning and Forward-Looking Approach

Rady Childrens Hospital conducted dual scenario analyses to evaluate organizational resilience under both low-warming (1.5–2 °C) and high-warming (3–4 °C) climate pathways. These scenarios integrate hazard-risk data from HVAs, financial modeling of uninsured losses, and compliance considerations associated with SB 261.

Rady's loss estimates were derived by combining HVA probability scores with financial data from its audited FY 2024 statements, insurance coverage limits, and FEMA/HHS disaster-cost benchmarks to model potential capital damage, business-interruption (BI), and surge-response costs. Each scenario integrates independent hazard-damage estimates with audited asset values to determine total exposure, then applies insurance coverage data to calculate residual, uninsured financial risk. This approach ensures risk-reduction measures are prioritized based on true exposure rather than policy limits. Quantitative loss estimates are presented for the high-warming pathway, while the low-warming pathway focuses primarily on transition-risk considerations.

- Low Warming (1.5–2 °C, induces high policy response, less physical/ catastrophic): In a coordinated global effort to limit warming to 1.5–2 °C, physical risks such as extreme heat, wildfire smoke, and utility interruptions are reduced through stronger infrastructure standards, public-health investments, and statewide resilience programs. In this pathway, Rady experiences fewer catastrophic physical impacts, with reduced frequency and severity of extreme heat, wildfire events, and regional flooding. Transition risks increase, however, as regulatory expectations expand under related disclosure and governance requirements. Rady faces moderate costs associated with data management, insurance program evaluation, internal coordination across finance, legal and emergency management functions, and incremental facility upgrades tied to energy efficiency and resilience. Capital planning gradually emphasizes system modernization, efficiency improvements, and risk informed infrastructure investment. These measures support long term operational reliability while preserving financial stability and compliance readiness.

- High Warming (3–4 °C, high physical risk, limited policy response): In a high-warming scenario, Rady faces escalating exposure to extreme heat, wildfire smoke, flooding, seismic events, and utility disruptions. Modeled catastrophic asset losses range from a total of $158 million to $348 million, encompassing facility repair and restoration costs along with business-interruption losses of $25–$40 million over a multi-month recovery period. Earthquake impacts account for approximately $99–$197 million in structural and equipment damage and $20–$30 million in revenue loss. Flooding and storm damage contribute an additional $53–$131 million, while utility interruptions add about $7–$20 million in physical damage and response costs, primarily associated with equipment stress, temporary systems, and facility recovery. Non-seismic business interruption impacts contribute an additional $5-$10 million.

Although Rady maintains comprehensive property, liability, and cyber insurance coverage, losses of this magnitude would likely result in residual uninsured exposure due to deductibles, waiting periods, and coverage sublimits. These results underscore the importance of strong reserves, coordinated emergency management, infrastructure resilience, and continuity planning to protect critical pediatric services and sustain financial stability under increasingly volatile climate conditions.

Short Term (0 to 3 Years)

In the near future, Rady Childrens Health is most likely to face operational challenges linked to climate influenced hazards such as wildfires, high temperature events, utility failures, and water disruption. These events can strain HVAC systems, reduce outdoor air quality, increase emergency department demand, and disrupt normal hospital operations. Supply chain interruptions may temporarily limit access to key medical products, requiring rapid activation of logistics and staffing plans under the Hospital Incident Command System. Short term financial impacts may include additional spending to support backup utilities, equipment maintenance, and emergency support needs. However, these challenges also present opportunities to improve operational resilience by pursuing energy efficiency upgrades, water saving strategies, and facility enhancements already identified through past audits and improvement proposals.

Medium Term (3 to 10 Years)

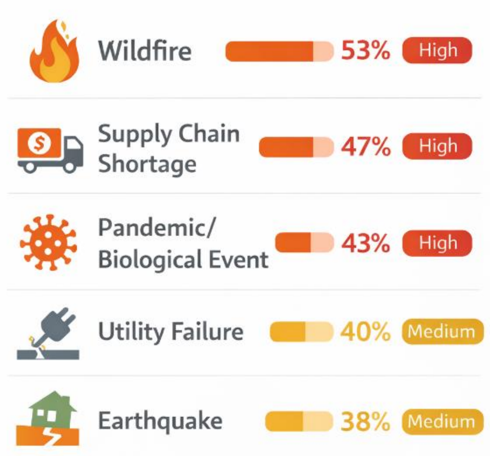
Over the next decade, recurring utility strain, heat stress, and regional water pressures may increase operating costs and reinforce the need for continuous facility modernization. Rady Childrens is already planning for infrastructure improvement projects such as HVAC system optimization and LED lighting replacements. These upgrades strengthen reliability during emergencies while supporting lower energy demand and cost control. During this period, emergency management coordination with the San Diego Healthcare Disaster Coalition will remain essential as environmental conditions affect both the hospital and the broader community. Rady Childrens can continue to integrate resilience enhancements into capital planning cycles, such as drought resilient landscaping and the expansion of electric vehicle charging infrastructure, to reduce long term exposure to climate driven utility challenges.

Long Term (10 Years and Beyond)

Looking beyond the next decade, climate driven stressors may continue to challenge regional power, water, and transportation systems, which could affect access to essential pediatric care services. The increasing frequency of infectious disease threats, temperature extremes, and wildfire events reflected in the hazard profile reinforces the importance of ongoing readiness and strong infrastructure systems. Long term opportunities include advancing high efficiency building upgrades and strengthening backup utility operations as part of future capital planning. Improving energy performance and resource reliability supports continued care delivery even if climate related disruptions become more frequent.

Physical Risk Assessment

Based on Rady's Hazard Vulnerability Analyses, the most significant physical and operational risks stem from earthquakes, IT outages, infectious-disease events, and supply-chain disruptions.



<u>WILDFIRE</u>

Wildfire related hazards represent the highest ranked physical risk in Rady's HVA, with a 53% risk rating driven by regional exposure to wildfire smoke, degraded air quality, and potential evacuation or shelter in place conditions. These events pose operational challenges including impacts to HVAC systems, staff access, and patient throughput, with the potential to disrupt services over multiple days during regional wildfire activity.

<u>SUPPLY CHAIN</u>

Supply chain disruptions carry a 47% high risk rating, reflecting vulnerabilities associated with pharmaceuticals, medical supplies, fuel, and personal protective equipment. Disruptions may result in procurement delays, cost escalation, and operational strain during regional or national emergencies when healthcare systems compete for limited resources.

Pandemic/Biological Event

Pandemic and biological events have a 43% high risk rating due to their potential to generate sustained patient surges, staffing challenges, and increased consumption of critical supplies. These events may drive higher operating costs, deferred elective services, and extended activation of emergency response protocols coordinated with public health agencies

Utility Failure

Utility failures, including power and water interruptions, carry a 40% medium risk rating and have the potential to disrupt clinical operations if prolonged. While emergency generators, water contingency planning, and communication protocols mitigate immediate impacts, extended outages could strain operational capacity and require resource reallocation to maintain critical pediatric and intensive care services.

Earthquakes

Earthquakes remain a material risk with a 38% medium rating, reflecting the potential for structural damage, equipment impacts, and service interruptions despite compliance with seismic standards. Earthquake events could necessitate phased evacuation, temporary service reduction, and extended recovery efforts depending on severity and regional infrastructure impacts.

To mitigate these risks, Rady's Hazard Vulnerability Analyses and Emergency Operations Plan emphasizes continued investment in emergency preparedness, infrastructure maintenance, supply chain coordination, and staff training. These measures support continuity of care and reinforce the hospital's ability to respond effectively to both acute emergencies and longer-term climate related disruptions. A detailed table of mitigation and response strategies for each risk is available on page 17.

Transition Risk Assessment

Rady Childrens Hospital faces growing transition risks as California's healthcare sector adapts to emerging climate-disclosure regulations, decarbonization mandates, and market shifts driven by sustainability requirements. These risks primarily arise from regulatory compliance pressures, rising insurance costs, and supplier-driven cost escalation as vendors invest in lower-carbon manufacturing and logistics.

Insurance and financial exposures are expected to increase as property, earthquake, and cyber premiums trend upward, projected at 8–12 % annually, reflecting broader market volatility and increased claims tied to climate-related events. At the same time, regulatory developments such as SB 261 and

SB253 will require significant organizational effort to quantify, manage, and disclose greenhouse gas emissions across all scopes, including supply-chain activities.

Rady Childrens medical supply chain holds significant exposure to indirect transition risks. Large portions of healthcare emissions originate in the production, transportation, and disposal of medical and surgical supplies, pharmaceuticals, and food. As suppliers implement more sustainable manufacturing, packaging, and logistics practices, procurement costs may rise or fluctuate based on carbon pricing and environmentally preferred purchasing requirements. Rady has already begun to address these pressures through waste reduction programs, recycling initiatives, and safer product substitutions.

To prepare for future transition risk obligations, Rady Childrens will need to implement a broader emissions tracking system, expand supplier engagement to address upstream emissions, and evaluate how climate related risks may influence financial planning. Strengthening transition risk readiness will support cost stability and position Rady to meet healthcare sector expectations as reporting rules and decarbonization pathways are clarified statewide.

Strategic Outcome

By integrating operational resilience, resource efficiency, and environmental stewardship into a unified framework, Rady Childrens Hospital supports the delivery of safe, reliable pediatric care during both acute disruptions and long-term environmental change. These efforts have developed over many years as Rady recognized the connection between environmental conditions, infrastructure performance, and patient health. Early initiatives included investments in waste reduction, hazardous product elimination, and the operation of a cogeneration plant to support energy reliability and emissions compliance. Rady was among the first healthcare organizations in the region to participate in electric vehicle charging initiatives, installing charging stations beginning in 2016 and continuing to expand access for staff, patients, and visitors across multiple campus locations. The hospital has also pursued ongoing energy and water efficiency improvements through building system upgrades, air handler modernization, water system audits, and enhanced monitoring through upgraded building management controls.

Objectives through 2027

Integrate the new Tower and Central Utility Plant Enterprise Emergency Management Program to ensure a consistent command structure, coordinated communication, and alignment with the Hospital Incident Command System (HICS) for all response and recovery activities.

Identify and provide alternative methods of operation to extend scarce critical resources across Rady Childrens Health to sustain patient care and critical functions during extended utility outages or regional disasters.

Conduct annual drills and exercises that test the effectiveness of the Emergency Operations Plan, HICS structure, and staff roles, incorporating after-action reviews and improvement plans into program updates.

RISK MANAGEMENT

Enterprise Risk and Resilience Framework

Rady Childrens Hospital integrates climate, operational, and safety risks into a unified Enterprise Risk and Resilience Framework that supports its mission to advance the health and well-being of children. The framework aligns with regulatory requirements including CMS §482.15, Joint Commission standards, and California Title 22 for water system health and safety, and incorporates findings from our EOPs. Materiality within the HVA is determined based on the potential for a risk to disrupt healthcare operations, jeopardize patient safety, or create significant financial exposure.

Identification and Assessment

Each facility completes an annual HVA that quantifies hazard probability, human impact, property damage, business disruption, and preparedness. The 2024 HVA identified earthquakes, supply shortages, pandemics, and utility failures as the most significant risks by relative risk score. The findings are reviewed by the Emergency Management (EM) Committee and Environment of Care (EOC) Committee, which aggregate facility-level results into a systemwide profile. Risks are classified by likelihood and time horizon such as short (0–3 years), medium (3–10 years), and long (10+ years), to ensure that both acute disruptions and chronic climate impacts are captured.

Oversight and Accountability

Risk and resilience governance at Rady Childrens Hospital is embedded within its formal Environment of Care (EOC) Program. The program defines how safety, emergency preparedness, hazardous materials, utilities, medical equipment, and life safety processes are managed enterprise wide. Oversight flows from the Board of Directors, which delegates authority and accountability to administrative leaders and the Director of Environment of Care and Emergency Preparedness. The Environment of Care Committee (EOCC) provides ongoing multidisciplinary governance across clinical, administrative, and support services. It analyzes performance, approves policy updates, monitors the effectiveness of procedures, and reports significant findings to senior leadership and the Board. The Hospital Safety Officer has delegated authority from the Board to intervene whenever a condition presents immediate risk to life, health, or facilities.

Mitigation and Response

Rady manages operational risks through its established EOC and Emergency Management structure.

Key mitigation strategies include:

- Safety and operations risk management through continuous monitoring, hazard surveillance, and performance-improvement cycles
- Security readiness supported by patrol, access control, utilization of weapons detection systems, a visitor-management system, collaboration with law enforcement, and specialized procedures for Code events involving violence or abduction
- Hazardous materials and waste controls, including SDS management, regulatory compliance, spill response protocols, and centralized waste handling and disposal
- Facility and life-safety protections, including code compliance, environmental rounds, fire and utility-failure risk controls, and preventive maintenance of critical infrastructure
- Staff education and readiness, built into onboarding and annual learning for all employees and physicians

Rady's enterprise approach prioritizes a safe physical environment and clear procedures for continuity across all licensed and contracted care locations.

Insurance coverage and reserve funds provide an important layer of financial protection for Rady Childrens Health. The organization maintains comprehensive insurance programs covering property, liability, cyber, and other operational risks to help offset acute losses resulting from physical hazards and service disruptions. In addition, Rady maintains financial reserves that support recovery efforts, continuity of operations, and uninsured costs, helping preserve financial stability during both short-term emergencies and longer-term disruptions.

In alignment with its Emergency Operations Plan and Environment of Care framework, Rady integrates utility reliability and infrastructure considerations into facility planning and emergency preparedness activities. These efforts are intended to reduce reliance on single points of failure, support continuity of critical services during utility disruptions, and strengthen overall operational resilience during disaster events, while remaining consistent with regulatory and safety requirements.

Integration of Climate and Operational Risk

Rady's Environment of Care Program unifies environmental safety, emergency preparedness, and life safety management under one governance structure to support safe and continuous patient care. Key operational data, including injuries, security incidents, hazardous material events, utility failures, and equipment issues, is monitored through the Information Collection and Evaluation System to identify trends and inform improvements. These insights guide policy updates, corrective actions, and reporting to leadership, ensuring that emerging risks and facility changes directly shape decision making and future planning.

Top Risks, Financial Exposure, and Mitigation

Hazard / Risk	HVA Rating	Potential Financial Exposure	Time Horizon	Mitigation and Response in place	Mitigation recommended
Wildfire	53 % (High)	$20–$60 M physical + $10–$20 M Business Interruption (BI) (≈ $30–$80M total)	Short	All hazards EOP activation through HICS; shelter in place protocols; HVAC maintenance and filtration procedures; evacuation planning; coordination with San Diego County Emergency Preparedness and healthcare coalitions	Enhance smoke resilience through improved sealing and filtration; formalize extended shelter in place cooling strategies; conduct full scale evacuation exercises for wildfire scenarios
Supply Shortage	47 % (High)	$8–$25 M direct + $5–$15 M BI (≈ $13–$40 M total)	Short–Medium	Annual disaster inventory; diversified sourcing; real time monitoring; HICS logistics and finance coordination; regional coalition resource sharing	Expand formal supplier MOUs; strengthen regional procurement coordination; improve real time inventory visibility
Pandemic	43 % (High)	$10–$20 M surge staffing + $10–$20 M BI (≈ $20–$40 M total)	Short	Special Infectious Disease Unit readiness; PPE inventories; triage and isolation protocols; public health coordination; HICS based surge planning	Expand telehealth integration; strengthen cross facility staff redeployment frameworks
It Outage	43 % (High)	$8–$15 M direct + $5–$15 M BI (≈ $13–$30 M total)	Ongoing	Redundant power and data center systems; monitoring and escalation protocols; HICS integration; IT security plans	Expand cybersecurity training; conduct regular tabletop exercises; enhance incident response documentation
Utility Failure	40 % (Medium)	$7–$20 M recovery + $5–$10 M BI (≈ $12–$30 M total)	Short	Backup generators with routine testing; fuel delivery agreements; HICS activation to prioritize critical systems; utility and water service contingency plans; redundant communications	Extend on site fuel duration; strengthen fuel resupply agreements; continue utility vulnerability assessments; evaluate future resilience options
Earthquake	38% (Medium)	$99–$197 M physical + $20–$30 M BI (≈ $119–$227 M total)	Short-Medium	Seismic compliant infrastructure; evacuation and triage planning; emergency power and communications; regional coordination	Update seismic assessments for older facilities; expand nonstructural mitigation

METRICS AND TARGETS

Rady Childrens Hospital has made sustained progress in improving energy performance and reducing environmental impacts, including tracking greenhouse gas emissions from its cogeneration plant and participating in statewide energy benchmarking programs. Building on this foundation, Rady is now expanding its monitoring and reporting capabilities to strengthen visibility into facility efficiency and resource use across its campuses. As these efforts advance, the hospital will be positioned to develop a more comprehensive emissions baseline and set future performance goals that align with regulatory expectations and long-term operational resilience.

Current Metrics in Use

Rady Childrens Hospital monitors a range of operational and sustainability indicators that support emergency readiness and regulatory compliance. The hospital conducts regular hazard evaluations through its emergency planning processes and maintains compliance with state and federal preparation requirements, including Joint Commission and California Title 22 standards. Facility performance is tracked through ongoing monitoring of HVAC efficiency, water systems, and utility reliability, supported by preventive maintenance programs and BMS controls. Rady also tracks waste and recycling trends across the main campus and satellite locations, reviewing diversion rates, confidential shredding, and regulated medical waste handling each year. These measures help guide improvement efforts and support safe continuity of pediatric care

1. Improve Energy Efficiency and Infrastructure Performance

Scope: Scope 1 and Scope 2

Approach: Reduce emissions through renewable energy expansion, efficiency projects, and procurement strategies.

2. Greenhouse Gas Monitoring and Regulatory Compliance

Scope: Scope 1 and Scope 2

Approach: Participate in state and utility energy benchmarking programs to monitor energy performance and support future reporting readiness.

3. Water Conservation and Efficiency

Scope: Scope 3

Approach: Conduct water audits and implement water efficiency measures, including water efficient sterilizers and washers, plumbing fixture upgrades, and reduced turf landscaping. Integrate water conservation into capital projects and preventive maintenance planning.

4. Waste Reduction and Diversion

Scope: Scope 3

Approach: Maintain and expand waste reduction initiatives, including hospital wide recycling, confidential shred all services, reusable sharps containers, electronics recycling, regulated medical waste management, and food waste composting programs.

5. Hazardous Product Reduction

Scope: Scope 1 and Scope 3

Approach: Eliminate the use of ethylene oxide (done) and reduce nitrous oxide use through safer product selection and clinical practice changes to lower environmental and occupational health risks.

6. Support Low Emission Transportation and Workforce Engagement

Scope: Scope 3

Approach: Provide electric vehicle charging infrastructure for staff and visitors and support alternative commuting options, telecommuting, and telemedicine. Engage employees through sustainability awareness and Green Team activities.

7. Sustainable Facility Design and Renovation Practices

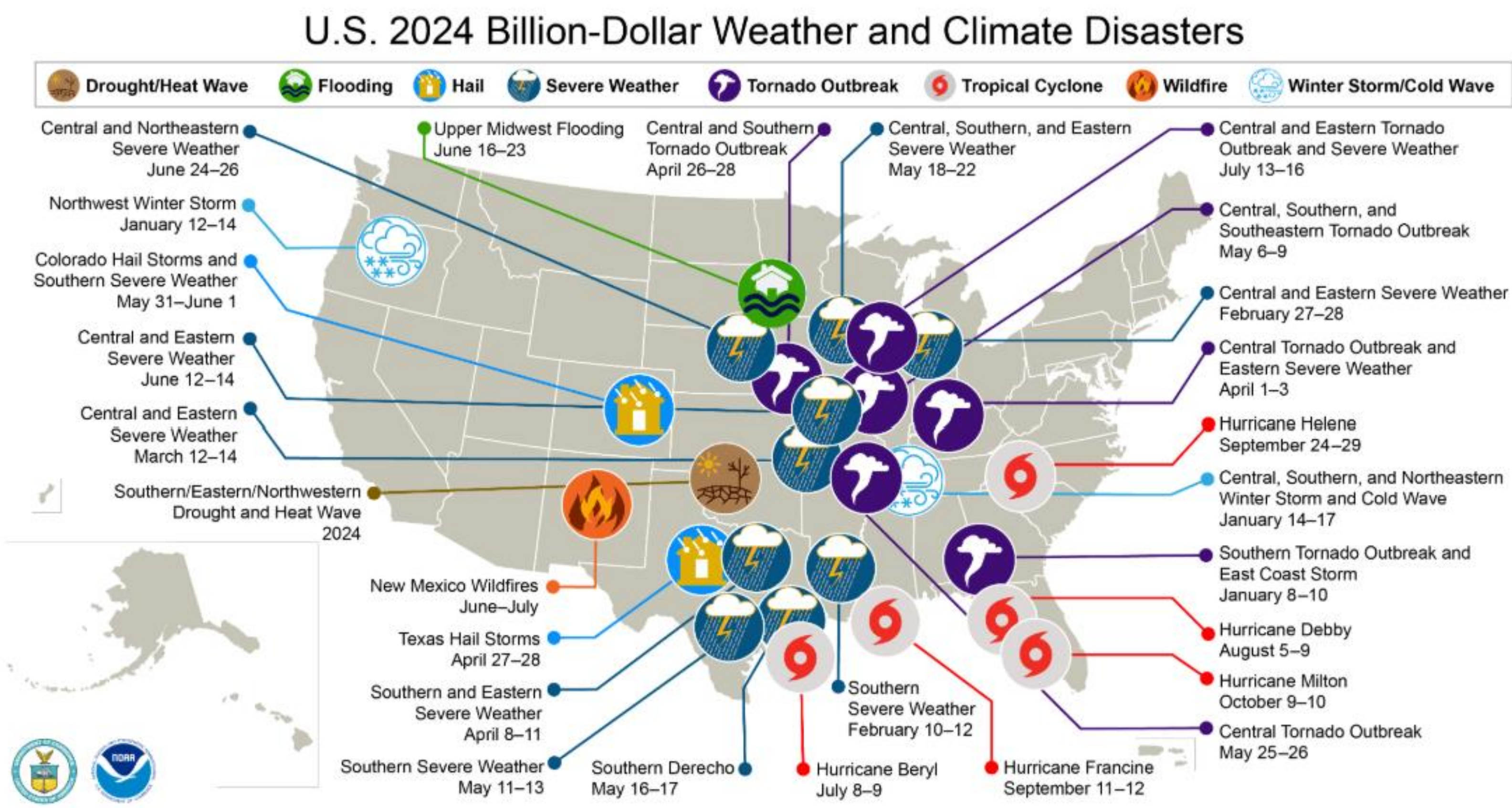
Scope: Scope 1 and Scope 2

Approach: Incorporate energy efficient systems, water conservation measures, and sustainable materials into newer buildings and major renovations using LEED based design principles and compliance with California building standards.

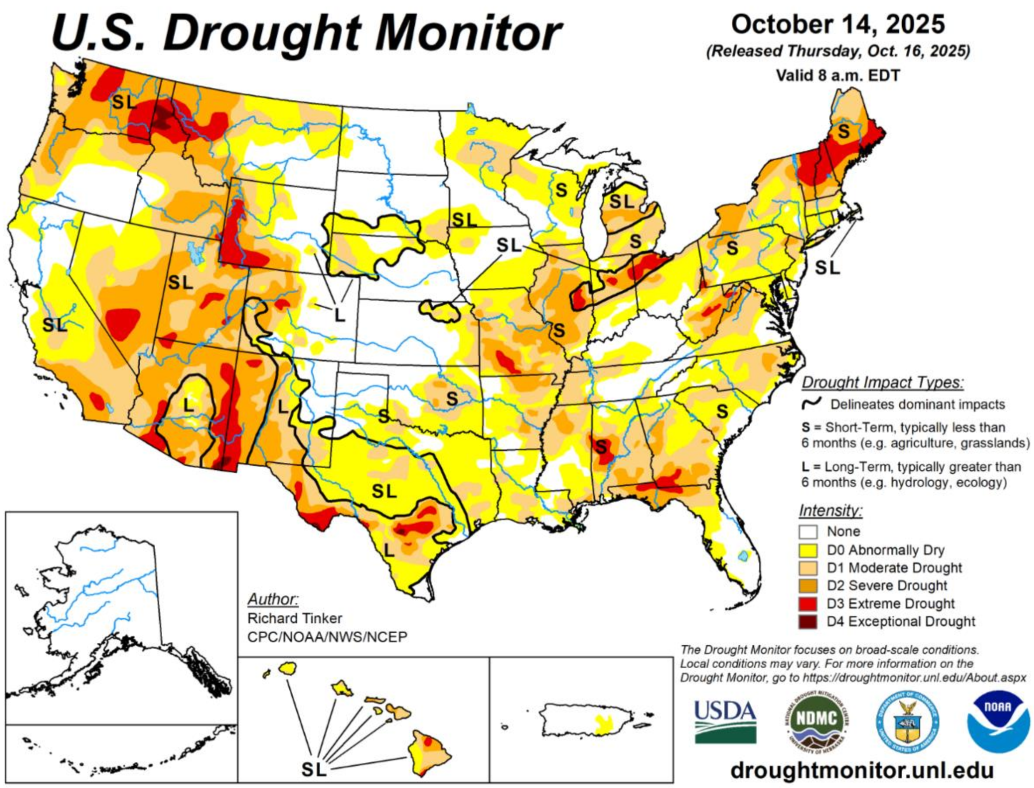
APPENDIX A

- Quantitative ranges (e.g., potential earthquake losses) are modeled estimates based on Rady's risk priorities, insurance program data, and FEMA/ASHE loss-ratio benchmarks.
- Pandemic and infectious disease risk estimates (i.e. % likelihood, surge-response cost) are modeled using Rady's HVA probability ratings, COVID-19 expense experience, and FEMA/HHS reimbursement data. Figures represent illustrative scenario ranges rather than internal accounting data.

APPENDIX B

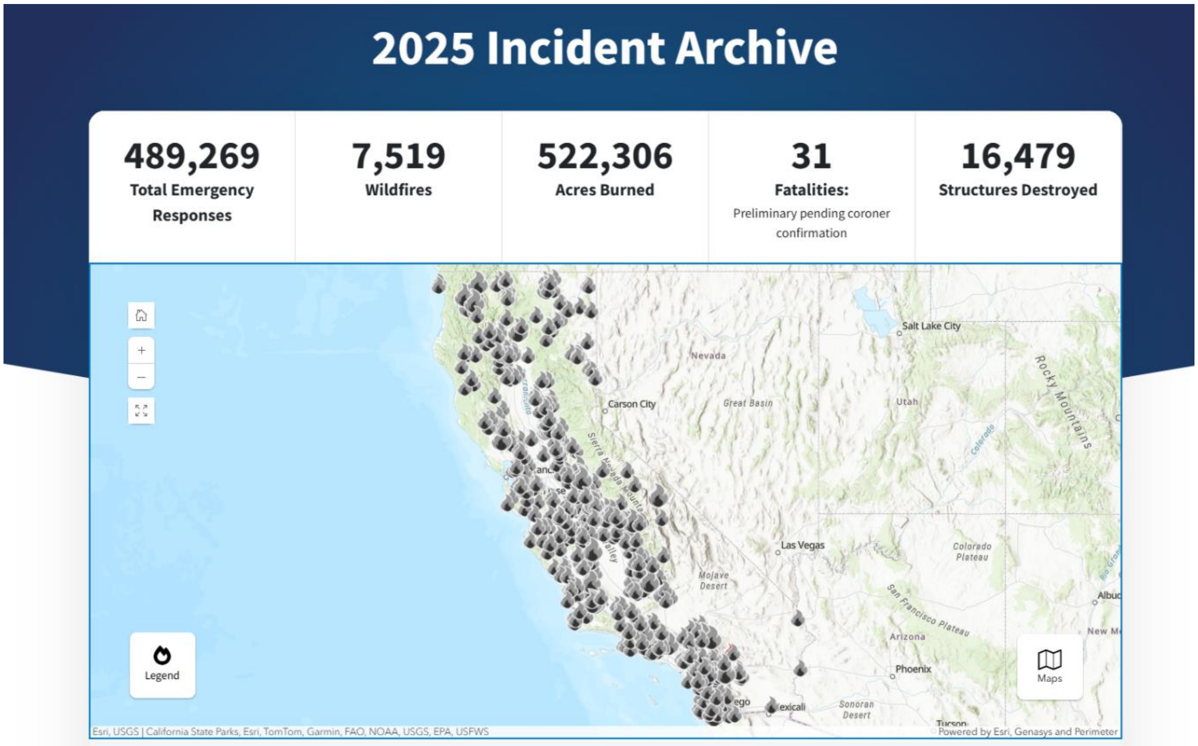


This map denotes the approximate location for each of the **27 separate billion-dollar weather and climate disasters that impacted the United States in 2024.**

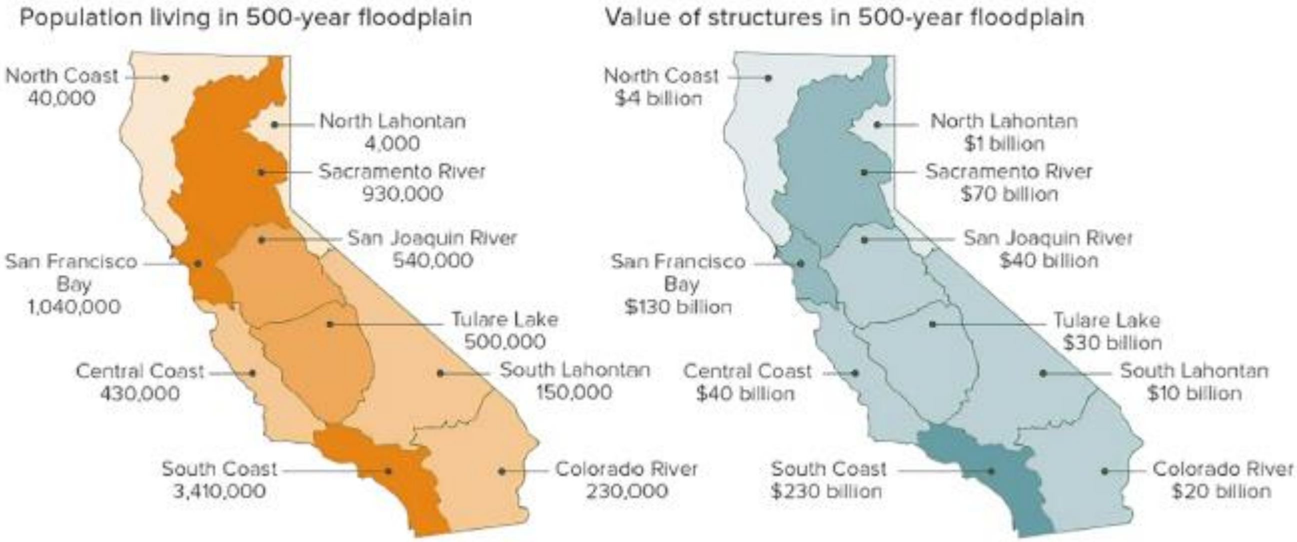


2025 Wildfire Incidents Summary in California

The image below illustrates the number of wildfires which occurred in 2025 and their detrimental impacts.



Floodplain Risks in California



Southern California Fault Line Map