



*Greater efficiency supports patient care.*

## Sustainable Procurement

*All ECM content was independently developed and reviewed to be vendor, product and service provider neutral.*

### **Description**

Over the last decade, sustainable procurement and vendor-focused sustainability initiatives have moved from the retail sector to major corporations in all sectors. As leading employers in their communities, health care organizations can provide thought leadership in sustainability for both staff and vendors who serve their organizations.

### **Project Talking Points**

- Implementing sustainable procurement practices can impact a variety of departments across a health care system.
- Engaging with suppliers on sustainable procurement can improve the environment of care and enable hospitals to benefit from best practices from other organizations.
- Implementing sustainable procurement practices can increase operating efficiency by reducing waste, increasing recycling and optimizing sourcing of key materials.

### **Benefits**

- **Cost benefits:** Sourcing energy-efficient equipment and reducing packaging materials are the main drivers of cost reduction from sustainable procurement. There are also indirect economic benefits of sustainable procurement, such as partnering with leading suppliers that can reduce inventory, transportation and labor expenses by optimizing inventory and ordering processes.
- **Environmental benefits:** Sustainable procurement has several environmental benefits including reducing waste, eliminating toxic materials and reducing dependency on fossil fuels. Often, sustainable procurement practices are key elements to mitigate Scope 2 and Scope 3 greenhouse gas emissions.
- **Social benefits:** Health care systems are often one of the largest employers in the communities they serve. Sustainable procurement programs are a visible demonstration of an organization's overall commitment to sustainability that reaches staff, patients and the community.

## Purchasing Considerations

- Engaging current suppliers to learn the sustainable attributes of their products or services is a tremendous way to gain momentum with no additional cost.
- Corporations such as Walmart have implemented supplier sustainability programs that could serve as a model for successful engagement across several sectors of sourcing.
- In the short term, implementing a sustainable procurement program can have cost premiums associated with renewable energy, higher efficiency equipment or materials that contain a high level of recycled content. These premiums are declining due to increased demand and economies of scale. Short-term premiums are also reduced through operational efficiencies of other sustainability practices.

## How-To

1. The easiest starting point for implementing a sustainable procurement policy is to engage with your current suppliers. According to the 80/20 rule, reaching out to the top 20% of suppliers by spend in a category, or for the entire organization, will likely impact 80% of an organization's overall sourcing.
  - Inquire about the sustainability features of materials or services sourced from the supplier.
  - Seek to understand alternative products or services offered by current vendors that could improve the environmental impact of the organization's sourcing. Identify the cost impact – savings or premiums associated with alternative offerings.
2. Gain leadership commitment to a sustainable sourcing program.
3. Classify the cost and environmental benefit of alternative sourcing opportunities. Some areas to explore immediately include:
  - Renewable energy
  - Fleet vehicles
  - Food and beverage
  - Medical products
  - Furniture and construction material
  - Office equipment
  - IT equipment
  - Cleaning materials
4. Update procurement scoring rubrics to include sustainability topics and amend or create new sourcing policies.
  - Inquire about sustainability practices or green attributes, products or services when qualifying new vendors.
  - Establish minimum attributes for classifications of products or services with readily available sustainability features or benefits.

- Implement an ENERGY STAR label purchasing requirement for all product classifications eligible for ENERGY STAR product certification.
5. Develop goals for the sustainable procurement that are specific, measurable, achievable, realistic and timely.
  6. Track your progress against a baseline to report on sustainable procurement initiatives.
  7. Celebrate the success of your sustainable procurement program and share results with staff and the public.

### **ECM Synergies**

- Selecting the Right Sustainability KPIs
- Greenhouse Gas Emissions – Scope 1
- Greenhouse Gas Emissions – Scope 2
- Greenhouse Gas Emissions – Scope 3
- Sustainable Fleets
- Waste Management and Recycling
- Third-Party Reporting

### **Resources**

- [Walmart Project Gigaton](#)
- [ENERGY STAR product finder](#)
- [RE100](#)
- [Sustainable Purchasing Leadership](#)
- [Buying green! Handbook](#)
- [Practice Greenhealth Sustainable Procurement Digest](#)

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