

# Sustainable Procurement in Health Care Guide



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# CHAPTER 1: INTRODUCTION

## 1.1 Why sustainable procurement?

Sustainable procurement is preventative medicine that supports a high-performance healing environment, attracts new opportunities, models leadership values to communities, patients and employees, and can save your organization money.

The sustainable procurement guide will help your health system understand:

- The impact goals of sustainable procurement
- The benefits and business case for buying sustainable goods and services

You will also learn how to:

- Engage internal stakeholders and suppliers
- Build a best-in-class sustainable procurement program

### 1.1.1 THE BUSINESS CASE FOR BUYING SUSTAINABLE

Health care organizations have the opportunity to minimize negative impacts resulting from their operations and to create positive, lasting impacts for their staff, patients, and community. Your organization may already have a corporate sustainability strategy, and a sustainable procurement program makes it possible to deliver on these priorities.

You can expect to:

- 1. Gain efficiency and save time and money:** More efficient operations can save space, energy, and water; reduce waste and costs from waste management and treatment; and extend the useful life of many products. An operating room can save thousands annually through sustainable procurement (see [Figure 1](#)). Additional savings can be found by assessing the total cost of ownership of potential goods and services to identify costs beyond the purchase price. Sustainable products can reduce labor and increase worker efficiency. For example, energy-efficient LED surgical lighting lasts longer than compact fluorescent lighting, requires less maintenance, and generates less waste (and associated costs).

**2. Support resiliency:** Hospitals must be prepared for extreme weather and other interruptions to the supply chain, such as was experienced during the response to the coronavirus pandemic, in order to provide care. In 2016, the United States had [15 weather-related disaster events](#) (droughts, wildfire, inland floods, several storms, and a tropical cyclone) totaling more than \$46 billion in direct costs and leading to 138 fatalities. Hospitals like Mass General Brigham, with most locations in Massachusetts, are designing facilities and buying sustainable products to maintain uninterrupted operations through extreme weather and accommodate sea level rise.

**3. Contribute to better patient, employee, and community health:** Many hazardous chemicals are present in health care settings, which may pose an exposure risk for health care workers, patients, and the community, according to the [World Health Organization](#), [International Labour Organization](#), and the [U.S. Centers for Disease Control and Prevention](#). Health care workers have one of the highest rates of work-related asthma, which can be minimized with safer cleaners and low-emission products. Sustainable procurement prioritizes safer chemicals that contribute to healthier indoor air quality and facilitates compliance with regulatory requirements and clinical standards for health and safety.

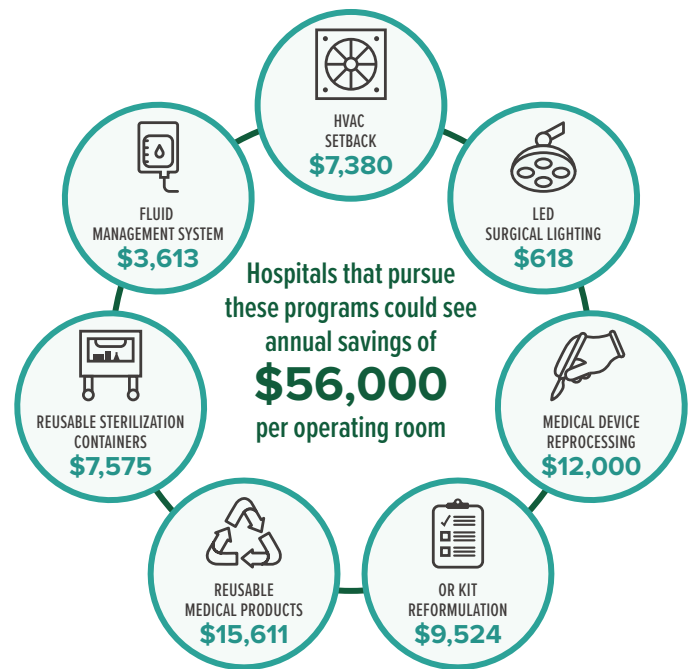
**4. Get the best value from strategic suppliers:** Sustainable procurement in health care seeks leaders who offer research, development, innovative solutions, and commitment to taking them to scale. Sustainable procurement emphasizes engagement with strategic suppliers, unleashing their knowledge and resources to help you maximize procurement for sustainability performance.

**5. Foster engaged employees:** Young professionals in many sectors want to work for organizations that have a strong sustainability focus. Sustainable procurement is often the cornerstone of broader programs that can help attract talent and retain employees. Your organization's commitment to leadership and innovation can create a powerful model that rewards staff for acting with integrity and responsibility and uncovering new sustainability opportunities.

**6. Improve collaboration among internal stakeholders:** Sustainable procurement can break down the historically siloed procurement decision-making process and broaden internal stakeholders when it comes to purchasing (see [Section 2.6](#) for more on how sustainable procurement builds a culture of cooperation and innovation).

**7. Attract partnerships and resources:** A commitment to sustainability can open doors to partnership opportunities. Your organization and potential partners can benefit from recognition as leaders and innovators. Although this benefit can be hard to quantify in the beginning, the

**FIGURE 1: POTENTIAL COST SAVINGS FROM SUSTAINABLE PROCUREMENT IN HOSPITALS (PRACTICE GREENHEALTH)**



inspiration, tools, resources, and recognition it brings will make your organization a valuable partner and a great place for patients, workers, and the community.

**8. Improve environmental health:** It is estimated that nearly [60 to 80% of a health system's greenhouse gas emissions](#) are embedded in products and services they buy. The National Health Service in England calculated that 60% of their greenhouse gas (GHG) emissions come from procurement. Health Care Without Harm's recent [report](#) on health care's climate footprint identifies that 71% of emissions are primarily derived from the supply chain (scope 3) through production, transport, and disposal of goods and services. A growing number of disposable products in health care and large amounts of packaging create significant waste. Hospitals can serve as responsible stewards by cutting down on their own impacts and encouraging suppliers to do the same.

**9. Position your organization as a leader in your community:** The heart of sustainable procurement is taking responsibility for your organization's impact on your community. Your city may have strategies to address many of the [Sustainable Development Goals](#) (see [Figure 2](#)). As "[anchor institutions](#)" health care organizations can contribute to these efforts. By collaborating with other sustainability leaders, you will deepen your impact and may also unlock new partnerships and resources. Focusing on procurement is one of the most powerful ways to address sustainability. Most importantly, it shows leadership for creating a more sustainable world.

## 1.1.2 WHO THIS GUIDE IS FOR

This guide has been written for sustainability champions in health care organizations, including health systems, hospitals, nursing homes, and primary care clinics. Step into your role as an advocate for sustainable procurement with confidence and the benefit of many years of practical experience in implementation. See [Section 3.2](#) for more on how sustainable procurement works.

Everyone in your organization has an important role to play, yet sustainable procurement may be new to many people. You will need to work with executives, procurement and supply chain staff, clinical product decision-makers, and suppliers in the design and execution of the program. Part of your role is to lead on coaching, influencing, and inspiring others to learn, take action, and get involved, as well as manage sustainability deliverables and operational responsibilities.

This guide is also for procurement professionals, who may need support to understand sustainability priorities, outcomes, and impacts. For more on sustainability, see [Chapter 5](#) for a deeper discussion of sustainability measurement and reporting.

Organizations experience the greatest success when sustainability and procurement professionals are clear on each other's roles and understand how to support each other. You are in this together. With some practice, it will become easy to consider sustainability when buying new goods and services.

### HIGHLIGHT: Advocate Aurora Health

Mary Larsen, Advocate Aurora Health environmental affairs and sustainability director, was asked to review the purchasing calendar for contract categories where sustainability criteria should be explored. Acting as a consultant, she identified relevant request for proposal (RFP) questions, secured an RFP, and provided feedback on the critical analysis of environmental criteria. The outcome was the procurement of healthy furniture that met [Practice Greenhealth's healthy interiors criteria](#). Larsen and the sourcing and contracting managers collaborated to support the procurement process. This approach to partnership opened the door to future collaboration between sustainability and supply chain for the system.

## 1.2 What is sustainable procurement?

Many products and materials that come into hospitals may be harmful to patients, staff, and those in the community. Some products may contain or release carcinogens, reproductive toxins, or other hazardous materials, exposing patients, staff, and the community to harm. The health care supply chain contributes more than [70% in greenhouse gas emissions](#), according to our recent report on health care's climate footprint. The health care sector is the [second-largest user of energy](#) and [one of the largest users of water](#) in large part due to goods and services purchased. Products and packaging are thrown away after use, generating vast amounts of solid and hazardous waste. Sustainable procurement seeks alternatives that minimize human health and environmental impacts to support community health.

Aligned with the health care imperative to “first do no harm,” this guide shows how your organization can reduce supply chain impacts and transition away from a “take, make, waste” linear economy to a circular one that generates economic and business opportunities.

Sustainable procurement is commonly known as environmentally preferable purchasing (EPP); however, it involves social and economic aspects as well. In sustainable procurement, organizations meet their needs for goods and services while generating benefits for the organization, society, and the economy while minimizing damage to health and the environment. Sustainable procurement looks at how to achieve value on a [whole-life basis](#).

After reducing consumption and maximizing reuse systems, institutions buy products and services that integrate environmental factors (positive effects on the environment and health), social factors (fair labor, human rights, local employment), and economic factors (longevity, total cost of ownership, disposal cost, quality, innovation). The process examines what products are made of, where they come from, who made them, who is affected by their production, how they will be disposed of, and whether a product needs to be made or used at all. It involves supply chain management, materials management, logistics, procurement, and [strategic sourcing](#) activities.

FIGURE 2: UNITED NATIONS AGENDA 2030: SUSTAINABLE DEVELOPMENT GOALS



The international framework is the [United Nations Sustainable Development Goals](#), which provide a blueprint for prosperity for people and the planet. Sustainable procurement addresses [goal 12](#) on responsible consumption and production. Responsible consumption minimizes the use of natural resources and toxic materials as well as emissions of waste and pollutants over the life cycle of the service or product. Health care spending represents almost 18% of the U.S. GDP, according to the [Centers for Medicare and Medicaid Services](#), or 10% of the GDP in the [Organization for Economic Cooperation and Development](#) (OECD) countries by 2030. Sustainable procurement can leverage this purchasing power to help meet the 2030 Agenda for Sustainable Development.

### 1.2.1 DEFINING SUSTAINABLE PROCUREMENT

In everyday practice, it is helpful to consider sustainable procurement's three main dimensions: environmental, social, and economic.

#### ENVIRONMENTAL

Every product has an “[environmental footprint](#)” as a result of the energy and material resources used in its manufacture and delivery, as well as in its ongoing use and disposal. Product waste and its potentially toxic properties can undermine human health and the health of ecosystems. Yet, the purchase price of products often does not reflect their environmental

impact. Hospitals and health care organizations have an important role to play in promoting health by purchasing products and services that mitigate their environmental and health impacts on patients, staff, and surrounding communities.

Some products contain carcinogens or reproductive toxicants, some have outsized carbon and water footprints, and many are designed for single use and are excessively packaged generating a staggering amount of waste. Environmental considerations include reducing impacts on natural resources, air, and water; conserving energy; avoiding chemicals of concern; and minimizing end-of-use effects.

#### ECONOMIC

The economic aspect of sustainable procurement allows health systems to consider how their economic power can benefit all of society. For example, a health system can diversify supply chain vendors to promote economic wealth in underserved communities. Many of the UN Sustainable Development Goals focus on reducing inequality and poverty. Economic considerations include not only the purchase price of a good or service but also the total cost of ownership. Sustainability makes economic sense not only because it reduces inequalities across the value chain, but also because it supports financial sustainability. Value-based procurement helps minimize costs, resources, and reduce inefficiencies.

FIGURE 3: SUSTAINABLE PROCUREMENT CONSIDERATIONS (PRACTICE GREENHEALTH)



## SOCIAL

The social dimension of procurement is concerned with the health and well-being of people while ensuring all partners in a supply chain uphold basic human rights in their employment and workplace practices. These rights are expressed in the International Labour Organization’s (ILO) [fundamental conventions](#) and create a baseline for minimum standards in safe and healthy workplaces. Tools such as supplier codes of conduct (including the [UN Global Compact](#)) help communicate expectations on human rights to suppliers and often refer to ILO conventions.

Sustainable procurement can create social and economic capital through community benefit agreements. As anchor institutions, health care organizations can leverage procurement to contribute to the local economy, reduce poverty, and promote investment in community assets and natural resources.

Sustainable procurement encompasses environmental, economic, and social dimensions and can apply to all procurement activities. Successful organizations consistently consider all sustainability factors for potential relevance to make sustainable choices more often.

### HOSPITAL HIGHLIGHT: CommonSpirit Health

In 2016, more than 40 million people were victims of modern-day slavery around the world, and many of the victims were children. CommonSpirit Health has been working to address human trafficking in its supply chain. While uncertain how to start this work, Jeff Stoner, product line administrator, stated at CleanMed 2019, “Let’s find out who the subject matter experts are, what has already been done, and gather resources.” The centralized procurement and contracting division created and sent a letter of intent to suppliers. “Our message is: We don’t want to purchase goods produced by forced labor,” Stoner says.

## 1.3 How to use this guide

### 1.3.1 IMPLEMENTING SUSTAINABLE PROCUREMENT

Implementing a program requires leadership support and commitment. Sustainable procurement utilizes engagement strategies within your organization and with suppliers and [group purchasing organizations \(GPOs\)](#). Embedding sustainable procurement into the supply chain has become standard in organizations that understand how what we buy matters to improving health and reducing disease.

In this guide, your organization will learn best practices to measure success and share progress on reducing impacts to patients, workers, and communities. The guide describes the steps to sustainable procurement implementation. Sustainability and supply chain professionals can learn the elements of a best-in-class program and how to start a program or build on an existing program.

FIGURE 4: THE PLAN-DO-CHECK-ACT CYCLE (PRACTICE GREENHEALTH)



### 1.3.2 THE PLAN-DO-CHECK-ACT CYCLE

This guide uses the “plan-do-check-act” cycle as a framework for developing and implementing a successful sustainable procurement program. This cycle models the process of continuous improvement. It can help you build and assess elements of your program one step at a time while adapting to new experiences and lessons learned.

Each phase of the cycle corresponds to a chapter in the guide and has been color-coded accordingly. For example, if you would like to focus on sustainable procurement strategy, flip to the purple-colored chapter to learn more.

In each chapter, review the color-shaded boxes that highlight illustrative examples, quotes, and case studies.

### 1.3.3 THE 10 ELEMENTS OF A BEST-IN-CLASS SUSTAINABLE PROCUREMENT PROGRAM

The first step is making an organizational commitment to sustainable procurement. Many organizations have already defined priorities and enacted pilot sustainable procurement initiatives. According to a 2017 survey of the

KPMG International Cooperative, 93% of the world’s 250 largest companies in terms of revenue are practicing sustainability in their operations. Health facilities around the world have made a commitment to sustainability. More than 1,300 members in 69 countries who represent the interests of 43,000 hospitals and health systems are part of the Global Green and Healthy Hospitals network, including more than 1,100 Practice Greenhealth members in the United States. Sustainable procurement is most successful with a program that provides direction and resources to create and sustain a new procurement culture.

A sustainable procurement program has the following 10 elements. The [Table 1](#) provides a brief overview of each element and associated sections of the guide.

The table’s color-coding connects each program element to a phase of the plan-do-check-act cycle.

This guide has been created to help you build or improve on each of these elements. Stakeholder engagement is an important success factor in each element and is discussed throughout.