



Responsible Purchasing Trends 2009:

The 'State' of Sustainable Procurement



Acknowledgments

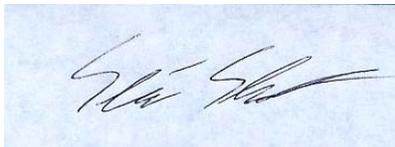
Appreciation is owed to the joint members of the National Association of State Procurement Officials (NASPO) and the Responsible Purchasing Network (RPN) for all they do to shift procurement dollars in a responsible direction and for taking the time to tell us. Without their pioneering work and active participation in NASPO and RPN, this report would not have been possible.

In particular, we deeply appreciate Dianne Lancaster, Jack Galt, and Nicole Smith, at NASPO, for partnering with RPN on this project and assisting in collecting survey responses from members.

Thanks also to Anne Maynard, Kim Puchir, and Dave Tilford at the Center for a New American Dream for assistance in designing the survey, working with members to maximize responses, and helping to edit and format the report.

Finally, we wish to thank TerraChoice Environmental Marketing, with whom we partnered to produce the 2007 and 2008 EcoMarkets reports, the forerunner to this Responsible Purchasing Trends Report.

Seán Sheehan

A handwritten signature in black ink on a light blue background, appearing to read 'Seán Sheehan'.

Special Projects Director,
Center for a New American Dream
Report author

Report Methodology

In February 2009, we surveyed NASPO-RPN members from each of the 50 states and the District of Columbia. We received 47 responses – a near perfect response rate!

Because RPN is a network comprised of voluntary members, the survey results represent self-selected organizations and therefore likely tend to reflect pioneering rather than mainstream practices.

Due to self-selection, there is no statistical margin of error, as there would be in a representative poll. However, accuracy is limited by respondents' consistent interpretation of questions and access to correct answers.

Results are presented in raw numbers as well as in percentages of responses. On occasion, we have also shared collective spend data to demonstrate the impressive clout that state purchasing officials have to move markets.

Responsible Purchasing Trends 2009

The Responsible Purchasing Trends 2009 report summarizes socially responsible and environmentally sustainable purchasing practices and trends among members of the Responsible Purchasing Network (RPN) in the year 2008, and identifies opportunities in the years ahead.

Download this report:

www.ResponsiblePurchasing.org

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Welcome!

New American Dream envisions a society that embraces a higher quality of life, a healthy environment, more fairness, strong communities, and a healthy economy. Our Responsible Purchasing Network is a key component of that vision.

When we look to the future, we see a sustainable green economy that operates in deference to both citizen needs and ecological limits; where energy production and industrial processes do not exacerbate climate change nor degrade important biological communities; where materials are continuously recycled back into the manufacturing process and little is wasted; where environmentally and socially preferable products are widely available and competitively priced; and where consumers have easy access to information that allows them to make informed choices— information about the economic, environmental, and social impacts associated with the entire life cycle of available products.

By working with large institutions to green their operations and help them purchase environmentally preferable products, RPN is having an immediate impact on reducing the environmental footprints of these institutions. The positive impacts go well beyond institutional footprints, however. Large scale purchasers command a tremendous share of the market. Turning such outsized purchasing power toward greener goods increases demand for these goods. The end result is a shift in the market that makes greener, safer products more accessible and affordable to everyone. And that brings us one step closer to a new American dream.

Bob Ferris



Executive Director,
Center for a New American Dream

Greetings Responsible Purchasers,

Thank you to members of NASPO-RPN for embarking with us on this green journey – by working together we magnify our power to shift the marketplace toward sustainability.

This report reflects the fruits of your efforts to protect human health and the environment by sharing resources and leveraging combined purchasing power to build demand for greener goods – together, the 47 survey respondents report spending an impressive \$2.7-\$10.2 billion on responsible goods and services in 2008.

In the year ahead, we look forward to working with our members to: 1) produce new Responsible Purchasing Guides (food services, carbon offsets, and LED lighting are in the works); 2) launch a Responsible Purchasing Exam; 3) advocate for harmonized sustainability standards and certifications; and 4) grow throughout North America and beyond.

Thank you again for your pioneering work in advancing socially responsible and environmentally sustainable purchasing.

Because Every Purchase Matters,

Chris O'Brien



Senior Director, Responsible Purchasing Network
Report co-author

Executive Summary

An Influential Network

Respondents represent 46 states plus the District of Columbia. Collectively, they spend more than \$43 billion on goods and services each year.

Responsible Purchasing Policy & Criteria

Two out of three respondents have some form of responsible purchasing policy and nearly two thirds of the rest say they expect to adopt one.

Social and environmental concerns, such as durability, energy efficiency and greenhouse gas emissions, recycled content and recyclability, toxicity and human health, are considered by many to be nearly as important as conventional procurement considerations such as cost, quality and supply.

Responsible Purchasing in Practice

The majority of respondents say they “actually consider” social and environmental criteria in most of their purchasing and collectively report spending \$2.7-\$10.2 billion last year on socially or environmentally preferable goods and services.

Sustainability standards and certifications such as Energy Star, LEED, Green Seal, EPEAT and others, are widely recognized and utilized.

Many respondents report actually considering social or environmental issues even when they do not have a policy that specifically requires it. On the other hand, mandated environmental factors for fleets, office paper, and automotive oils are sometimes not properly considered.

RPN Tools & Resources in Use

Fully half of the respondents report using Responsible Purchasing Guides and other RPN resources to green their procurement. Most frequently utilized are the resources for greening procurement of cleaning products or services, implementing bottled water alternatives, and shifting to remanufactured toner cartridges.

Measuring & Reporting Impact

Respondents report minimal use of calculators that measure social, environmental or cost benefits related to their responsible purchasing. Similarly, just one in four publish an annual report summarizing their responsible purchasing activities.

Forecasting Future Trends & Opportunities

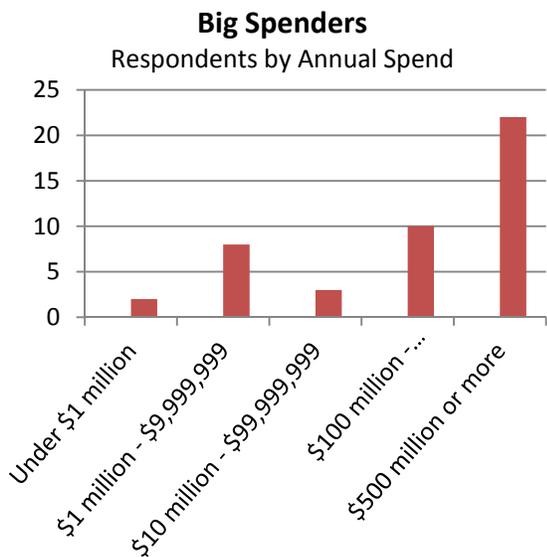
Nearly all respondents expect to do more responsible purchasing in the next two years. Factors they claim would increase their responsible purchasing include: more competitive pricing and better selection of responsible goods and services, and more training and education in responsible purchasing.

Building an Influential Network

In 2008, the Responsible Purchasing Network and the National Association of State Procurement Officials instituted a joint membership program. The 47 members responding to this survey include purchasing officials from nearly every state in the United States plus the District of Columbia.

NASPO-RPN members spend more than \$43 billion annually.

One in five (22%) spend less than \$10 million annually, while nearly half (49%) control procurement budgets of more than \$500 million. Together, they report spending \$43 billion annually.ⁱ

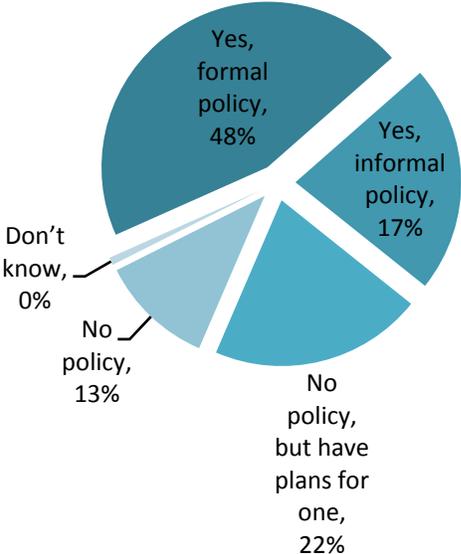


Adopting Policies and Criteria

Nearly two out of three (65%) respondents have either a formal (48%) or informal (17%) responsible purchasing policy. Seven out of 10 (70%) of these policies were issued by a chief executive or governing body, while one in three (33%) were developed by stakeholder teams (these methods of policy development are not mutually exclusive).

Nearly two thirds of the members who report not having a responsible purchasing policy, say they expect to adopt one.

Responsible Purchasing Policies Prevalent
Percentage of Respondents



The Many Facets of a Responsible Purchase

When asked about the importance of various purchasing factors, product performance (80% saying very important), availability (59%), and purchase price (55%) are top priorities, though environmental considerations, durability, and total cost of ownership were all rated important or very important by about nine out of 10 respondents.

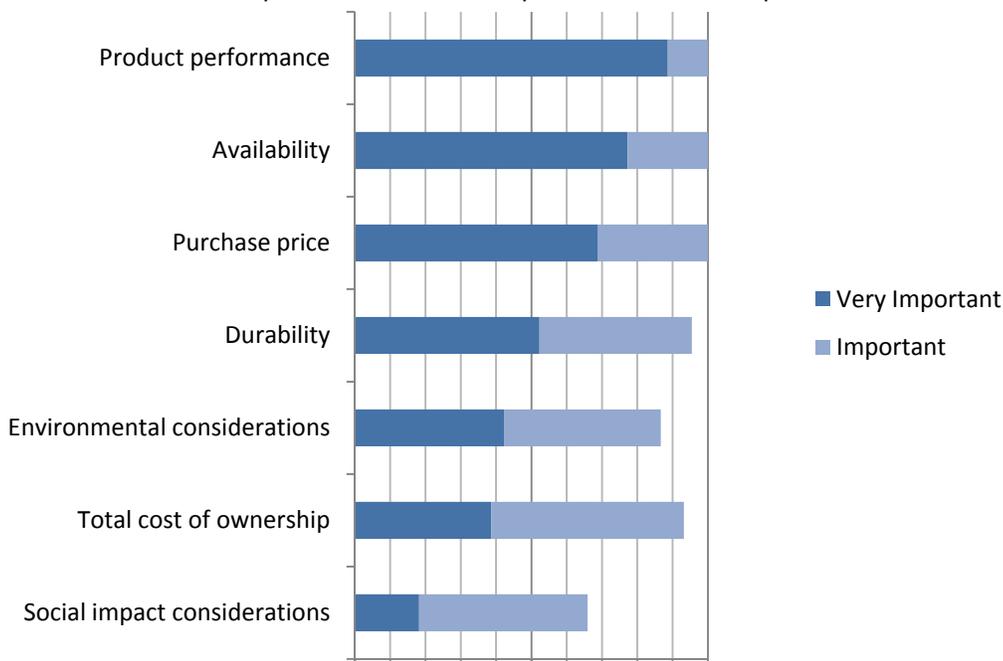
In terms of environmental considerations, recycled content (91% saying important or very important), recyclability (91%), and energy conservation (86%) are the most widely held priorities (see table on next page for detail).

Social impact considerations were the least important, but still rated important or very important by 70% of respondents.

These findings reflect RPN’s view that responsible purchasing means considering social and environmental factors in addition to concerns about cost, quality, and supply. And that “cost” should include total lifecycle costs rather than just purchase price.

Percentage Rating Various Purchasing Factors as 'Very Important' or 'Important'

Other options: 'Somewhat Important' and 'Not Important'



Importance of Social & Environmental Issues in Purchasing Decisions

Issue	% Saying Important or Very Important	% Saying Very Important
Recycled content	91%	49%
Recyclability	91%	40%
Energy conservation	86%	49%
Human health	79%	40%
Bio-based alternatives	77%	25%
Toxics	77%	27%
Water pollution	75%	30%
Sustainability	74%	33%
Reduced Packaging	73%	27%
Greenhouse gas emissions	72%	23%
Air pollution	70%	11%
Water conservation	70%	21%
Biodegradable/compostable	67%	23%
Indoor air quality	67%	21%
Reusability	67%	19%
Climate change	63%	16%
Remanufactured	63%	16%
Volatile organic compounds	60%	21%
Wildlife habitat	60%	14%
Biodiversity	55%	7%
Ozone layer protection	55%	14%
Impact on marine	52%	12%
Sustainable forestry	52%	7%
Ancient forests	45%	2%
Locally-owned supplier	42%	19%

Other options: Somewhat Important, Not Important

Responsible Purchasing in Practice

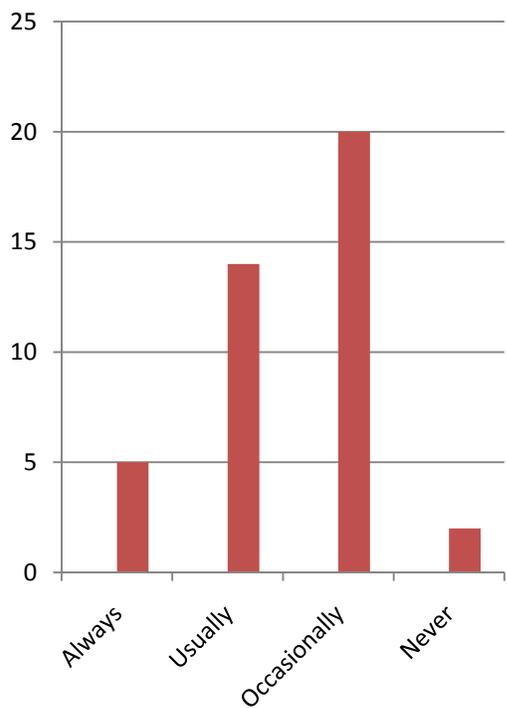
Considering Environmental Factors in Purchasing Decisions

Two out of five (43%) either always (11%) or usually (32%) consider environmental factors in their purchasing decisions. Large percentages communicate green purchasing considerations to employees through training programs (67%) and announcements (49%), while only one in 20 (5%) include green purchasing in employee evaluations.

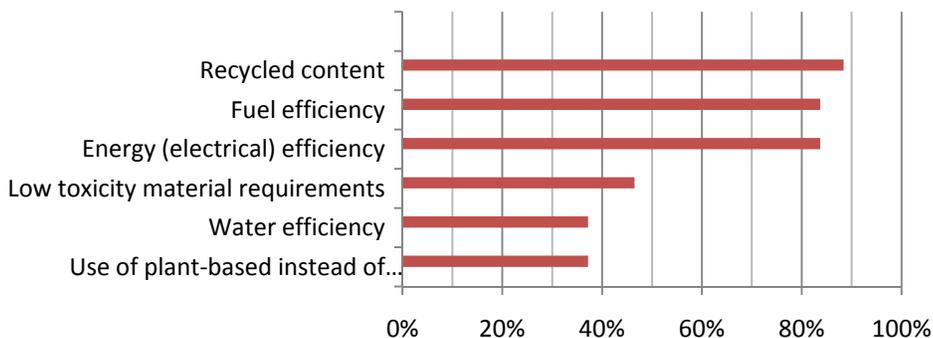
43% always or usually consider environmental factors in their purchasing decisions.

More than four out of five respondents consider recycled content (88%), fuel efficiency (84%), and electrical efficiency (84%) as criteria in purchasing decisions.

Survey respondents by how often their organization "actually considers environmental factors in its purchasing decisions"



Percentage of Organizations Including Various Criteria in Purchasing Decisions

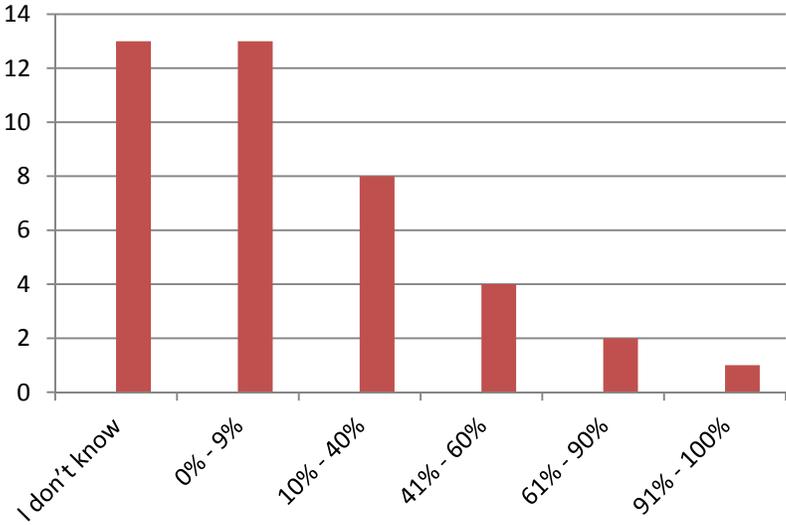


A Growing Consideration

One in six (17%) respondents indicates that at least 40% of all spending is influenced by social or environmental responsibility factors. When each respondent's answer is multiplied by that jurisdiction's total annual spend (see page 6), the result is that between \$2.7 and \$10.2 billion worth of spending on goods and services is already being influenced by social and environmental factors. There is still tremendous growth potential, but the existing market clout is impressive.ⁱⁱ

Collectively, between \$2.7 and \$10.2 billion in annual spend is influenced by social or environmental responsibility factors.

Respondents by % of annual spending "actually influenced by social or environmental responsibility factors"



Utilizing Standards & Certifications

Respondents report referencing more than 20 sustainability standards and certifications as procurement criteria. Energy Star is universally recognized, while nine out of 10 respondents also recognize LEED, Green Seal, and Chlorine-Free. As for actually putting standards to use, Energy Star is utilized by 93% of respondents while LEED, Green Seal, EPEAT and several others are used by a majority of respondents.

Recognized/Used Standards & Certifications

Standard/Certification	Recognized / Used
Energy Star	100% / 93%
LEED	93% / 66%
Green Seal	91% / 65%
Chlorine-Free	90% / 34%
EPEAT	88% / 64%
EnergyGuide	85% / 37%
EcoLogo (Environmental Choice)	85% / 48%
USDA Organic	71% / 24%
GreenGuard	67% / 21%
FSC (Forest Stewardship Council)	65% / 23%
CRI Green Label	63% / 23%
DfE (Design for Environment)	63% / 3%
C2C (Cradle-to-cradle)	55% / 20%
SFI (Sustainable Forest Institute)	55% / 15%
Fair Trade Certified	53% / 5%
WaterSense	45% / 5%
SCS (Scientific Certification Systems)	44% / 8%
Green-e	42% / 8%

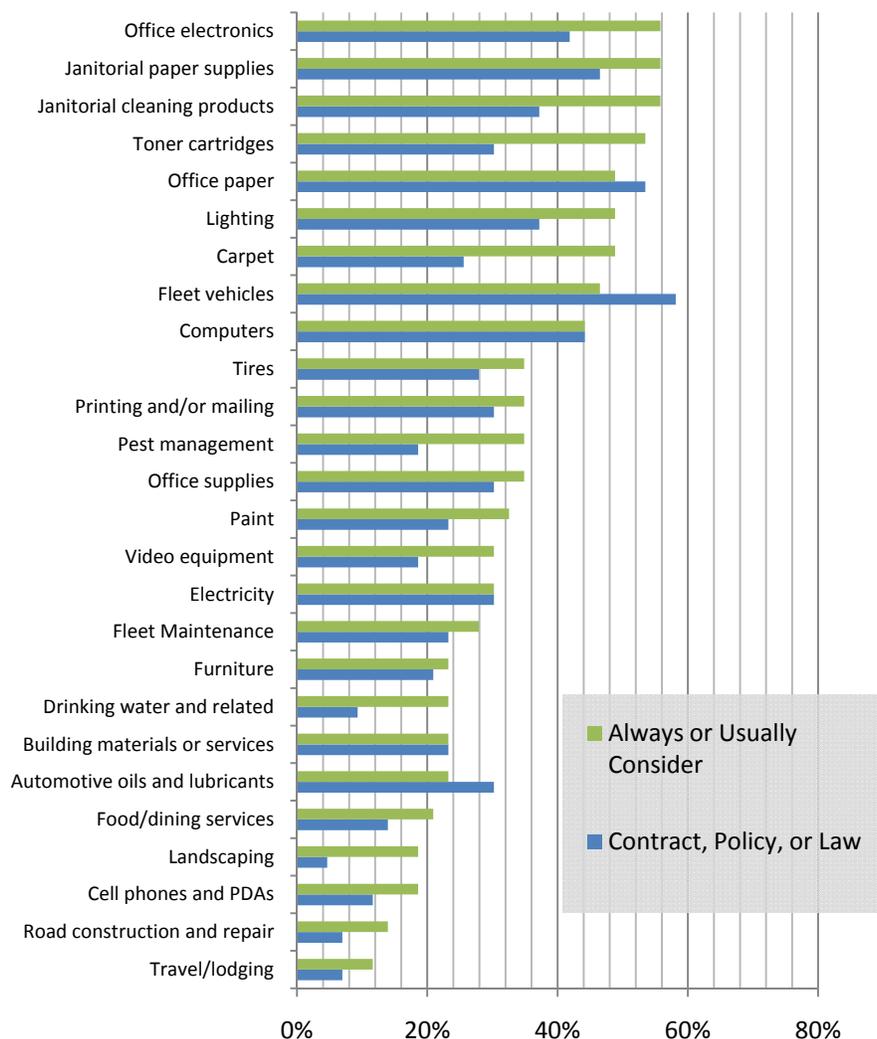


Screening a Wide Range of Products

Respondents report having contracts, policies, or laws requiring environmental considerations for more than two dozen product categories. However, many respondents report considering social and environmental factors regardless of whether it is mandated. The greatest number requires consideration for fleet vehicles, but office electronics, janitorial paper, and janitorial cleaning products receive the most actual consideration.

Interestingly, a majority (53%) consider social and environmental factors in toner cartridges even though less than a third (30%) say they have a contract, policy or law requiring it. On the flip side, more respondents have contracts, policies, or laws pertaining to three product areas (office paper, fleet vehicles, and automotive oils and lubricants) than always or usually consider social or environmental factors for those products.

Requiring & Considering Social or Environmental Factors

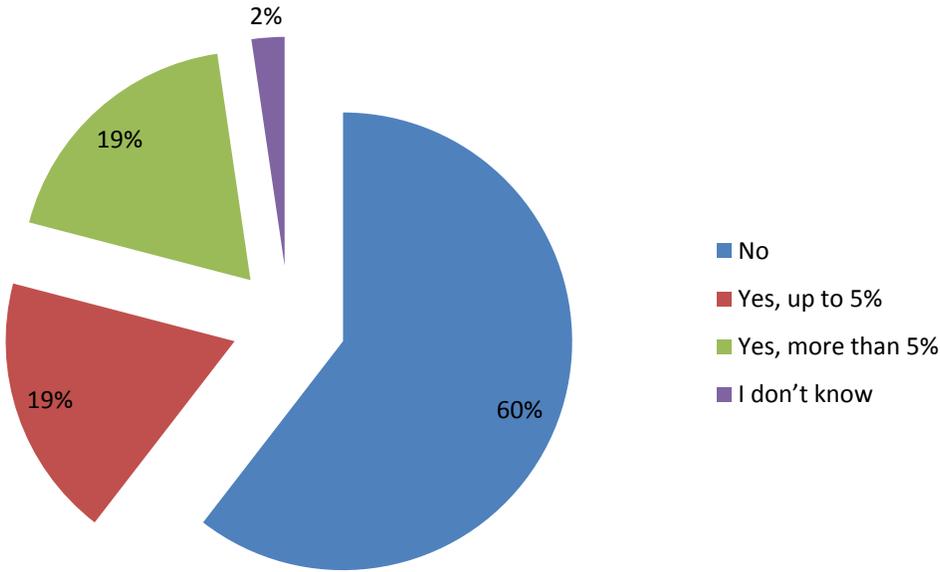


Allowable Price Premiums

Two in five organizations (38%) allow price premiums for socially or environmentally preferable products. Half of these allow a premium of more than 5%.

One in five (19%) members allows a price premium of more than 5% for socially or environmentally responsible purchases.

Percentage Allowing a Price Premium for Socially and/or Environmentally Preferable Products

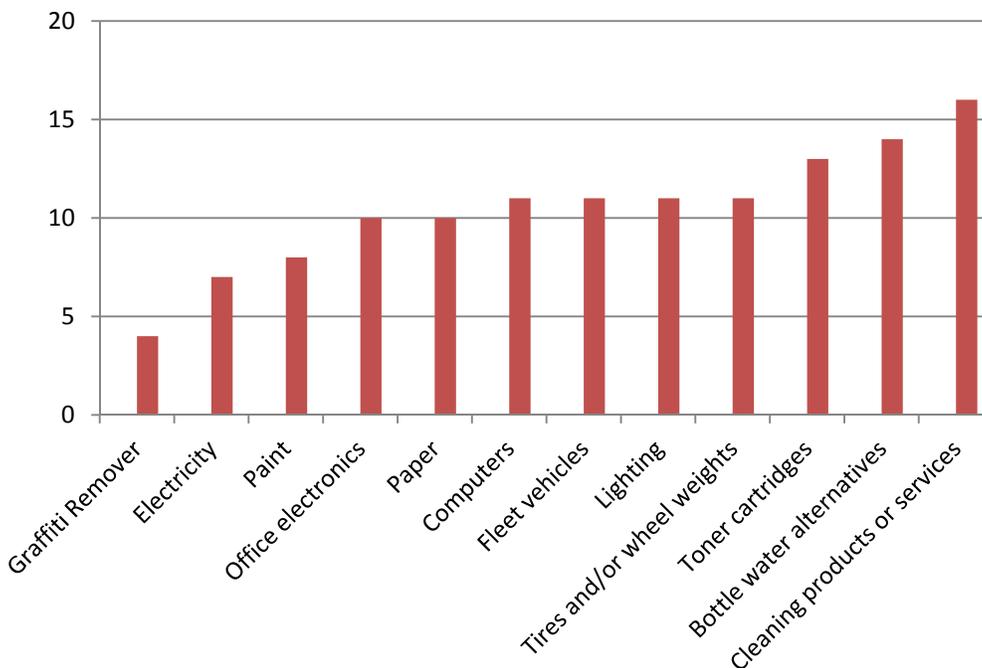


Utilizing RPN Resources

Respondents report strong utilization of RPN member resources in advancing their responsible purchasing initiatives. Half (50%) of all respondents used RPN resources to green their procurement in one or more of the 12 product categories covered by RPN's Responsible Purchasing Guides. For example, 16 institutions used Guides and other RPN resources to green procurement of cleaning products or services, 14 to implement bottled water alternatives, and 13 to shift toner cartridges.

Half (50%) of all respondents report using Responsible Purchasing Guides and other RPN resources to green their procurement.

Number of Institutions that Have Used RPN Resources to Green Their Procurement of Specific Products



Measuring & Reporting Impact

Most organizations do not yet seem to be comprehensively measuring or reporting on the impacts of their responsible purchasing programs.

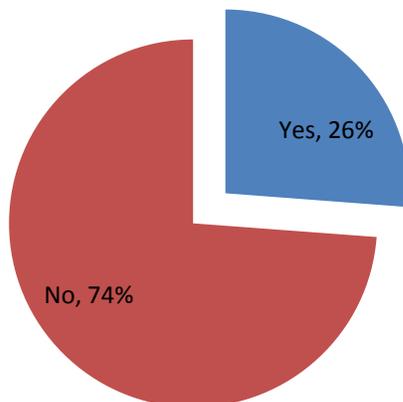
Only one in four (26%) organizations published a report summarizing their responsible purchasing initiatives.

Just one in six (18%) respondents used at least one of nine responsible purchasing calculators to quantify financial and/or environmental impacts. Together these organizations represent more than \$2.6 billion in annual spend. Most frequently used is the paper calculator – utilized by five states – while the cleaning, computer, electricity, fleet, office electronics, and toner calculators were each used by three states.

On the upside, this seems to be a question to keep an eye on in the 2010 report. Multiple respondents added comments that they are just beginning to familiarize themselves with the calculators and plan to utilize them in the months ahead.

One in six respondents, together representing more than \$2.6 billion in annual spend, used responsible purchasing calculators to quantify financial and/or environmental impacts.

Does your organization publish a report on your green purchasing initiatives?

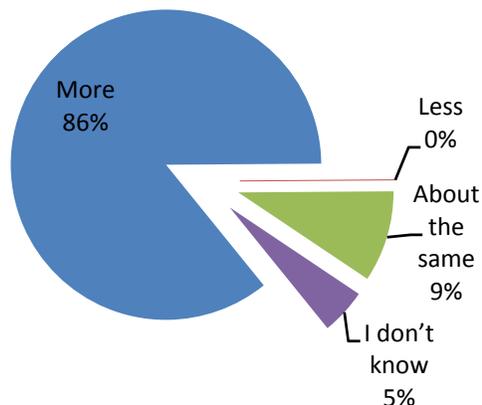


Forecasting Future Trends & Opportunities

RPN members are strongly committed to continuing or expanding their responsible purchasing activities. More than eight out of 10 (86%) respondents say their organizations will be doing more responsible purchasing in the next two years.

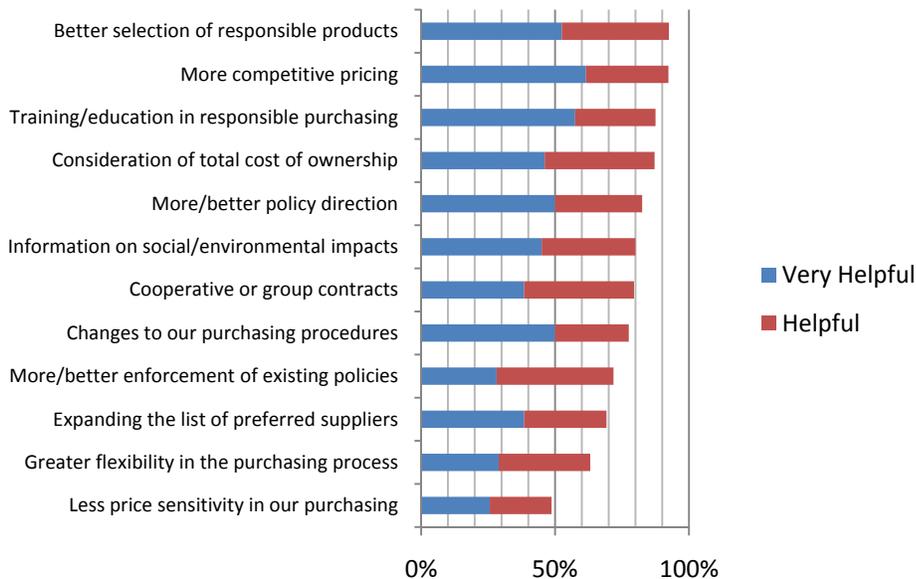
Respondents report that a number of factors could ease their adoption of responsible purchasing practices. Majorities gave "Very Helpful" ratings to "More competitive pricing for socially/environmentally preferable products" (62%), "Training/education in responsible purchasing" (58%), and "Better selection of responsible products" (53%).

More than eight out of 10 expect to do more responsible purchasing in next two years



Factors that Could Help Increase Responsible Purchasing

Percent Saying Very Helpful or Helpful
Other Options: Somewhat Helpful, Not Helpful



About the Sponsors



Responsible Purchasing Network

The Responsible Purchasing Network (RPN), at the non-profit Center for a New American Dream, was founded in 2005 as North America's largest network of procurement and sustainability professionals dedicated to socially and environmentally responsible purchasing. Through its membership program and consulting services, RPN offers tools and resources for building and managing purchasing programs that reduce negative impacts on human health and the environment without sacrificing cost, quality or supply.



National Association of State Procurement Officials

The National Association of State Procurement Officials is a non-profit association dedicated to strengthening the procurement community through education, research, and communication. It is made up of the directors of the central purchasing offices in each of the 50 states, the District of Columbia and the territories of the United States.

End notes

ⁱ The conservative estimate of \$43 billion in purchasing power was derived by tallying the low end of annual spend ranges reported by members. Responses marked confidential have been left out of this tally.

ⁱⁱ The conservative \$2.7 billion figure was derived by multiplying the low-end of each respondent's annual spend range by the low-end of that organization's responsibility consideration range, then tallying all responses together. The higher figure (\$10.2 billion) was derived by multiplying the high end of each respondent's annual spend range by the high-end of the responsibility consideration range and tallying.



Join RPN

Because Every Purchase Matters.

Membership Benefits:

- ▶ Model policies and specifications
- ▶ Green purchasing webinars
- ▶ Certified green products database
- ▶ Expert sustainability speakers
- ▶ Responsible Purchasing Awards

Consulting Services:

- ▶ Custom green specifications
- ▶ Green purchasing policies
- ▶ Life Cycle Analyses
- ▶ Green office audits
- ▶ Cost-saving green practices

“RPN provided us with the data analysis demonstrating the long-term, positive environmental effects made by shifting to more responsibly made products.”

*Perry Plumart, Deputy Director, Green the Capitol Office,
U.S. House of Representatives. Office of Greening the Capitol*

RPN's series of **Responsible Purchasing Guides** includes best practices, policies, specs, standards, case studies, calculators, group contracts, and green product lists for:



- ▶ Carbon offsets
- ▶ Cleaners
- ▶ Computers
- ▶ Drinking water
- ▶ Faith organizations
- ▶ Fleet vehicles
- ▶ Fluorescent lighting
- ▶ Food services
- ▶ Graffiti remover
- ▶ LED lighting
- ▶ Office electronics
- ▶ Office paper
- ▶ Paint
- ▶ Renewable energy
- ▶ Tires & wheel weights
- ▶ Toner cartridges
- ... and more coming soon

For **membership inquiries & consulting rates**, please contact:

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