ESG and Sustainable Procurement

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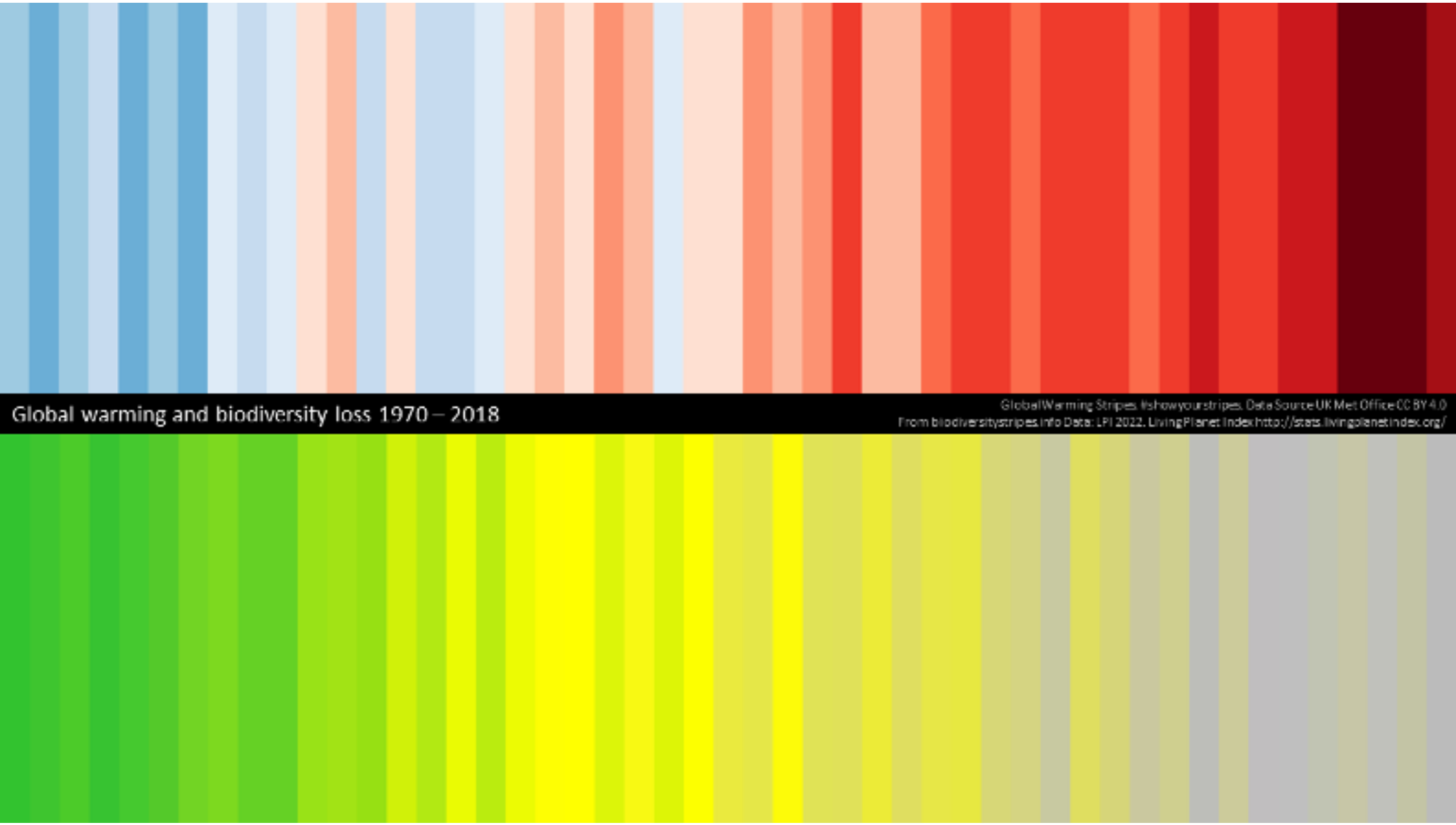
2023 SA HEALTH
SUPPLIER CONFERENCE

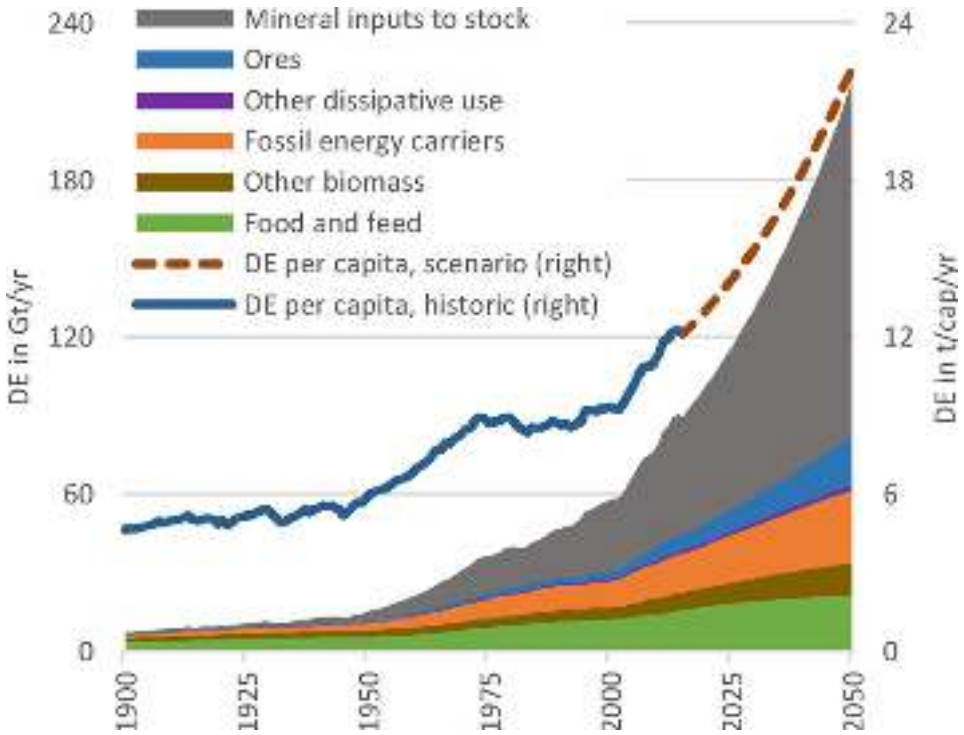
THURSDAY, 9TH NOVEMBER 2023

Government of South Australia
SA Health


Global warming and biodiversity loss 1970 – 2018
Global Warming Stripes #showyourstripes. Data Source UK Met Office CC BY 4.0
From biodiversitystripes.info Data: LPI 2022. Living Planet Index http://stats.livingplanetindex.org/

Resource Crisis

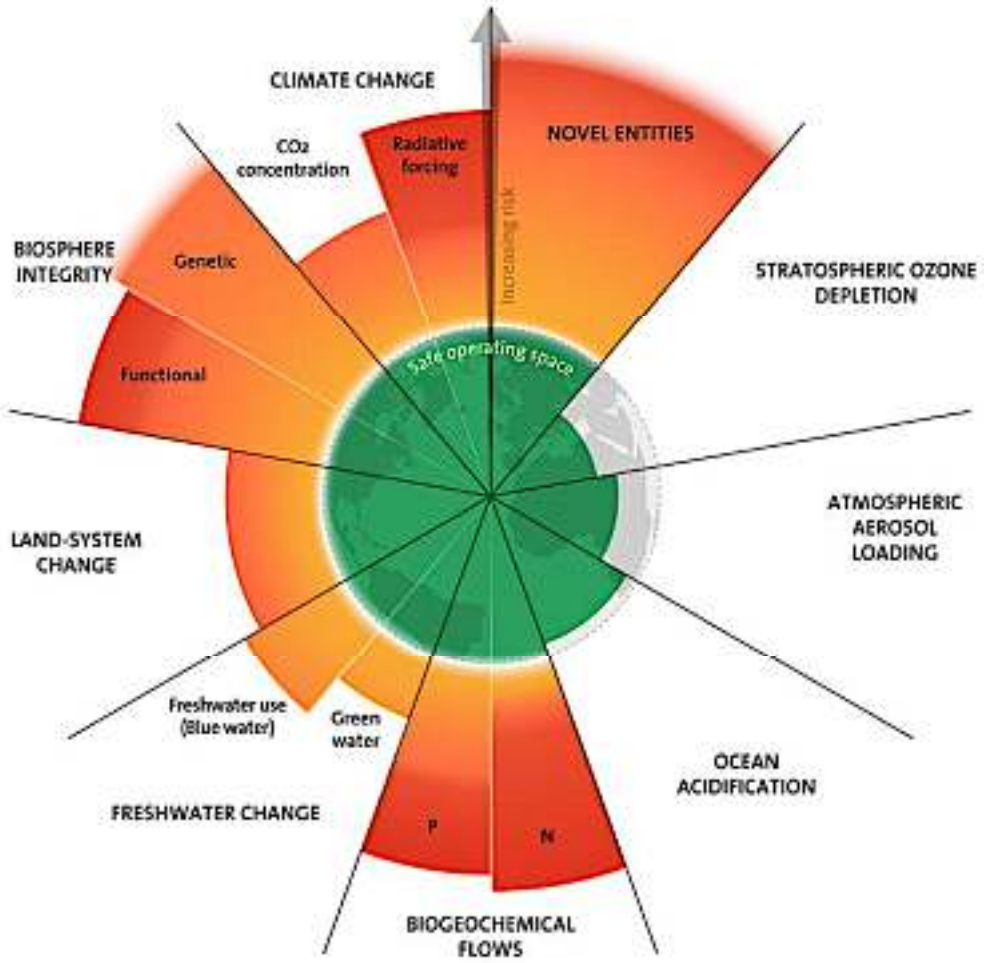
1. Running out of resources
2. Exceeding emissions and pollution
3. Filling the world with waste
4. Globally only 7.2% circular



Credit: Krausmann et al. Global Environmental Change 52:131-140, 2018

Planetary Boundaries

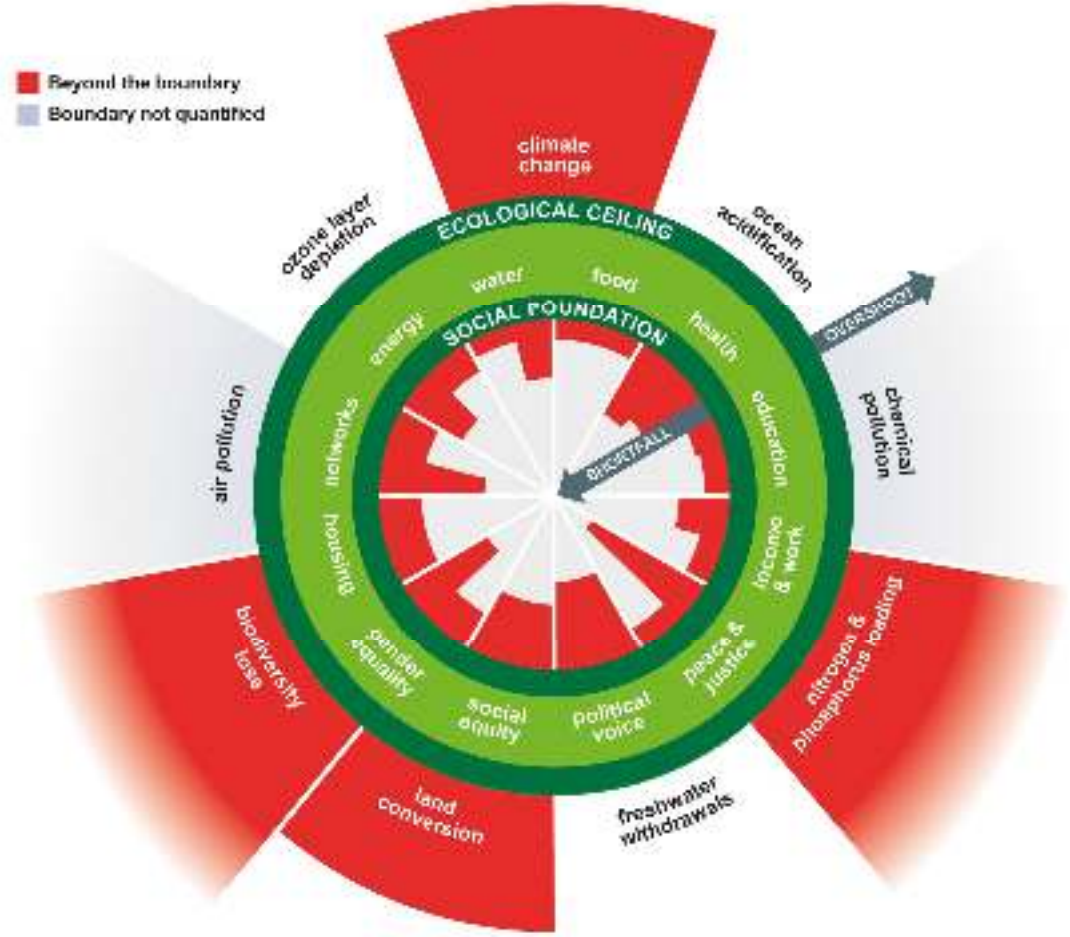
- 6 of the 9 boundaries exceeded
- Resilience and tipping points
- Liveability
- Ecosystem services



Credit: Stockholm Resilience Centre, based on analysis in Richardson et al 2023

Safe Operating Space

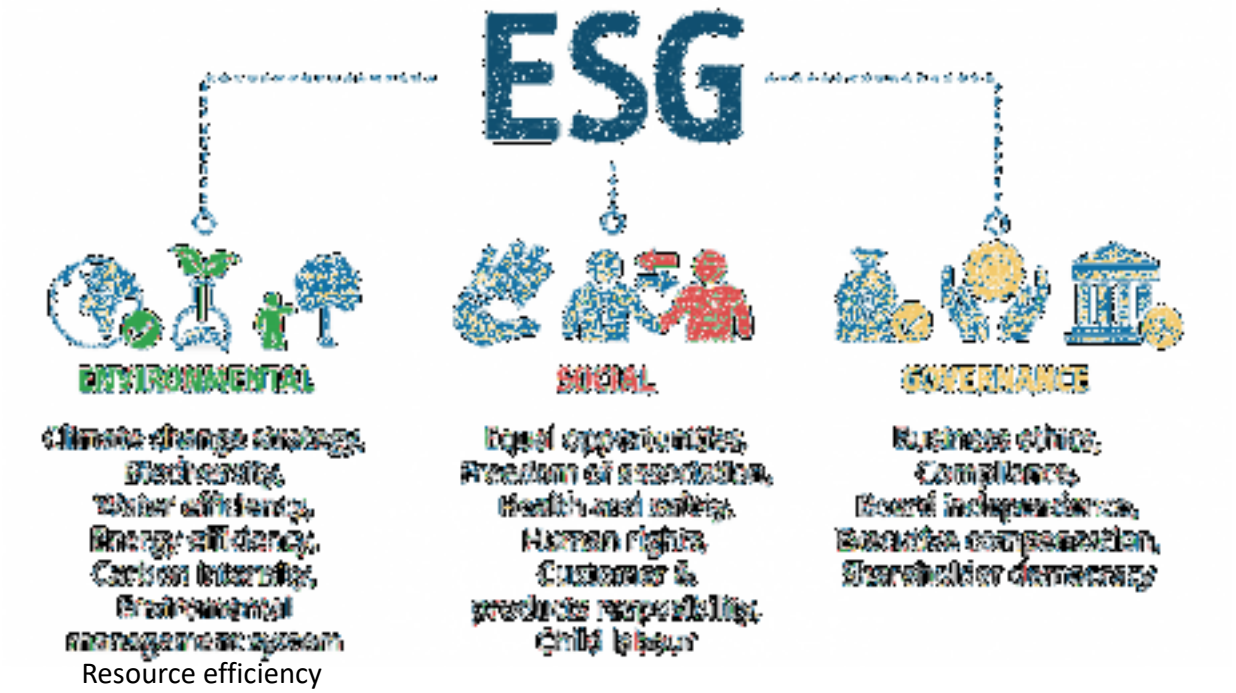
- Need to provide human services within planetary boundaries
- Our economy isn't working



Credit: Kate Raworth and Christian Guthier/The Lancet Planetary Health

Actions

- Sustainable Development Goals
- Paris Agreement
- Climate Emergency / Net-Zero by 2050 / Climate reporting
- ISSB, TCFD / TNFD, GRI, B-Corp
- Nature Positive Economy / Nature Repair Bill
- Circular Economy by 2030
- ESG

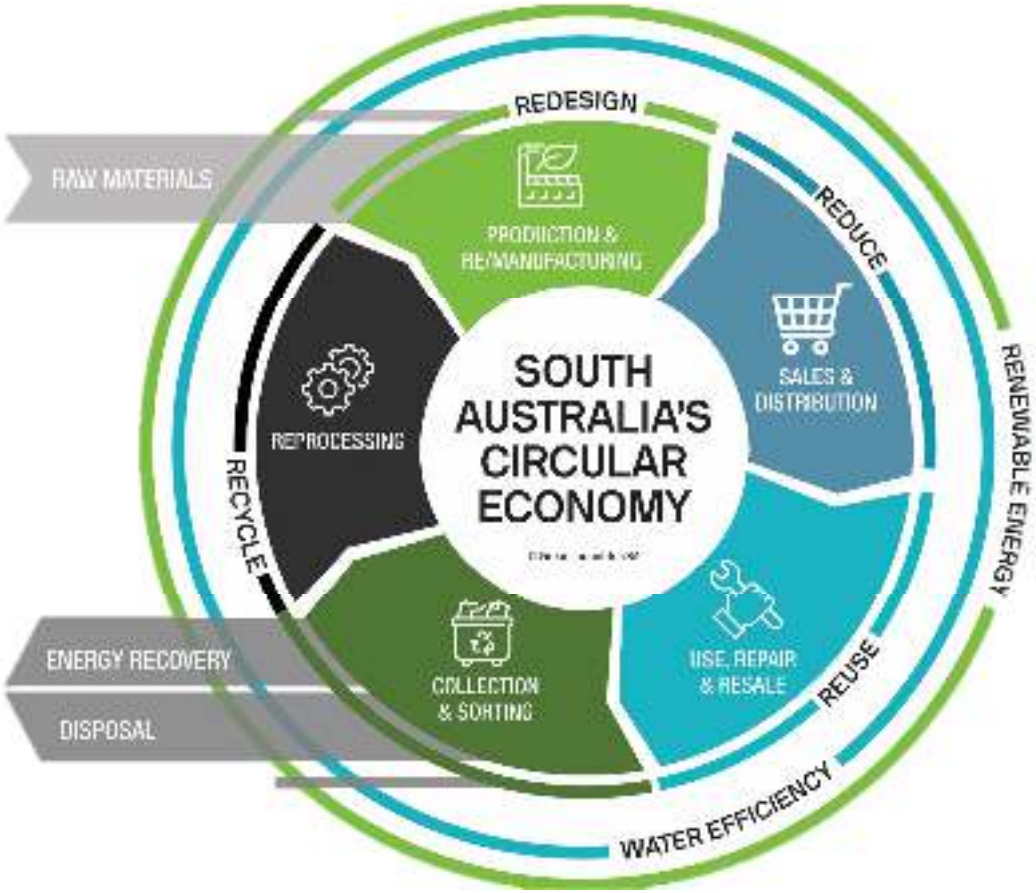


Credit: Moving Worlds

- No longer a nice to have – but still a competitive advantage
- Transparent sustainability – for funding, insurance, markets, supply chains, consumers

The Circular Economy

- Reduce extraction and waste
- Keep products and materials in use longer and at highest value
- Recover energy, water, nutrients and regenerate natural systems



South Australia's Circular Economy

25,000 new jobs
By 2030 under a circular economy in design and manufacturing, food production, efficiencies, new business models and services

$12.6 billion
Estimated in economic benefits by 2050* from reduced production costs and new business growth

27% reduction
By 2030 in reduced greenhouse gas emissions and improved environmental outcomes

Sovereign risk and global competitiveness
Ensuring resilient local supply chains and ESG to ensure competitiveness in global markets demanding low carbon credentials

Reduce waste and pollution
Reduce waste, litter, plastic and other pollution

Greater value from Resources
Creating greater value through products and materials by increasing product life

Enhanced wellbeing
Supporting wellbeing, enhanced quality of life and social cohesion through community sharing and social good enterprises

Building on SA's competitive strengths
In South Australia's resource recovery, energy, Hi-Tech, innovation.

Circular Economy for…

Value Creation

- Reducing costs
- Customer demand
- Competitive advantage
- Innovation and diversification
- New market opportunities
- Funding opportunities
- Employement

Risk Mitigation

- Supply chain security / disclosure
- Reporting requirements (ESG)
- Reputation management
- Investor disclosure
- Employee retention
- Legal and financial risk
- Physical risk - finite resources, climate change

Circular Economy in SA

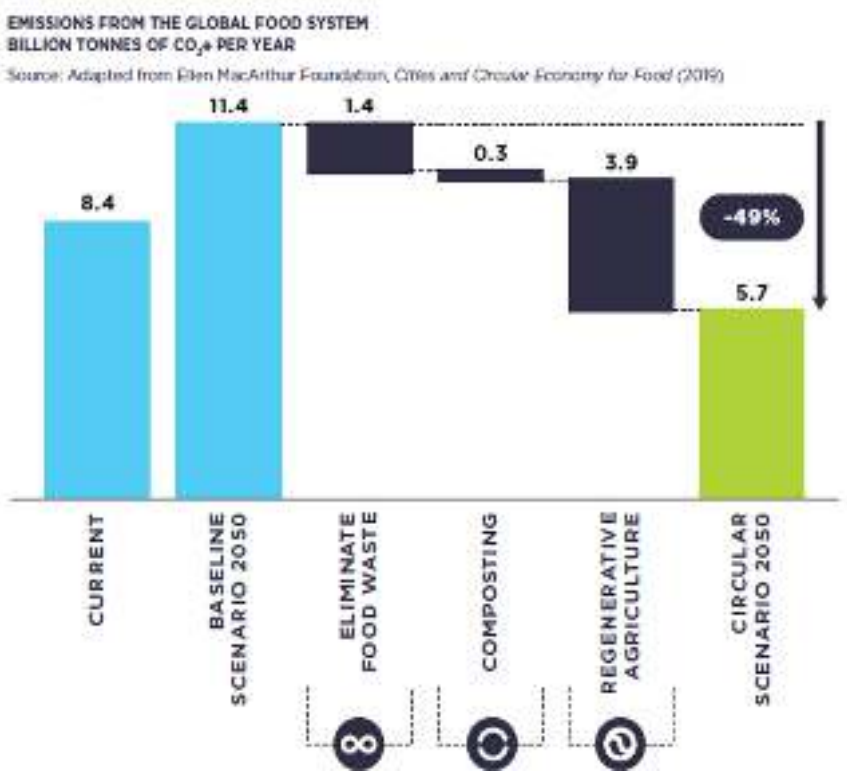
- SA highest rate of landfill diversion 83%
- 92% recycled and reused in SA
- SA Firsts:
  - 1977 – Container Deposit Scheme
  - 1987 – Waste Levy
  - 1997 – Waste Strategy
  - 2009 – Plastic Bags Ban
  - 2013 – Recycling Activity Survey
  - 2017 – Circular Economy Economic Report
  - 2020 – Single-Use Plastics Ban

South Australia – Progress

- Avoid
  - 240M straws per year; New Single-Use Plastic Bans
  - Compostable packaging
- Reduce
  - >60 business investments and plans
  - 7 guides (Govt, Events, Built Env, Textiles, Filming, etc)
- Reuse
  - 4,700t food products; 35,000t clothes sold or donated
  - 1,400t home furnishings; 500t books, 200t electronics
- Recycle
  - **83%** (92% processed in SA)
  - MSW 56%; C&I 97%; C&D 93% 2.8t/person/yr
- Recover [including energy]
  - 3%
- Treat / Dispose
  - 16.7%

Circular Economy for…Climate Action

- The healthcare sector accounts for 7% of Australia's total greenhouse gas emissions
- Can't reach net zero without circular economy (45% of emissions are from products and services)
- Scale of the health sector is an opportunity
- Sustainable procurement is the key



Sustainable Procurement

- Sustainable Procurement Index for Health - United Nations Development Program and Health Care Without Harm
- GISA Circular Economy Procurement Knowledge Hub – case studies on business practices and PSSA Circular Economy in Procurement Masterclass
- Greenhospitals.net
- 80% of healthcare's carbon footprint is single-use equipment
- Save costs, improve customer experience, reduce environmental impact and drive innovation

Sustainable Procurement

- Health sector - encourage sustainability through procurement
  - collect data, identify opportunities and implement practices to support sustainable choices
  - request data / info from suppliers: create demand
  - include sustainability as a key assessment criteria (don't focus on dollar value)
  - Embed accountability: seek data/info from suppliers on their sustainability performance; ask for extended producer responsibility
- Suppliers - offer sustainable solutions and transparency

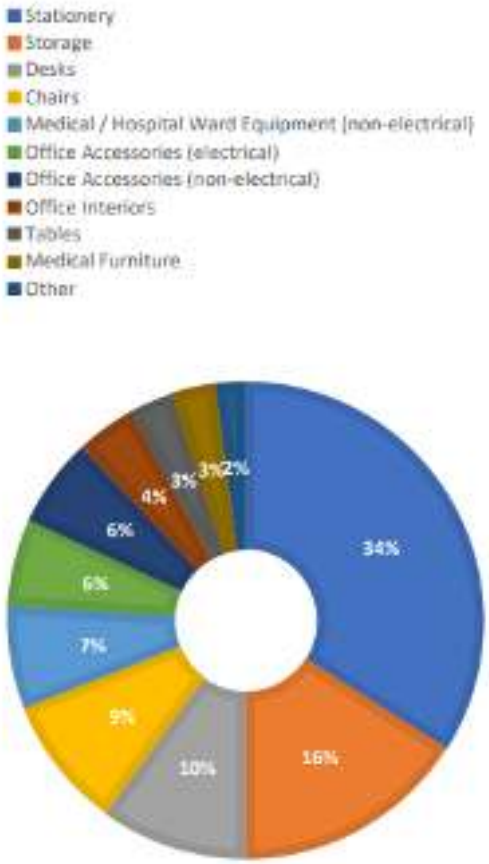
Procurement - Reusable

- Opportunities for reusable options within healthcare system
  - Linens, gowns and privacy curtains – Linen Services Australia
  - Cleaning cloths (selected)
  - Food and drink service ware
- Autoclave and sterilisation equipment to enable reusable instruments, rather than single-use
- Packaging of single-use and sterilised instruments and equipment
- Ensure assessment of disposable options include disposal costs
- Challenges with post-COVID behaviour and regional areas

Procurement - Reusable

- WRAP UK: Hywel Dda University Health Board
- Warp it platform – enables units in hospitals to input and view unused assets available
  - AUD$436,000 of savings by avoiding new purchases
  - AUD$132,700 of unwanted equipment donated or repurposed
- Aspire - similar platform for businesses to exchange resources
- Green Industries SA – Procurement Hub

Figure 1: Hywel Dda UHB most commonly re-used equipment categories



https://wrapcymru.org.uk/sites/default/files/2021-06/Hywel%20Dda_Warp%20It%20Case%20Study%20%28002%29.pdf

Reducing Waste

- Improve bin systems and collections
- Switch to compostable service ware – first step
- Reduce and capture all food waste - seasonal and local
- Demand reduced packaging, that is recyclable, compostable or reusable
- Repair, reuse and share equipment
- Buy local to reduce supply chain length and transport

Systems to support circular outcomes

- Health care settings are largely ‘closed’ systems for material use
- Infrastructure to support reuse options
- Retail tenancy requirements – food and beverage service
- Disposal systems to match use – e.g. organics recovery in cafes and back-of-house
- Bins – three bin systems in public areas and use standard bin colours
- GISA has procurement guidelines and can provide support for waste and recycling systems

ESG in Health Context

- Establish good governance – develop systems and standards, policies, procedures and reporting
- Have nature and wellbeing at the Board table – understand risks and opportunities
- Collect data on current practices (energy, waste, water, carbon/GHG, circularity): monitor, report and improve
- Increase resource efficiency and waste avoidance
- Move away from disposable, to reusable
- Think whole-of-life

Thank You

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Government of South Australia
Green Industries SA