Responsible Purchasing Trends

Responsible Purchasing Network

2010

Acknowledgments

Sincere thanks are owed to all the members of the Responsible Purchasing Network (RPN) for all of the work they do to shift purchasing dollars in a more responsible direction and for taking the time to respond to our survey. This report would not be possible without their support and active participation.

Appreciation is also owed to Alicia Culver for providing technical assistance and to Jonathan Cohen, Vincent Kitira, and Kelly Diamond for their collaboration with NASPO and their tireless work to create a comprehensive green purchasing survey. Many thank also to Christopher Mastin, Harrison Walford at the Center for a New American Dram for assistance in maximizing response to the survey, to Jason Chen for managing and formatting survey responses, and to Ellen Love and Christina Hug for their assistance.

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RPN would also like to thank the National Association of State Purchasing Officials (NASPO) for partnering with RPN since 2008 on this project.

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.

Responsible Purchasing Trends 2010

The Responsible Purchasing Trends 2010 report summarizes socially responsible and environmentally sustainable purchasing practices and trends among members of the Responsible Purchasing Network in the year 2009, and identifies opportunities in the years ahead.

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Introduction

For the past three years, the Responsible Purchasing Network (RPN) has measured the responsible purchasing of its members, the national and international leaders in the socially responsible and environmentally preferable purchasing movement. These institutions, comprised of federal agencies, city and state governments, businesses, and non-profits, have analyzed their supply chains with the goal of improving their impact on human health and the environment. These purchasing decisions shift billions of dollars to "green" goods, thus moving the market and expanding the green economy every day.

This year, we have taken a step back and have provided a background to the numbers. We note key changes, the challenges that are holding back the expansion of responsible purchasing, the opportunities for improvement, and the impact of the recession. We looked back the ever-growing responsible purchasing trend, and when possible we project forward to the future, as well.

The story of 2009 is one of resilience in the face of tremendous economic uncertainty. One would expect to find, in a year marked by slashed budgets, that green purchasing would fall victim as a perceived luxury or unwarranted expenditure. In fact, this couldn't be further from the truth.

RPN members have fully embraced responsible purchasing, even in the hardest of times. The percent of institutions with green purchasing policies jumped by thirteen points from 2009 to 2010 and a promising 89 percent plan on expanding their responsible purchasing even more next year. While cost still remains a paramount concern (68% indicated it as the biggest roadblock), 39% have made green purchasing a priority despite cost premiums, even spending up to an additional 15% or more for them. This is all good news in a year where the bottom line moved to the top of many purchasers' priorities. If the responsible purchasing movement fared this well during recession, one can only expect monumental growth as the world economy begins to rebound. With any luck, this will be the story of next year's report.

Phillip Kobernick

RPN Manager
Report lead author

Executive Summary

The Basis for an Influential Network
Respondents represent 130 organizations. Together they spend more than $26.4 billion on goods and services each year.

Adopting Policies
Three out of four respondents have some form of a responsible purchasing policy and three fourths of the rest say they expect to adopt one.

Responsible Purchasing Priorities
Purchasers indicate that recycled content, energy conservation, and human health considerations are the most important criteria for responsible purchasing and also identify product performance, price, and availability important general considerations.

Responsible Purchasing in Practice
The majority of respondents say they "actually consider" environmental and social criteria in most of their purchasing and collectively estimate spending between $3 billion and $10 billion last year on environmentally preferable or socially responsible goods and services.

Environmental sustainability standards and certifications such as ENERGY STAR, LEED, EPEAT, Green Seal, and others, are widely recognized and utilized.

Many respondents report considering environmental or social issues for a variety of products even when they do not have a policy that specifically requires it.

Measuring & Reporting Impact
While higher than previous years, only one in three purchasers publish a report outlining their green purchasing initiatives.

Roadblocks and Opportunities for Improvement
Respondents consider cost to be a significant barrier to responsible purchasing and view more competitively priced green products as a key to expanding their programs. Purchasers could also use more help clarifying what is "green" for building products, cleaners, and other goods, as well.

Utilizing RPN Resources
Half of the respondents report using Responsible Purchasing Guides and other RPN resources to green their procurement. The most frequently utilized resources are guides on purchasing less-toxic cleaning products or services, implementing bottled water alternatives, and shifting to greener computers.

Forecast and Conclusion
A strong majority of purchasers plan on procuring more green products over the next two years and indicate that improving their tracking and reporting will help them reach this goal

Report Methodology

In early 2010, the Responsible Purchasing Network surveyed its members (246 primary contacts and their "affiliate" members) and approximately 35 Green Products Roundtable participants on their green purchasing in 2009 and received a total of 130 responses. RPN members who were also members of the National Association of State Procurement Officers (NASPO) were asked an additional set of questions for the Tracking Green Spend needs assessment. The NASPO-specific results are presented in the 2010 Responsible Purchasing Report – NASPO edition.

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.

Because the sample is voluntary and certain members may be more likely to respond than others, we do not report on the statistical significance of our findings. In addition, accuracy is limited by respondents' consistent interpretation of questions and access to information. Nonetheless, the survey results provide useful guidance about the state of the field, common concerns, and shared priorities.

Results are presented in raw numbers as well as percentages of responses. In some cases, we also present data on total spending to demonstrate the clout that professional purchasers have to shift markets.

Also, since this is the third year RPN has created the Responsible Purchasing Trends Report, we have, when possible and informative, highlighted how the survey results have changed from year to year.

Download the report:
www.responsiblepurchasing.org

The Basis for an Influential Network

From January 2009 to January 2010, the Responsible Purchasing Network grew from 211 to 247 members. The 130 members responding to the survey report spending at least $26.4 to $36.9 billion annually on goods and services.

Respondents include government agencies, educational institutions, non-profit organizations, religious congregations, and corporations.

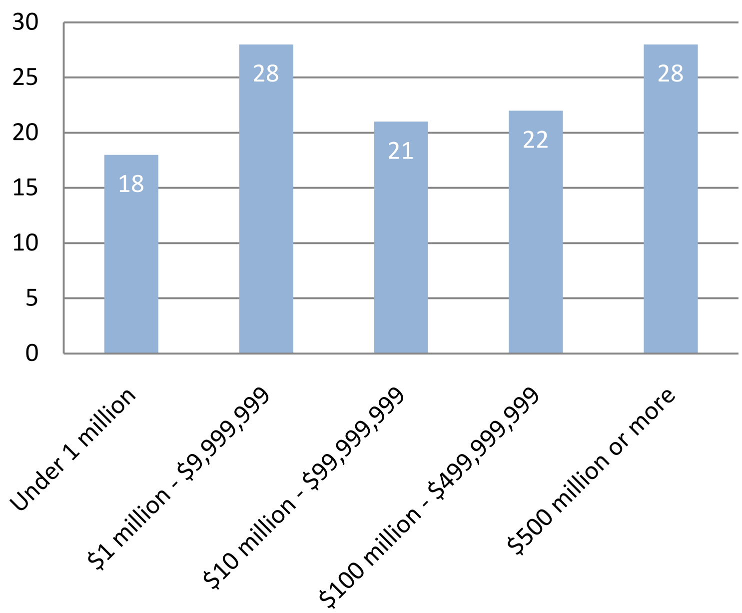
15% spend less than $1 million annually, but nearly half (41%) control procurement budgets of more than $100 million. At least six respondents have spending budgets that exceed $1 billion per year.

> Responsible Purchasing Network members spend more than $26.4 billion annually and employ at least 350,000 people

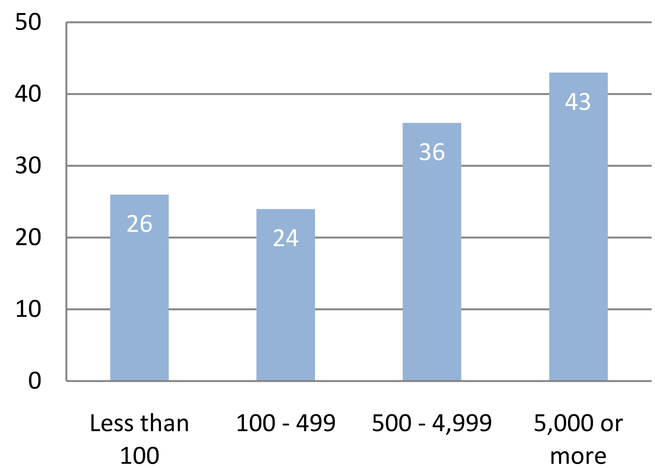
20% of respondents employ fewer than 100 people, while another 33% employ more than 5,000 and the remainder fall in between. Collectively, they employ at least 350,000 people.

Respondents spent an estimated $2.8 billion to $9.7 billion on green purchasing alone in 2009.

Big spenders…
Number of respondents by total procurement budget



… with wide reach
Number of respondents by organization's total employees



Adopting Policies

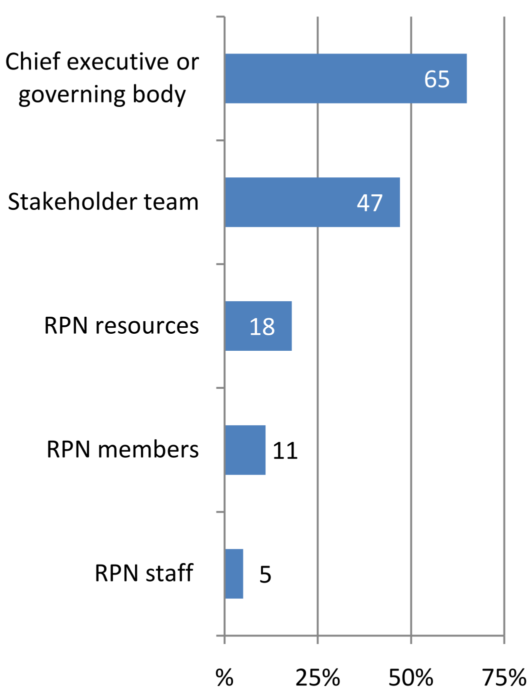
Policies are important because they communicate the benefits and clearly outlines the scope of a green purchasing program to stakeholders, ensure acountability, provide a method for tracking and measuring success, and designate important responsibilites.

Three out of four (78%) of survey respondents have either a formal (54%) or an informal (24%) responsible purchasing policy, a slight increase from the 2009 report.

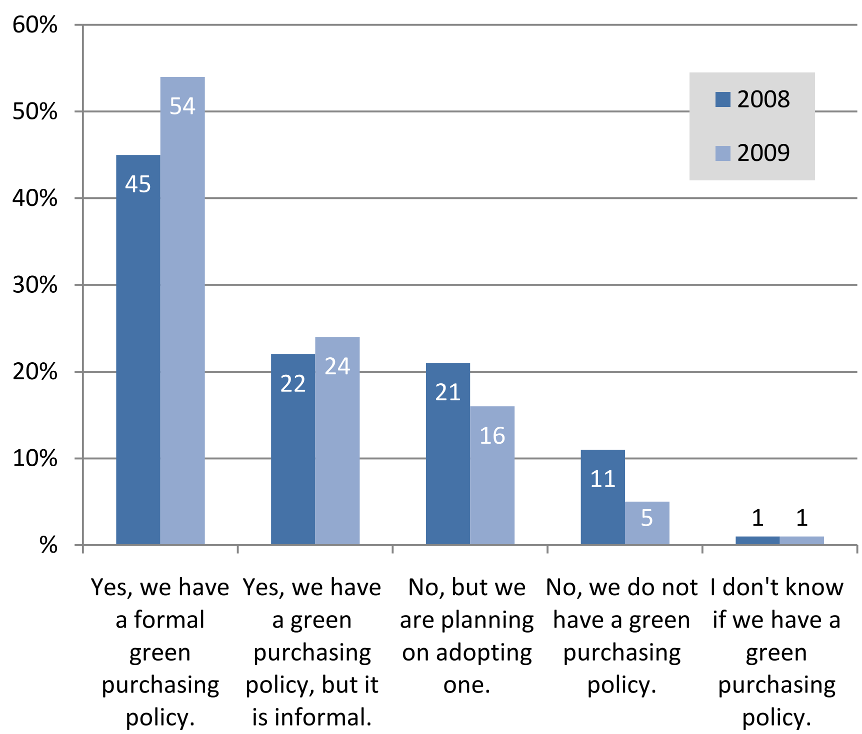
The majority (65%) of responsible purchasing policies originated with a chief executive or governing body but also came from a collaborative stakeholder team (47%) or RPN resources (18%) (the methods for policy development are not mutually exclusive).

The trend indicates that institutions continued to develop new policies this year despite the econoic climate. Futhermore, 76% of respondents who report not having a responsible purchasing policy say they expect to adopt one.

Policy Origins
Percentage of respondents



Responsible purchasing policies over time
Percentage of respondents



Responsible Puchasing Priorities

When asked about the importance of various factors influencing purchasing, members reported that product performance, purchasing price, and availability remain their top priorities, with more than half rating each of these as "very important" More than 1 out of 3 respondents also rated durability and total cost of ownership as "very important."

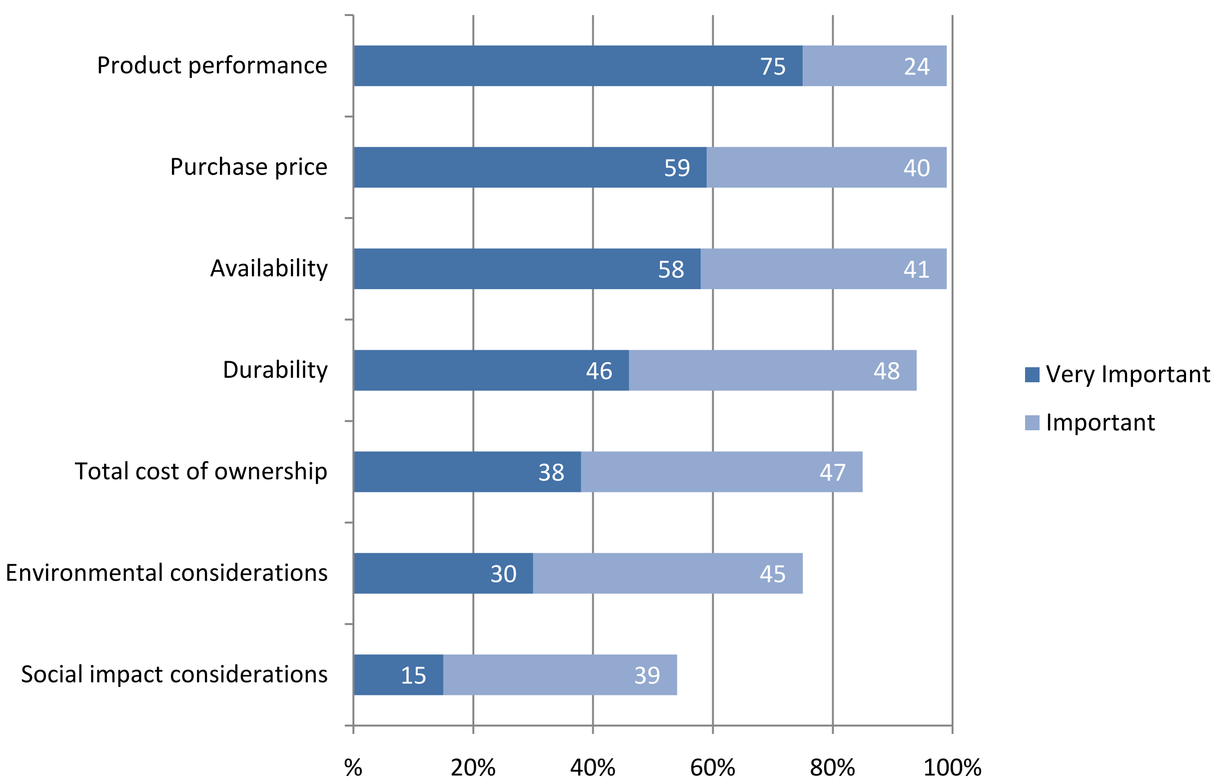
91% of RPN members consider recycled content "very important" or "important" in purchasing decisions

The most important environmental and social considerations are recycled content (91% rate as important or very important), energy conservation (90%), and human health (79%), which was nearly consistent from the previous year. See the chart on the next page for more details.

Biodiversity, ancient forest preservation, and ozone layer protection were rated the least imporant sustainable factors, and have all declined from the previous year.

Rating of various factors in purchasing

Percentage of respondents indicating factors as "Very important" or "Important"



Importance of Social & Environmental Issues in Purchasing Decisions

Issue	% Saying Important or Very Important	% Saying Very Important	Change in % Saying Important or Very Important from Last Year
Recycled content	91%	46%	0%
Energy conservation	90%	56%	-3%
Human health	89%	51%	+2%
Recyclability	87%	39%	+1%
Toxics	83%	35%	0%
Indoor air quality	77%	28%	+6%
Sustainability	76%	32%	-2%
Water conservation	75%	35%	-3%
Water pollution	74%	29%	-4%
Greenhouse gas emissions	72%	33%	-8%
Air pollution	71%	28%	-7%
Volatile organic compounds	68%	27%	-3%
Reduced packaging	67%	23%	-10%
Reusability	65%	24%	-7%
Climate change	63%	26%	-8%
Locally owned suppliers	62%	21%	+10%
Biodegradable/compostable	61%	23%	-10%
Bio-based alternatives	58%	17%	-13%
Sustainable forestry	58%	20%	-6%
Remanufactured	57%	17%	-11%
Wildlife habitat	53%	18%	-8%
Impact on marine environment	52%	19%	-5%
Biodiversity	47%	11%	-9%
Ancient forests preservation	46%	16%	-8%
Ozone layer protection	44%	13%	-13%

Other options: “Somewhat Important” and “Not Important”

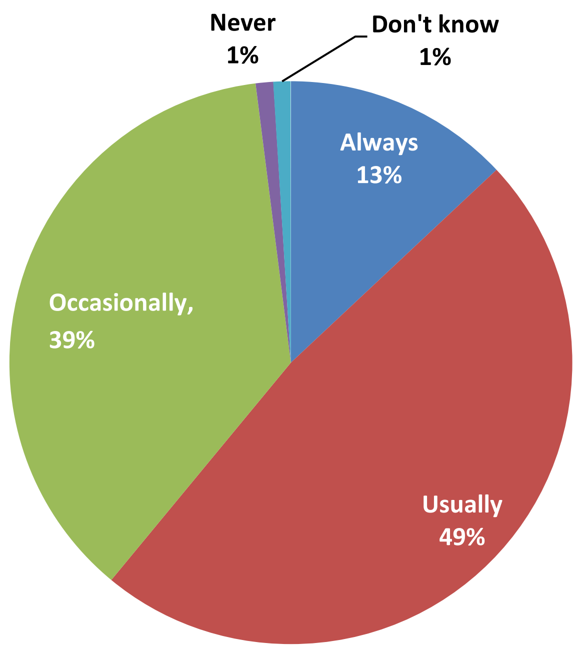
Responsible Purchasing in Practice

Considering Environmental Factors in Purchasing Decisions

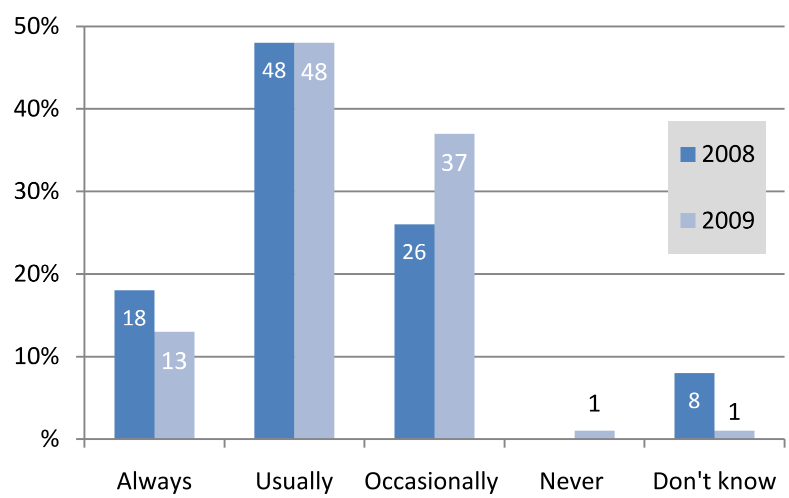
Over half (62%) of respondents report that they either usually or always consider environmental factors in their purchasing decisions. These figures remain relatively unchanged from year to year.

62% of RPN members always or usually consider environmental factors in their purchasing decisions.

How often organizations "actually consider" environmental criteria in their purchasing decisions
Percentage of respondents in 2009



How often organizations "actually consider" environmental criteria over time
Answers shown in percentage of respondents by year



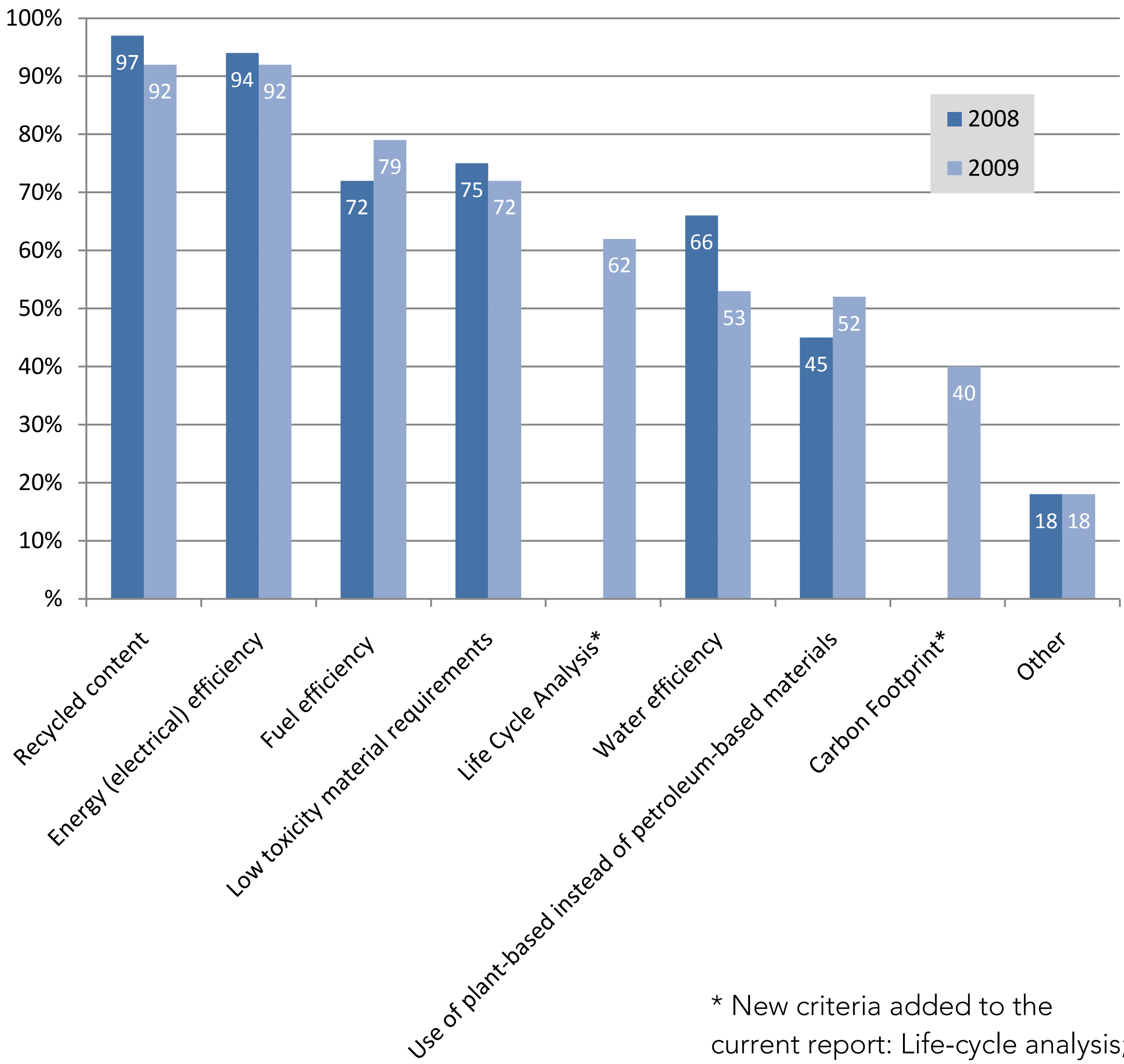
Purchasers consider many different "green" criteria in their procurement processes. 92% of RPN members responding to the survey consider both recycled content and energy efficiency in their purchasing decisions, making these the top priorities for two consecutive years despite a slight decrease.

Respondents revealed a 7% increase in the inclusion of fuel efficiency and bio-based materials in 2009. The increase in bio-based materials is largely due to a remarkable 30% increase in its inclusion among state purchasers (for more information on state purchasing trends, please visit Responsible Purchasing Trends 2010 – NASPO Edition).

13% fewer respondents included water efficiency criteria in 2009 as compared to the prior year, marking the single biggest decline.

Inclusion of various criteria in purchasing decisions

Percentage of respondents by year



* New criteria added to the current report: Life-cycle analysis; Carbon footprint

A Growing Influence

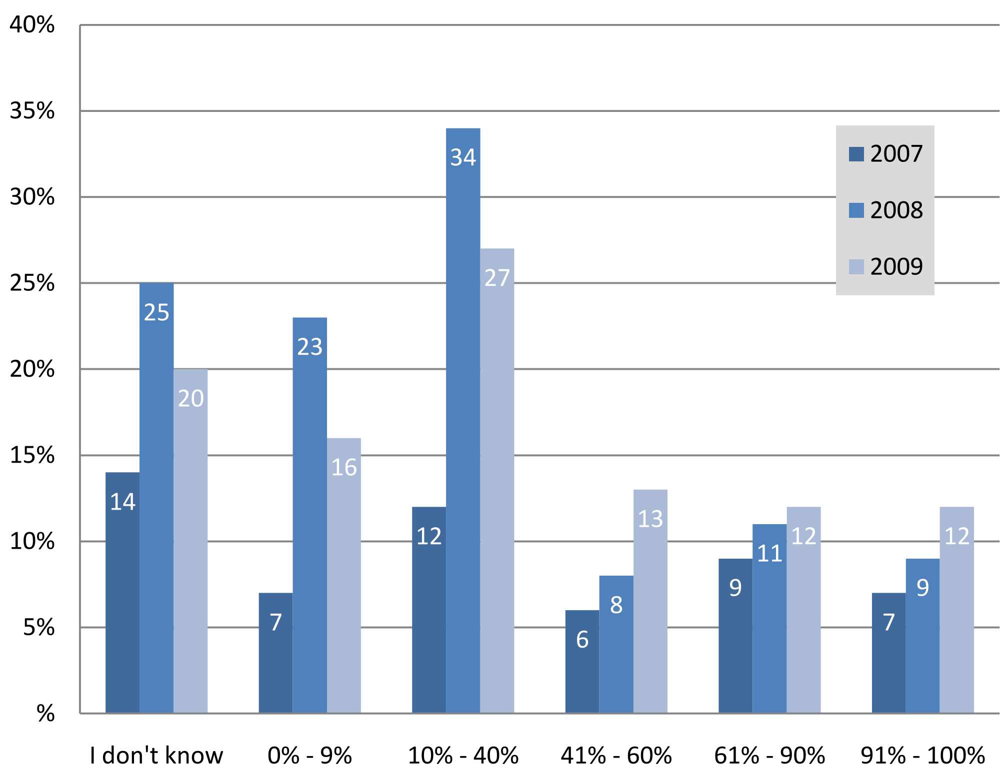
Over one in three (37%) respondents indicated that at least forty percent of all spending is influenced by social or environmental responsibility factors. This percentage of respondents is up three years in a row - from 28% in 2009 and from 22% in 2008. There is a growing influence of social/environmental factors in purchasing which can be seen in the shift to a growing percent of purchasers who consider green factors in over 40% of purchases made.

For those that respondents that provided their annual spend, their answer was multiplied by the percentage influenced by green factors. The results are that between \$2.8 and \$9.7 billion worth of spending is already influenced by social and environmental factors.

37% of respondents claim that at least forty percent of their spending is actually influenced by social or environmental factors

Greener budgets

Percentage of respondents by percent of annual spending "actually influenced by social or environmental responsibility factors"



Screening a Wide Range of Products

Responsible purchasing policies vary widely in scope. While some direct agencies to consider environmental and social attributes when evaluating a wide number of product categories, others are focused more narrowly on specific types of goods and services.

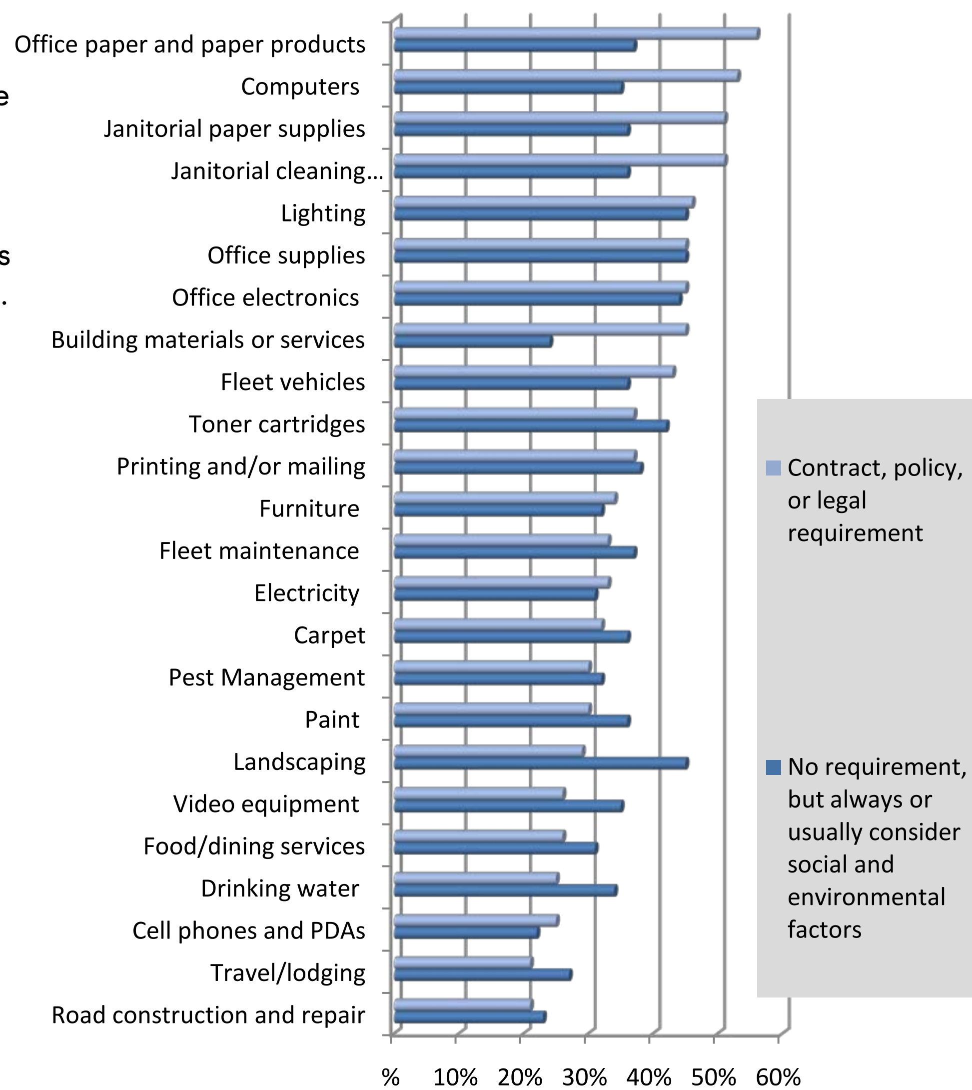
Here, we break down the underlying requirements by product category. For all product types, respondents are most likely to have a contract, policy, or legal requirement to consider environmental or social attributes while procuring these goods or services. However, when no such requirement exists, many still always or usually consider environmental factors for those products.

For example, while 29% of respondents report having a requirement to consider environmental factors when making landscaping purchases, an additional 45% include these considerations in their landscaping procurement decisions despite not having a legal requirement to do so.

Most organizations (56%) have requirements to consider environmental and social attributes when purchasing office paper. Computers (53%) and janitorial paper (51%) are the next most popular products to be addressed by a policy, legal requirement or contract.

Respondents that require social or environmental considerations in their product or service contracts, policies or laws when making a purchase. If no contracts, policies, or laws exist, how often does your organization actually consider these factors when purchasing these products or services?

Other answers choices included: "No requirement, but occasionally;" "we don't purchase these;" and "I don't know."



Utilizing Standards & Certifications

Standards and eco-labels can be valuable tools for purchasers because they help identify products with positive environmental and social attributes. Certifications are even more important because they let consumers know that a product's environmental or social benefits have been verified. Although many purchasers who responded to our survey were familiar with environmental standards, eco-labels, and certifications – at least a third *recognized* all twenty one labels in the survey – the amount these labels are *utilized* still has room for improvement. Only eleven labels are used by at least one third of purchasers.

ENERGY STAR continues to be nearly universally recognized, while over nine out of ten respondents also recognize LEED and Green Seal. As for actually putting standards to use, ENERGY STAR leads the way with 94% utilization. LEED, Green Seal, EPEAT, and EcoLogo are also used by a majority of respondents.

The biggest achievement in the last year in regards to proliferation was the Carpet and Rug Institute's Green Label, with a jump of 20 percentage points in recognition and 19 percentage points in utilization.

Five Largest Increases in Use 2008-2009

Standard	2008	2009	Difference
CRI Green Label	23%	42%	+ 19%
USDA Organic	28%	46%	+ 18%
FSC	46%	62%	+ 16%
LEED	70%	85%	+ 15%
Energy Guide	36%	51%	+ 15%

Five Largest Increases in Recognition 2008-2009

Standard	2008	2009	Difference
CRI Green Label	58%	78%	+ 20%
Fair Trade	72%	88%	+ 16%
USDA Organic	76%	86%	+ 10%
FSC	76%	84%	+ 8%
EPEAT	81%	89%	+ 8%

Recognized/Used Standards, Eco-labels & Certifications

Standard/Certification	Recognized / Used
ENERGY STAR	99% / 94%
LEED	97% / 85%
Green Seal	95% / 76%
EPEAT	89% / 69%
EcoLogo (Environmental Choice)	88% / 55%
Fair Trade Certified	88% / 36%
USDA Organic	86% / 46%
FSC (Forest Stewardship Council)	84% / 62%
EnergyGuide	79% / 51%
CRI Green Label	78% / 42%
CFPA (Chlorine-Free Products Association)	76% / 32%
GreenGuard	70% / 37%
C2C (Cradle-to-cradle)	66% / 15%
SFI (Sustainable Forestry Initiative)	64% / 22%
DfE (Design for Environment)	62% / 27%
Green-e	58% / 20%
WaterSense	57% / 21%
Rainforest Alliance Certification*	56% / 11%
SCS (Scientific Certification Systems)	48% / 13%
MSC (Marine Stewardship Council)*	45% / 9%
Level (from BIFMA, Business and Institutional Furniture Manufacturer's Association)*	40% / 9%

* New labels that were added to the current report

Allowable Price Premiums

Because cost is the major concern for purchasers in procuring green products, it is of no surprise that half (50%) do not allow for an additional cost when purchasing environmentally or socially preferable products.

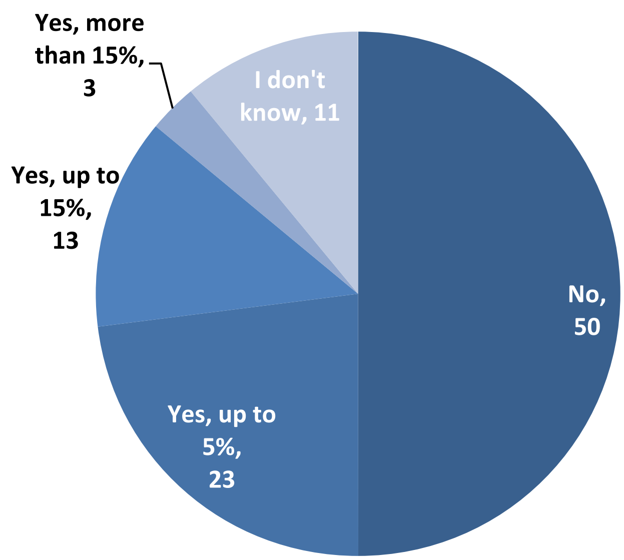
However, a substantial 39% of survey respondents allow a price premium for socially and/or environmentally preferable products, with some (3%), even spending over 15% extra.

One might expect price premiums to decline sharply during the Great Recession in 2009 (discussed in the following chapter), but many purchasers still allow for extra money to be spent on green products.

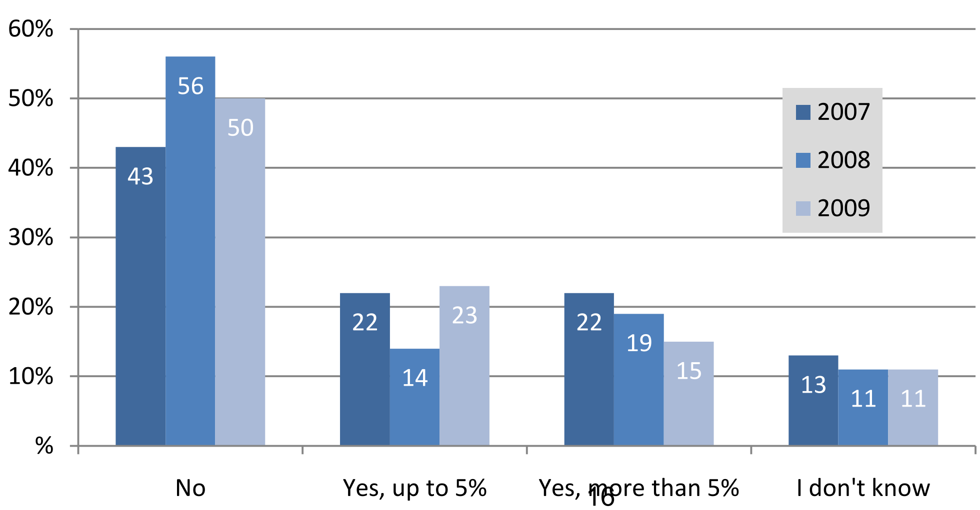
Once possible explanation is that purchasers are willing to spend more money upfront for products that they know will save them money in the long term such as compact fluorescent lighting. This is also likely attributable to an overall increase in green purchasing policies, which spell out considerations such as allowable price premiums.

Over one in three respondents allows a price premium for socially or environmentally responsible purchases.

Does your organization allow a price premium for socially and/or environmentally preferable products?
Answers shown in percentages of respondents in 2009



Price premium for socially and/or environmentally preferable products over time
Answers shown in percentages of respondents



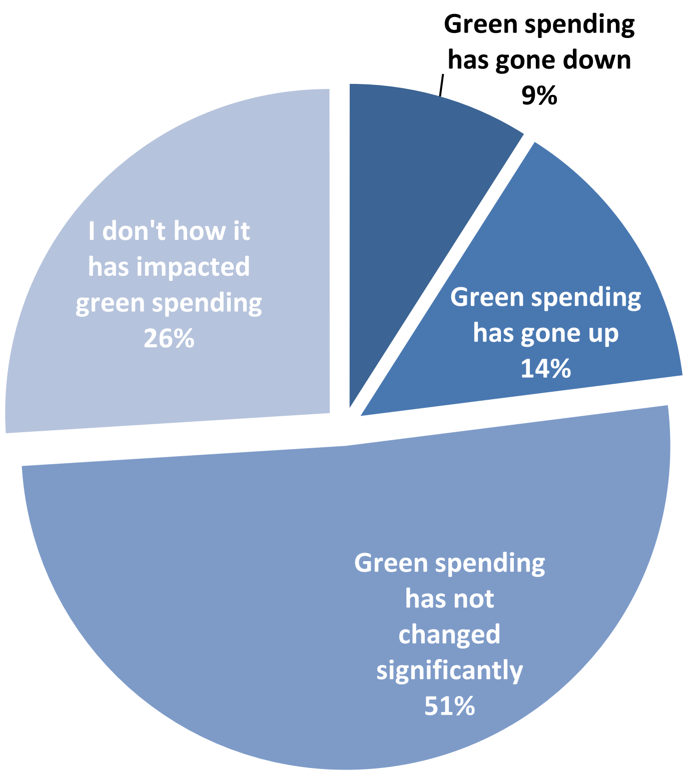
Recession Proof?

Although the Great Recession technically ended in June 2009, many governments and businesses were still feeling the pinch and continued to cut budgets for the rest of the year. Given the fact that many green products are still more expensive than their conventional counterparts, green purchasing seemed to be on the chopping block, as well.

However, the Great Recession has largely spared, and in some cases, even helped responsible purchasers. A remarkable 51% of respondents reported that the recession has had no or little effect on green purchasing, and even more incredible, 14% reported an *increase* in green spending while overall budgets were shrinking.

There are several explanations for this finding. An overall increase in environmentally preferable purchasing policies could have led to a general increase in green spending, despite cutbacks. But most importantly, green spending yields cost savings. Institutions could have vamped up efficiency projects and other green products that achieve overall cost savings, resulting in a seemingly recession-proof commodity.

How has the recent economic recession impacted your green purchasing program, if at all?



Measuring & Reporting Impact

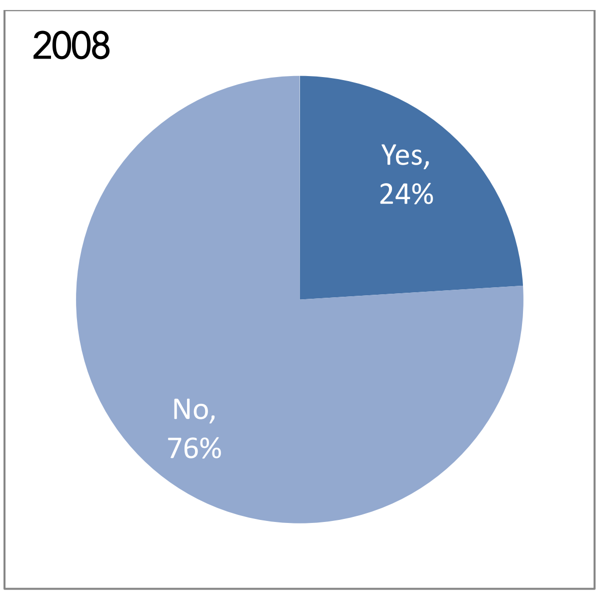
Compiling information on the size and environmental impact of a responsible purchasing program is vital because it demonstrates resource and cost savings to all stakeholders, increases transparency and enables purchasers to track spending with an eye for improvements.

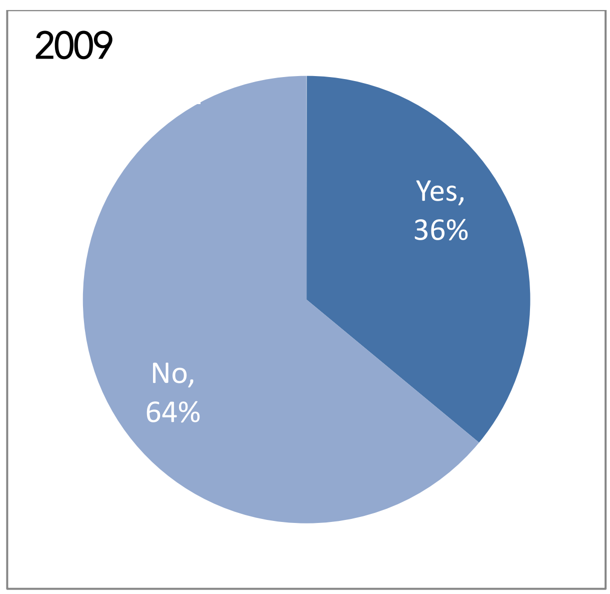
The percentage of organizations that publish a green purchasing report leaped forward in 2009. Thirty-six percent of respondents publish a report on their green purchasing initiatives, up from 24% in 2008.

64% of respondents do not publish a report on their green purchasing.

However, although many purchasers are beginning to compile annual reports, the majority (64%) still do not measure and report the size and impact of their responsible purchasing program.

Does your organization publish a report on your green purchasing initiatives?
Answers shown in percentages of respondents per year.





Roadblocks and Opportunities for Improvement

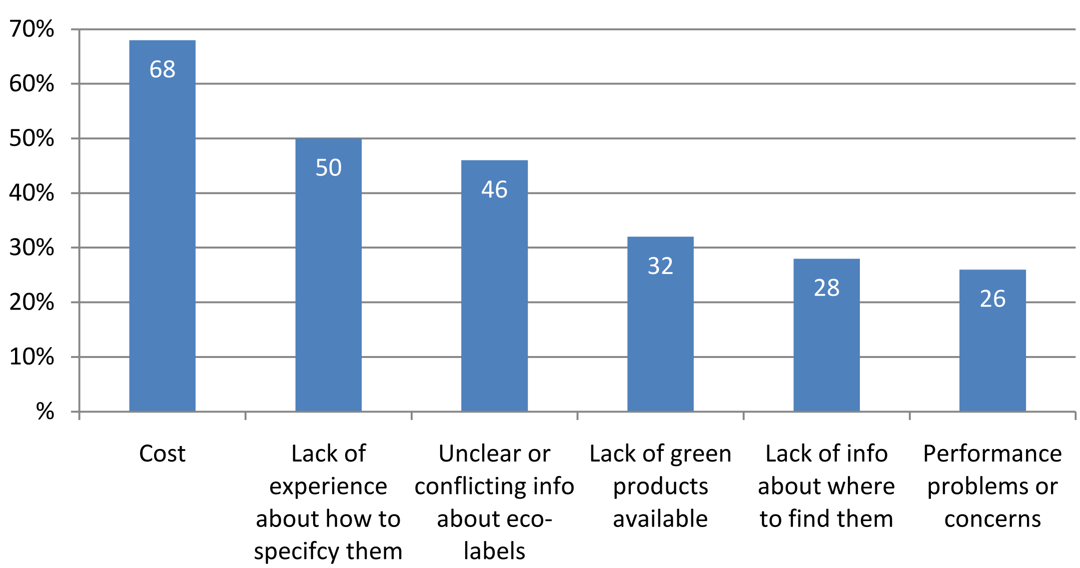
Despite purchasers' best efforts, there can still be roadblocks preventing them from successfully procuring more green products. When asked to indicate which specific hurdles respondents face in their green procurement endeavors 68% identify cost, more than any other option. This figure, coupled with the fact that 50% of organizations do not allow for a price premium for responsible goods, underscores that the bottom line is still a paramount concern. In addition, 50% of respondents listed lack of experience specifying responsible products and 46% identified unclear or conflicting information about eco-labels or standards (46%) as significant barriers.

> 68% of organizations find cost to be a roadblock in purchasing green products.

More promisingly, some of the areas of least concern include performance problems (26%) and lack of green products (32%), suggesting that purchasers can often find green products that meet their performance requirements.

Green procurement roadblocks

Answers shown in percentages of respondents indicating each factor as a roadblock

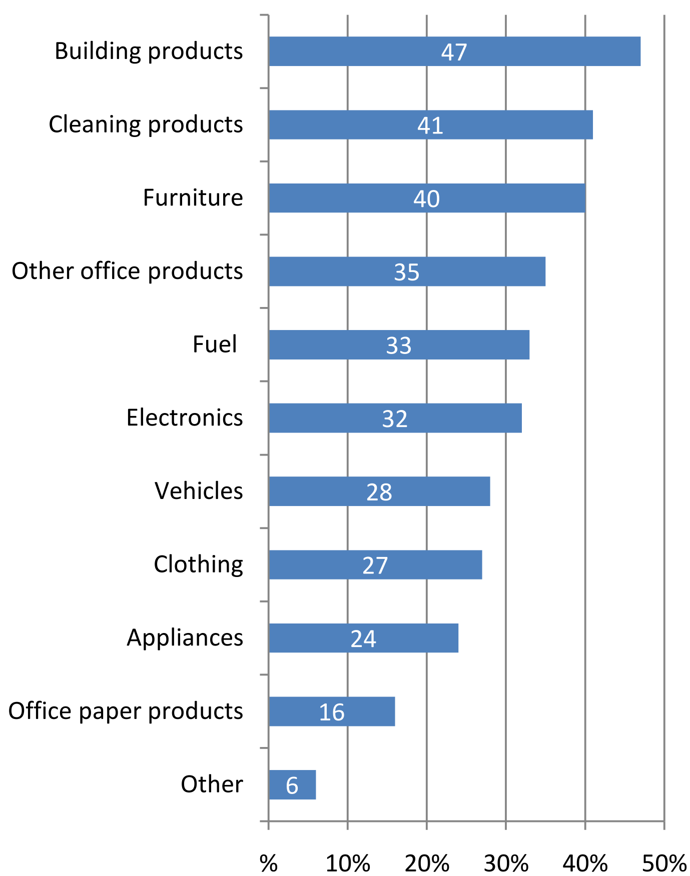


Other answer choices included: "Other"

Making Green Purchasing Easier

Respondents shed light on a number of areas where further clarification and more education is needed. For many, understanding what makes a product or service green or environmentally preferable is an important initial step. The highest percentage of respondents need clarification on what is "green" or "greener" when they are specifying building products (47%), cleaning products (41%), and furniture (40%).

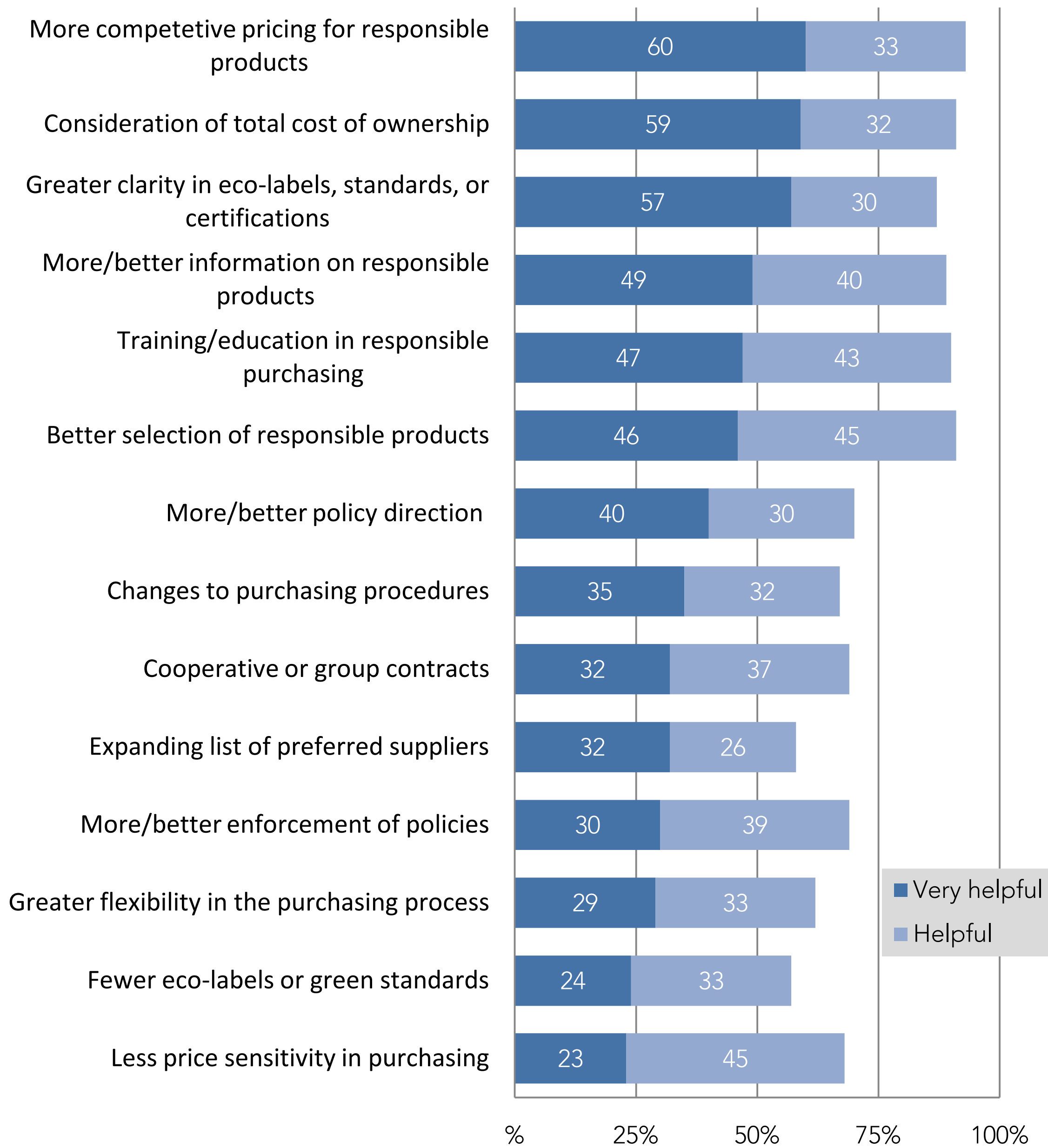
Products most in need of more clarity around what is "green."
Answers shown in percentages of respondents



Survey respondents have also identified several factors that can make green purchasing easier. Nearly all (93%) believe that more competitive pricing of environmentally preferable and socially responsible products would be very helpful (60%) or helpful (33%), echoing sentiments that cost is a primary concern. Ninety-one percent of respondents want a better selection of responsible products, while the same number stated that consideration of total cost of ownership (rather than simply relying on "low bid") is very helpful or helpful when making green purchasing easier. See the chart on the following page for more details.

Nearly half of respondents need more clarity on what is "green" when identifying and procuring building products.

Factors that could help increase responsible purchasing
Percent responding "Very helpful" or "Helpful"



Other answer options included: "Somewhat helpful" and "Not helpful."

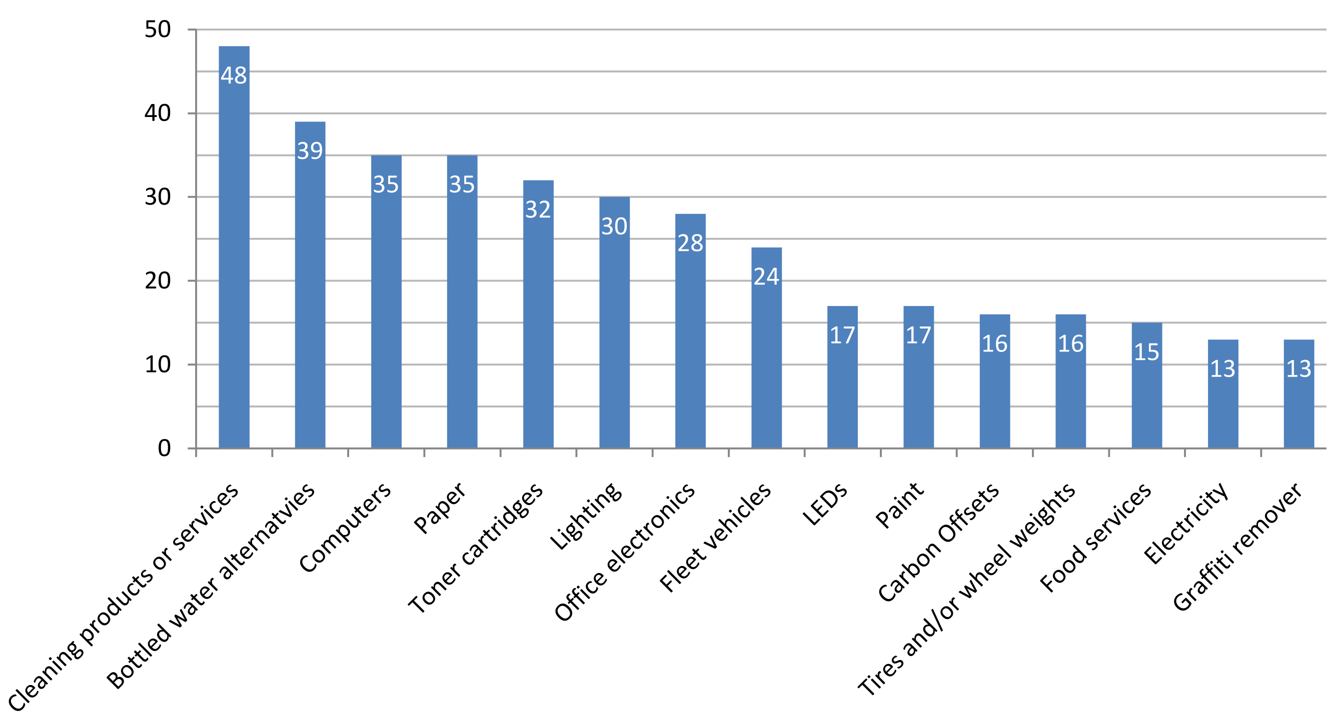
Utilizing RPN Resources

Respondents use a wide array of RPN member resources to advance their responsible purchasing initiatives. Over half (54%) of all respondents have used RPN resources to green their procurement in one or more of the 15 product categories covered by RPN's Responsible Purchasing Guides. The most widely used resources pertain to cleaning products or services (used by 48 respondents), followed by bottled water alternatives (39 respondents), computers, and paper (each used by 35 respondents).

Half of all respondents reported using Responsible Purchasing Guides and other RPN resources to green their procurement.

Respondents that have used RPN resources to green their procurement of specific products

Results shown in number of respondents



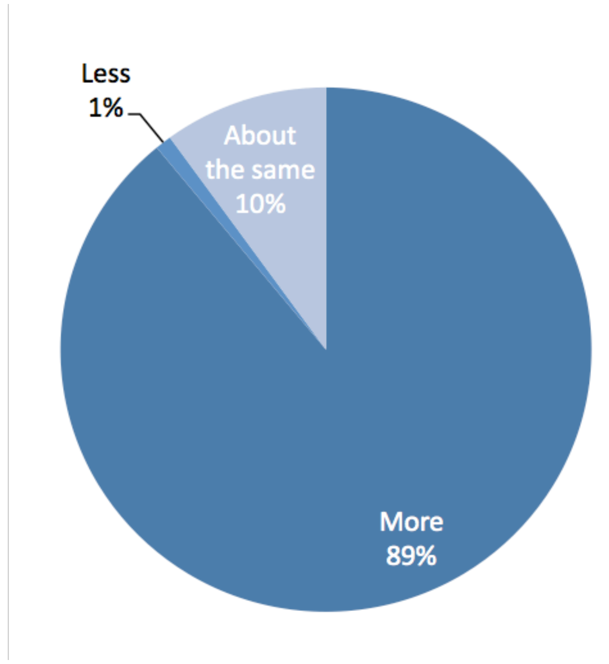
Conclusion and Next Steps

While cost concerns still dominate RPN members' priorities, a large majority still plan on expanding their environmentally preferable purchasing programs despite the impact of the recession. An impressive 89% of respondents plan on purchasing more socially responsible and environmentally preferable products over the next two years. Only a single respondent plans on reducing the amount of green goods and services procured even while the effects of the recession are still being felt.

There are several important steps that organizations can take to ensure that they meet the goal of expanding their green purchasing programs. First, for those that do not currently have a green purchasing policy in place, this is a crucial initial opportunity to institutionalize their commitment.

Next, by tracking their green purchasing activities, purchasers can measure environmental benefits and cost savings. Using RPN's calculators is a great way to start compiling this information.

Will you do more or less responsible purchasing in the next two years?
Results in percentage of respondents



Other answer choice: "I don't know," which did not have any responses.

Finally, groups that don't already publish a report outlining their green purchasing initiatives can begin the process of doing so. RPN's Model Responsible Purchasing Report: Guidance Document and Template can help purchasers get started. These documents are also available here, in Microsoft Word format to allow purchasers to edit and insert text and data.

About the Sponsors

Responsible Purchasing Network

The Responsible Purchasing Network (RPN) 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.

Definitions

CRI	Carpet and Rug Institute
DfE	EPA Design for The Environment
EPEAT	The Electronic Product Environmental Assessment Tool
EPP	Environmentally Preferable Purchasing (i.e. "green" or "responsible" purchasing) is the procurement of "products or services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose. (EPA)"
FSC	The Forest Stewardship Council
LEED	Leadership in Energy and Environmental Design
NASPO	The National Association of State Procurement Officials
RPN	The Responsible Purchasing Network
USDA	The United States Department of Agriculture

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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