

# Responsible procurement

This factsheet explores how responsible purchasing can positively impact hotel operations

## What is responsible procurement?

Every successful business depends on having a well-developed purchasing process to source all necessary products and services at the best price and quality while ensuring they are fit for purpose and have the required availability.

Any business working to embed sustainable practices should make sure to include sustainability criteria in their decision-making process. This involves choosing products and services that have a reduced negative impact on human health, the environment and society in comparison to alternative items that serve the same purpose.

## Why should hotels address this issue?

Purchasing decisions can have significant environmental and social impacts, particularly for the tourism and hospitality sectors, which often find themselves under pressure to import goods, including food, from distant countries to cater for guests' demands.

Hotels may be having an indirect negative impact via the goods and services they are using (for example procuring water-intensive products from a water-scarce region, or products with human rights issues in the supply chain).

Hospitality procurement managers can also have an influence on suppliers' and consumers' behaviour, helping to drive further progress, whether buying food for their restaurants, furniture for guestrooms, amenities for the spa or outsourcing laundry services.



### Case study

**Deutsche Hospitality** expects its business partners to meet minimum sustainability requirements. Their procurement policy has clear CSR-criteria for all products and services they procure. They are also working towards approving a Business Partner Code of Conduct and a human rights supply-chain management system which they will ensure core suppliers comply by carrying out inspections from 2022. In 2019 they introduced cage-free eggs in Europe and plan to roll this out globally by 2024. In 2021 they started to use sustainably certified and Fairtrade coffee in their European leased and managed hotels. They have also worked to reduce their carbon emissions by purchasing renewable electricity for their German and Austrian leased and managed properties.

# Benefits of responsible procurement



## Cost savings

Products that have higher initial costs can actually be cheaper when their whole life costs are assessed. Such products may be more energy or water efficient, saving money on utility bills. Alternatively they could be more durable and therefore not need replacing as often while also reducing waste.



## Reputation management

Selecting sustainable goods and services from responsible suppliers can enhance the company reputation, increase customer loyalty, and attract new customers.

Association with a supplier that has a poor environmental, social, and ethical record can pose a significant reputational risk to a business. For example, after Nestlé uncovered child labour in its cocoa supply chain in the early 2000s, the company suffered damaging pressure from the public. In response, it introduced its [Cocoa Plan](#), which addresses child labour issues in the supply chain as well as the underlying issues within cocoa farming that resulted in child labour.



## Improves access to capital

Institutional investors and lenders are increasingly looking at a company's environmental, social and governance (ESG) performance. Hotels that practise responsible procurement are more likely to benefit from easier access to capital.



## Access to tax breaks and credits

Businesses can take advantage of government financial incentives to invest in energy-saving equipment. Many municipalities in Japan offer subsidies, including low-interest finance, for purchases of energy-efficient appliances, while the US state of Pennsylvania offers small businesses grants for equipment that improves a company's energy efficiency. In the UK, the Carbon Trust's Enhance Capital Allowances scheme allows businesses to claim 100% first-year capital allowances on investments of qualifying energy-efficient equipment, from boilers to lighting and refrigeration systems.



## Promotes innovation

Hotels can encourage suppliers to invest in developing sustainable products, technologies and processes. For example, EcoLab worked closely with its client hotels to create a low temperature laundry system that can save up to 40% of water and up to 50% of energy consumption as well as reduce the need to replace laundry by around 20%.



## Increases employee engagement

By showing a genuine commitment to environmental and social issues, responsible procurement can help attract and retain employees while increasing their motivation and productivity.

A 2016 edition of Harvard Business Review, [The Comprehensive Business Case for Sustainability](#), references that "morale was 55% better in companies with strong sustainability programs, compared to those with poor ones, and employee loyalty was 38% better. Better morale and motivation translate into reduced absenteeism and improved productivity. Firms that adopted environmental standards have seen a 16% increase in productivity over firms that did not adopt sustainability practices."

# How to get started

Embedding responsible purchasing principles within a hotel operation will take leadership, time and a willingness to try new products.

- **Collaborate**

Let your suppliers know that you want to make changes to your purchasing decisions and so they can join and support you in this effort.

- **Start big**

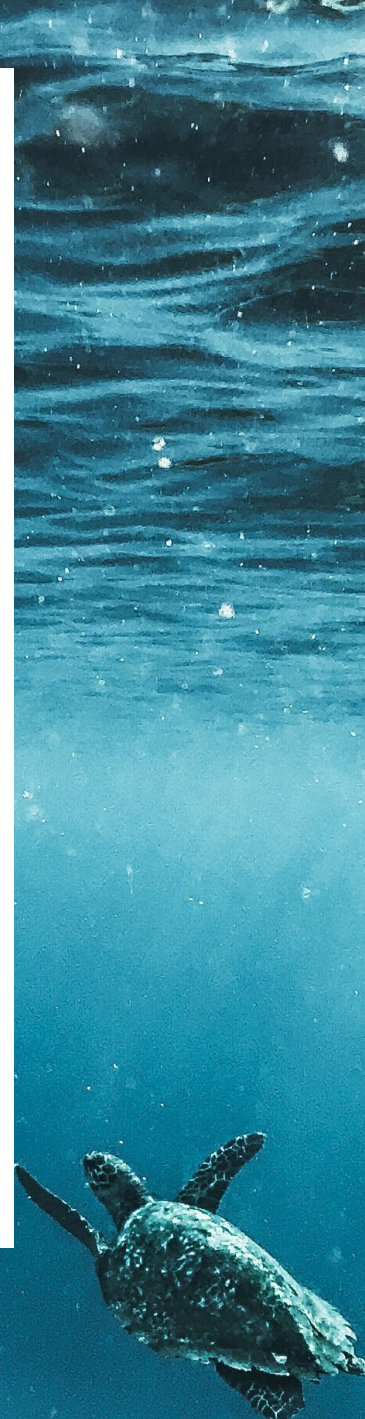
Hotels use thousands of products and services that all need replenishing, refurbishing, or replacing over time. Start with the areas of high spend to ensure you tackle big-impact sections first. There might be quick and easy wins on the way but don't get distracted by smaller-impact areas.

- **Consider the life-cycle**

One of the principles of responsible procurement is life-cycle costing. It is a technique that considers the full lifespan of a product or service, from raw material extraction through to manufacture, distribution, use, repair and maintenance, and disposal or recycling. It considers the following:

- whether a purchase/service is necessary at all
- what products are made of
- under what conditions they have been made
- how far they have travelled
- their packaging components
- how they will be used
- how they will be disposed of or is there a way to reuse, recycle, upcycle the item to start embedding more circularity within your operations

This system helps hotels assess the full impact of a product or service, while also assessing whether paying out an initial higher cost for a product or service can be offset by lower ongoing efficiency savings over its lifespan.



## Case studies

### IHG

In 2019, [IHG](#) introduced their Green Supplier scorecard to assess suppliers against issues such as raw materials, manufacturing methods, transportation and the life cycle of the product. In 2020, 23% of contracts were awarded to green suppliers through their tendering process.

### Marriott International

In 2019, Marriott International made its [Responsible Seafood](#) and [Animal Welfare](#) Position Statements public to communicate its continued commitment to improving seafood procurement practices and raising the standard of animal welfare across its operations and supply chain. As of year-end 2019, 99% of hotels globally comply with its responsible seafood program requirement to ban the purchasing of specific species including bluefin tuna, Chilean sea bass, marine mammals, orange roughy, sea turtles, and sharks (inclusive of shark fin).

# Starting areas to consider

## Quality

Opt for the highest quality you can afford, whether for furniture, uniforms, or appliances; have them repaired or serviced when necessary – it's generally more cost effective than replacement and reduces the use of materials and waste.

## Energy efficiency and renewable energy

Choose low-energy or energy-efficient lighting, heating, and air-conditioning, which may cost more initially but will produce savings in the long term because of lower operating costs.

You can also reduce the impacts by sourcing renewable energy from suppliers. Increasingly, certification schemes will look for 100% renewable energy usage within a business.

## Hazardous materials

Avoid products containing toxic substances. Opt for non-harmful alternatives, including non-toxic, water-based, hypoallergenic and biodegradable cleaning products, zero VOC paints and natural amenities.

## Do your due diligence

Incorporate human rights considerations in your purchasing processes, especially when thinking about labour sourcing.

## Sustainably certified products

Many certifications exist that help identify products which are more sustainable. Certain certifications are more relevant to particular products and they tend to focus on either environmental (e.g. impact on wildlife and energy efficiency) or social issues (e.g. fair prices for producers and human rights). A few examples are:

- Food and drink: [Fairtrade](#)<sup>®</sup>, [Organic](#), [MSC](#)<sup>™</sup> and [ASC](#)<sup>™</sup>, [Rainforest Alliance](#)<sup>™</sup>
- Timber and paper: [FSC](#)<sup>®</sup>
- Cotton: [Organic](#), [Better Cotton Standard System](#)<sup>™</sup>



## Product circularity

- **Avoid disposable products:** If you can, opt for reusable products as, even if single-use items are recycled, some of the energy and resources that are used to produce them will be wasted.
- **Recycled or recyclable:** Buy products made from recycled or reclaimed materials (100% recycled content carpet) and/or those that can be recycled or reused at the end of their working lives.
- **Upcycling:** Look for products that have been made from other waste items (e.g. outdoor furniture made from old plastic bottles or pens made from waste coffee cups).
- **Return products:** Work with your suppliers for opportunities where you can return products at the end of their life to be upcycled into an alternative product, recycled or reused.



# Communications

Letting your customers know what you are doing to purchase responsibly is almost as important as taking action.

Your communications should include what you are doing, what your achievements have been and also how you are addressing some of the bigger, longer-term issues. If you are purchasing certified products, check if you can communicate this to your guests e.g. on your menu (the certification website may have information about this).

A good start is to map your efforts against the relevant United Nations [Sustainable Development Goals](#). There may not always be a specific goal for the exact issue you are addressing but the goals most related to responsible procurement are SDG 1, 2, 5, 8, 10, 11, 12, 13, 14 and 15.



## Tools and resources

- UN Environment has provided a set of [case studies](#) to show how corporate buyers have effectively embedded sustainability in their procurement processes, helping them to improve resource efficiency and reduce greenhouse gas (GHG) emissions.
- Our [Environmental Management for Hotels](#) manual has a section for guidance on purchasing.
- Our human rights [trainings and resources](#) help you avoid forced labour in your supply chains.
- Business in the Community (BITC) has also created an [in-depth guide](#) to responsible sourcing.

### About Sustainable Hospitality Alliance

Sustainable Hospitality Alliance brings together engaged hospitality companies and uses the collective power of the industry to address key challenges affecting our planet and its people.

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