



NHS Supply Chain

Sustainability Report

...covering the period from April 2008 to December 2009



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1. Welcome from our Chief Executive Officer



“We are working hard to ensure that sustainability becomes an integral part of our day-to-day business activities”

Welcome to the second NHS Supply Chain sustainability report, which allows us an opportunity to share our efforts to identify, measure and manage the impacts our business has on both the environment and the communities within which we serve.

With around 2,400 people, we manage the procurement and delivery of more than 620,000 products for more than 1,000 trusts and healthcare organisations, working with a range of suppliers across diverse product categories to deliver high-quality, cost-effective products. Due to the growth scale of our operations - our headcount has grown by 23% since 2008 - it is imperative we recognise the importance of sustainability both from within our own business and from those who we interact with.

As we move through 2010, we are continuing to progress the sustainability agenda and although we still have a long journey to make we have already made some very good progress. We are working hard to ensure that sustainability becomes an integral part of our day-to-day business activities and as part of that process, we are keen to work with our customers and suppliers to ensure that the opportunities both up and down the supply chain are realised.

Our commitment to sustainability aims to deliver:

- innovation which brings real developments that are sustainable throughout our supply chain both up and downstream
- solutions which meet stakeholder expectations and ensure we remain a trusted supplier
- a reduction of risks associated with sustainability posed through the practises of supply chain partners, the sourcing of materials, the design and manufacture of goods and the transportation of materials
- provision of a consistent framework of policies and practises for achieving sustainable development across NHS Supply Chain.

As we have changed the way we report back internally, this report shows progress made between April 2008 and December 2009. Since our first report we have achieved a number of highlights including increasing our waste recycling as well as reducing water consumption and carbon emissions at our distribution centres. Additionally, we have worked with organisations such as the Prince's Trust to support young people into employment as well supporting local schools through volunteer reading schemes.

This report will share with you our programmes, progress and future objectives and we welcome any feedback. Please direct any comments to our sustainability team, at sustainability@supplychain.nhs.uk.

Thanks and best wishes

Nick Gerrard
CEO
NHS Supply Chain

2. Executive summary

Since the production of our first report in 2008, the sustainability agenda has remained a top priority for NHS Supply Chain. In 2008, the agenda was in its infancy, since then we have been putting many of our ideas into practise, engaging more areas of the business, and working with external organisations to improve the sustainable performance of our company.

To emphasise the importance that NHS Supply Chain places on sustainability, we have included this key area within our customer value proposition. We are a key supplier to the NHS and as such have a responsibility to ensure that we do this in a sustainable way that looks not only at the cost savings, but also at the social, ethical and environmental impacts from sourcing products through to onward delivery to customers.

Since our last report, we have acquired our seventh distribution centre. This distribution centre (DC) in Rugby, is in addition to the existing NHS Supply Chain locations in Alfreton (Head Quarters), Bridgwater, Bury St Edmunds, Maidstone, Normanton and Runcorn. We have also taken ownership of the transport operation responsible for delivery of products from our distribution centres to NHS organisations. This means that we can exercise a greater level of influence over our vehicle fleet and drivers, as well as the impact they have on the environment.

However, we cannot do this in isolation and will need to work with suppliers and customers to ensure that opportunities are realised. In 2010 and beyond, we will be reviewing our current sustainability strategy in light of the progress we have made and to ensure we can continue to deliver our targets moving forward.

In the period April 2008 to December 2009 our key highlights include:

- reducing the carbon tonnes produced by our distribution centres and transport fleet by **12%**
- recycling **71%** of the waste generated at our distribution centres
- reducing the water consumption at our distribution centres by **20%** per employee
- all our contracts are now evaluated by the Sustainable Procurement Risk and Opportunity User Tool (SPROUT)
- adopting the Global Compact, a widely adopted UN standard for business forms the basis of our Supplier Code of Conduct
- including the Ethical Trade Initiative (ETI) base code of conduct in all our food tenders
- joining the Medical Fair and Ethical Trade Group and Procuring 4 Carbon Reduction steering group
- raising **£70,000** for our chosen charity, Cancer Research UK
- working with the Prince's Trust scheme to support young people into employment
- saving 16 tonnes of carbon through our cycle to work scheme
- supporting local schools through volunteer reading by staff.

Looking ahead, some of the key things which will support improvements along the supply chain include:

- carbon and Congestion pilot scheme. This will be carried out with five trusts and will identify the carbon associated with current delivery patterns and offer suggestions on how this could be reduced
- carbon reduction commitment. NHS Supply Chain has teamed with DHL Environmental and Compliance Solutions Consultancy service to provide a bespoke service that will:
 - advise customers on this scheme
 - work with them to meet deadlines
 - help develop and implement projects to reduce energy usage
- develop a clear flag in our catalogue which highlights products meeting the government buying standards (formerly known as Buy Sustainable Quick Wins)
- extend our 'fairly traded' range
- direct form manufacture programme - through this process we will be working directly with manufacturers and will ensure that environmental, social and ethical issues are a key part of the audit process.

NHS Supply Chain is committed to preserving the natural environment and achieving a sustainable future. We recognise the importance of sustainable development in creating a better quality of life now and for future generations. We acknowledge that as a major employer and provider of services to healthcare organisations, our actions have long-term effects on the environment. For every aspect of our business, we aim to create solutions with inherent sustainability.

In summary, we recognise the need to join up economic, social and environmental goals and are committed to using our core competencies to meet the needs of our stakeholders, benefit society, and minimise our impact on human and natural resources.

3. Introduction to NHS Supply Chain

NHS Supply Chain provides customer-focussed healthcare products and supply chain services to the UK's National Health Service (NHS), enabling trusts, hospitals, and other healthcare organisations to focus on patient care.

NHS Supply Chain provides end-to-end supply chain services incorporating procurement, logistics, e-commerce, and customer and supplier support. Our aim is to provide more than £1 billion of savings to the NHS by 2016 so that resources are released for customers to focus on quality frontline patient care, managing costs and achieving sustainable value. To ensure that our products are fit for today's healthcare market, NHS Supply Chain works with suppliers of all sizes to ensure its range embraces high quality and innovative products; and engages with clinicians, the Department of Health and academic institutions to make sure that it is aware of the current requirements and latest developments in clinical practice.

We are committed to providing outstanding care, preserving the natural environment and creating solutions with inherent sustainability. We use our core competencies to meet the needs of our stakeholders and minimise our impact on human and natural resources.

NHS Supply Chain was formed from the NHS Logistics Authority and parts of the NHS Purchasing and Supply Agency (PASA). It is operated by DHL as an agent of the NHS Business Services Authority.

In Summary:

- we are contracted to operate as an agent for the NHS Business Services Authority (NHSBSA)
- we are powered by DHL - the global leader in logistics, bringing supply chain excellence to the NHS and reducing supply chain cost
- our contract covers £5 billion NHS non-pay spend, our procurement is compliant with public contracts regulations, reducing the legal risk to trusts
- we are targeted to deliver £1 billion savings to the NHS by 2016
- our commercial return is capped, ensuring that any surplus flows back to NHS trusts.

NHS Supply Chain in numbers

2009 Operations	Level
Delivery distance covered	11,000,000 (Miles)
Customer orders	4,000,000 +
Amount warehouse/office space	75,954 m2
Customer service calls	41,000
Products in catalogue	620,000
Number of suppliers	520 +
Number of ordering points	120,000
Number of delivery locations	11,000

Table 1 - NHS Supply Chain operating figures (2009)

4. Our sustainability focus

Sustainable business strategies and practices are integral to our procurement, operations and relationship with society and local communities to ensure we help to deliver sustainable value for the NHS. We divide our focus into three areas which aim to capture the extent of our activity and the areas where it impacts.

Sustainable operations

We are committed to the principles of sustainability across our operations and place a strong emphasis on minimising any adverse impact on the environment and the areas in which we work.

As a company, we recognise our responsibility for every aspect of our business and are committed to preserving and protecting the environment. An integral aspect of this is working closely with customers, suppliers and employees to develop environmental best practice and improve the NHS' supply chain.

Our key objectives include:

- improve water, energy and fuel efficiency
- reduce emissions, waste and pollution from distribution centres and our fleet vehicles
- increase recycling
- improve vehicle fleet utilisation
- minimise packaging
- reduce use of natural resources in all activities.

Sustainable procurement

We ensure that sustainability is integral to our procurement process. We procure products and services from sustainable sources as far as possible and seek to improve environmental impacts associated with the purchase and supply of products and services.

As part of this, we believe in implementing and maintaining high standards of social, ethical and environmental conduct and work with a number of suppliers that are committed to a similar approach.

Our key objectives include:

- determine the need for procurement and consider alternatives
- adopt minimum labour standards and worker rights throughout product lifecycles
- use sustainable resources wherever possible and appropriate
- implement ethical sourcing practices.

Community and social

As well as protecting the physical environments where we work, there is also a duty to serve and play a part within local communities. We are involved in a wide range of initiatives, such as donating funds, volunteering, training and development, and communication.

Our key objectives include:

- contribute to our employees' skills and core competencies
- encourage and reward employee engagement
- provide financial and skills support in communities
- raise the profile of NHS Supply Chain locally
- inspire pride and confidence in our business.

We are proud of the progress we have made so far across our three focus areas of sustainable operations, sustainable procurement and community and social. While there is still more that can be done we have met and exceeded a number of specific targets and full tables (Table A,B and C) of our targets and achievements can be found in the appendix section of this report.

Our sustainability focus Continued

Influences and initiatives

There are a number of key influences behind our sustainability focus which impact and shape the nature of our activity. As well as our own targets, we work with wider DHL initiatives as well as central Government to set out clear goals and improve efficiency. These include:

The DHL GoGreen program

GoGreen is DHL's climate protection programme. As the world's largest supply chain company, we recognise the impact of our operations, and the responsibility we have to protect the environment. One of the largest impacts is carbon emissions, created from the resources used within our warehouse facilities and from fuel used in our vehicles. We have committed to improve our carbon efficiency by 15% by 2012 and 30% by 2020. This means focusing on all the ways in which we are able to reduce our carbon emissions.

The GoGreen programme is developed to help and assist all DHL partners to reduce their impact on the environment. As the world's largest logistics company DHL recognises the it potential to influence worldwide behaviour by acting in an environmentally and socially responsible way.

Figure one shows the three principles of how carbon emissions are measured as part of the Greenhouse Gas Protocol Corporate Standard (The GHG Protocol); the most widely used international accounting tool for government and business leaders to understand, quantify and manage greenhouse gas initiatives.

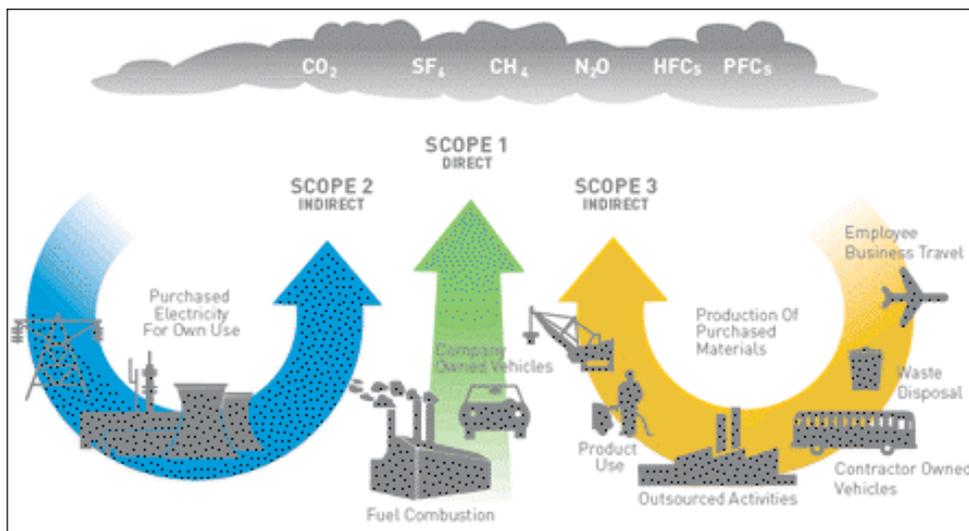


Figure 1 - Scopes one, two, and three CO₂ emissions. Source: The GHG Protocol

Since 2008 we have measured our Scope 1 and Scope 2 carbon emissions in line with clear guidelines from our central GoGreen team.

We are working towards an accurate method of measuring our scope 3 carbon emissions – these emissions are more complicated to measure than those of scope 1 and 2 as a result of them being controlled mainly by external suppliers and contractors. Scope 3 emissions are indirect emissions that are “a consequence of the institution, but occur from sources not owned or controlled by the institution”. Source: The GHG Protocol

Working with the NHSBSA

As part of the contract with the NHS Business Services Authority (NHSBSA) we have an agreed Memorandum of Understanding (MOU) on Sustainable Development. This sets out clear targets in-line with government policy and DHL's own goals. Progress against our targets is reviewed quarterly with NHSBSA and an updated MOU has been agreed for 2010-2013 to reflect the progress we have made since 2007.

Government drivers

In January 2009, a strategy was published by the NHS Sustainable Development Unit (SDU) which calculated the total carbon emissions of the NHS, based on 2004 figures. **'Saving Carbon, Improving Health: NHS Carbon Reduction Strategy for England'** found that the NHS carbon emissions were in the region of 18 million tonnes CO₂ per year.

Our sustainability focus Continued

The report 'Saving Carbon – Improving Health' split the carbon footprint of the NHS in England to three primary sectors – Property, Transport, and Procurement:

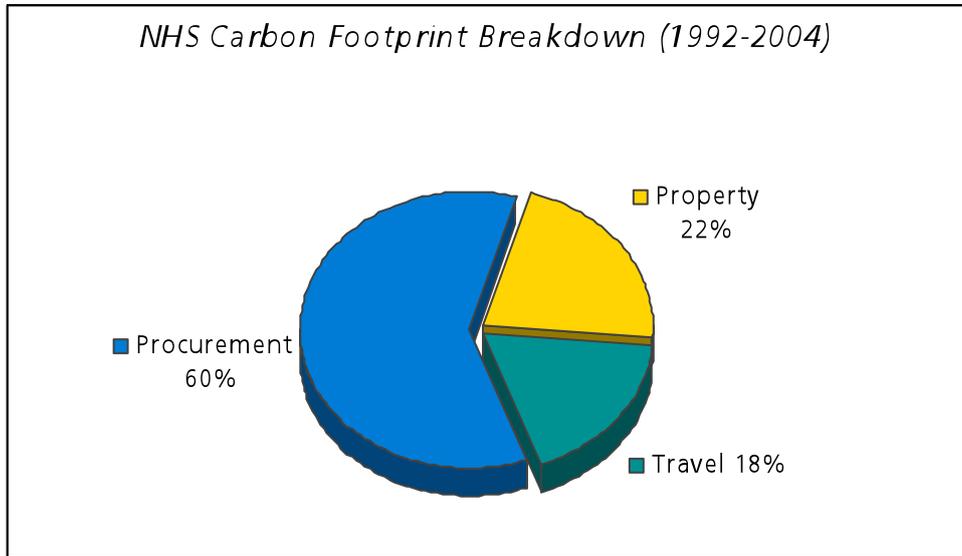


Figure 2 - NHS CO₂ emissions by sector, from: 'Saving Carbon, Improving Health - The NHS Carbon Reduction Strategy for England'

60% of the NHS' carbon emissions come from the procurement of goods and services. At NHS Supply Chain we are working to support the NHS to meet the UK government's carbon reduction targets.

Our sustainability team

NHS Supply Chain's commitment to sustainability has been realised with an expansion of the sustainability team from one to three members, with a dedicated sustainable procurement manager. Please see figure three, which sets out the current sustainability team structure.

The sustainability team is headed up by our sustainability manager who oversees the three key areas: sustainable operations, sustainable procurement and social and community. The team works across all functions within the business. The sustainability manager is supported by the environment manager who leads on the sustainable operations agenda, the Sustainable procurement manager who leads on the sustainable procurement agenda and the senior business partner and CSR lead who leads on the social and community work.

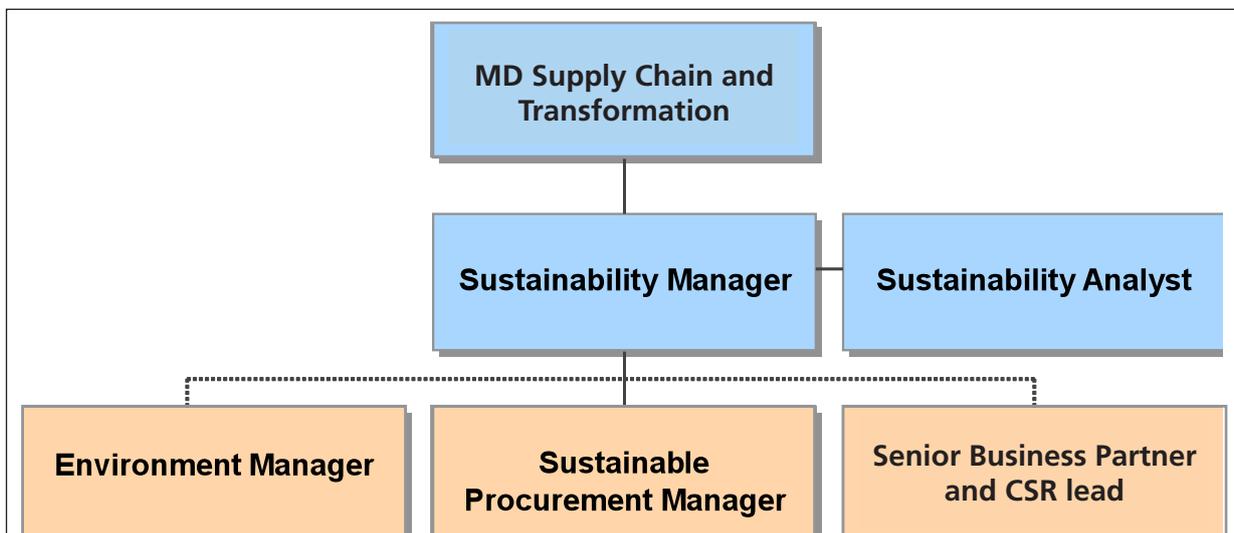


Figure 3 - Our sustainability team

5. Sustainable operations

Sustainability and a sustainable approach to our work, is at the core of our operations and is of paramount importance that we do not adversely impact the environments in which we work. We have a duty to act responsibly and that means working alongside customers and suppliers as well as engaging proactively with our workforce to ensure we meet our targets and uphold our promises.

Having a systematic management system helps us to drive improvement in our environmental performance, supporting us on working towards:

- the sustainable operational targets set out in the Memorandum of Understanding
- DHL's GoGreen climate protection programme
- identifying and managing our significant environmental impacts and ensuring continual environmental improvement in our day to day activities.

Improving environmental performance not only ensures we are doing our bit to make a cleaner and healthier environment but it also makes good business sense. By reducing our waste that goes to landfill, lowering our energy consumption, and improving the fuel efficiency of our vehicle fleet we in turn reduce costs.

Sustainable operations aims

NHS Supply Chain aims to ensure that it minimises the adverse impact of its operations on the environment by:

- reducing the use of natural resources and raw materials in all activities
- improving water, energy and fuel efficiency
- reducing emissions, waste and pollution.

Distribution centres

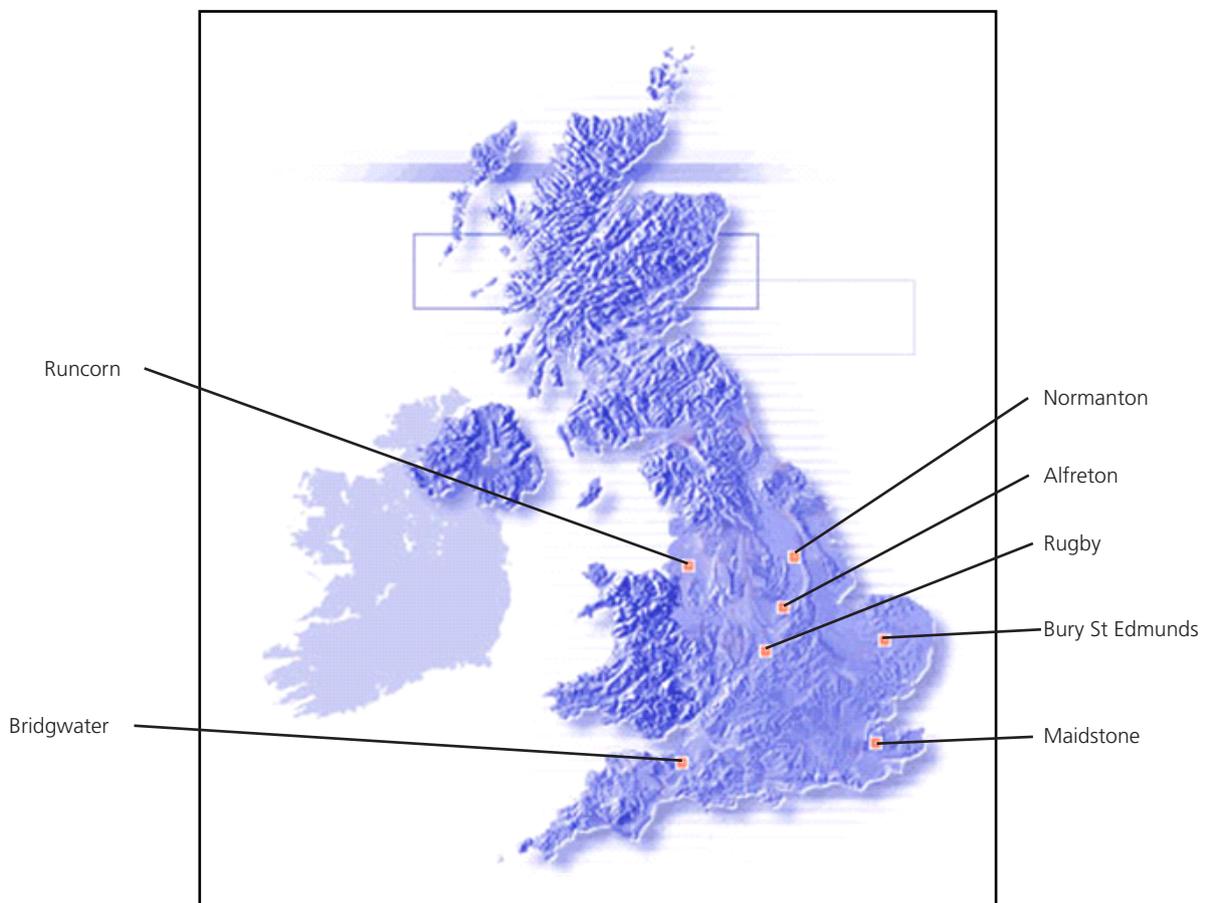


Figure 4 – Map showing location of the distribution centres

Sustainable operations Continued

An integral part of our supply chain is our network of distribution centres which are located across England. Since August 2000, NHS Supply Chain has been certified to ISO 14001, the International Environmental Management System Standard, at all current distribution centres except Rugby. We took over full responsibility for a distribution centre in Rugby in June 2009 and we are currently working towards ISO 14001 certification, which we are on target to achieve by the end of 2010.

Environmental Management Programme

As we are certified to ISO 14001 at six of our distribution centres, we have an annual environmental management programme which sets objectives and targets to improve our environmental performance. These objectives and targets are driven by wider DHL initiatives such as the GoGreen programme, influences from government policies and also targets set under the Memorandum of Understanding on sustainable development, as well as the significant environmental impacts we have identified. The programme covers the following key areas:

- waste management
- packaging
- energy management
- water management
- transport
- staff travel
- training and awareness
- compliance with environmental legislation
- biodiversity
- environmental performance.

Monitoring our progress

Our environmental management programme is monitored internally through the environmental steering group which has representatives from key areas of the business including HR, finance, customer services, operations, sustainability and compliance. Meetings are held on a quarterly basis and the remit of the group is to:

- agree the annual environmental management programme, monitoring progress and taking action as necessary to ensure that the environmental management system continues to be suitable, adequate and effective
- review national environmental audit results and agree additional actions as required
- approve any new environmental policies and/or procedures
- review environmental performance and initiate further investigation and/or action as appropriate
- consider implications of new environmental legislation, recommending action and overseeing implementation.

As part of the requirements of ISO 14001 we have a robust internal audit programme to monitor both site performance and compliance with the environmental management system. The results are illustrated in figure 5 overleaf, all issues arising from these audits have been reviewed and actioned. An annual schedule of internal environmental audits is in place.

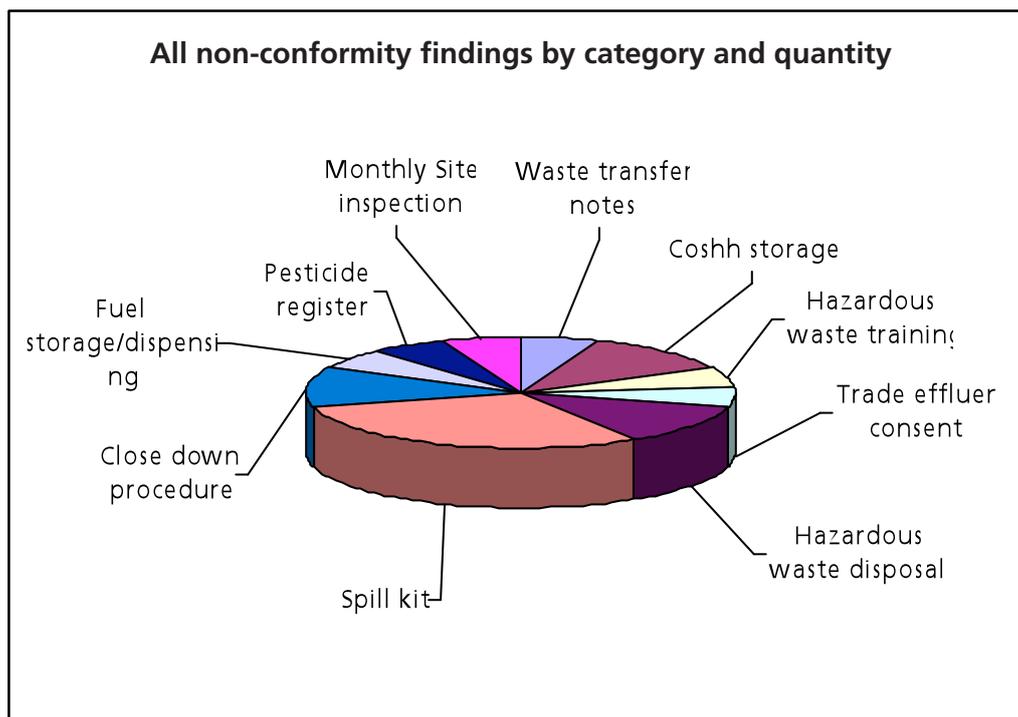


Figure 5 - Audit results to the end of 2009

The distribution centre Health, Safety and Environment (HSE) advisors also complete monthly site environmental checks covering site management and waste disposal issues. In addition Environmental Review Meetings take place at all sites with the general managers and HSE Advisors to:

- identify site specific environmental improvements and initiatives
- refer to monthly data on utility readings and waste tonnage by type
- run through environmental audit findings.

During the period April 2008 to December 2009 NHS Supply Chain received five third party external surveillance visits from United Registrar of Systems Ltd across five of its distribution centres. The Certification Body – United Registrar of Systems Ltd is also subject to audit by the accreditation body – United Kingdom Accreditation Service (UKAS).

Sustainable operations Continued

Summary of progress against targets

In order to show how we have progressed from the baseline year data please see table D in the appendix which shows progress against specific measures from the April 2002 to March 2003 baseline in comparison to the end of December 2009. During this period some of the measures being used have changed.

Energy

Energy consumption is measured and reported on a monthly basis. The overall reduction of 19% in carbon tonnes per £million revenue as shown in table five (See appendix) for our distribution centres has been achieved through a number of initiatives, some site specific energy reduction examples are given below:

Alfreton – gas boiler replacement

In June 2008, two gas boilers at our Alfreton distribution centre, which provide heating for the warehouse and office areas, were replaced for more energy efficient models. First year operating savings delivered an overall reduction of 18% - 449,659 KWh; and overall carbon reduction of 92 tonnes CO₂ on the baseline from the previous year.

Bridgwater – close down procedure and heating controls

At our Bridgwater distribution centre a robust shut down procedure was introduced. This policy involved operational staff completing a check of all areas in the warehouse where power is used at the end of a working week to ensure all electrical equipment not in use is switched off. This delivered overall electricity reductions of 3% (January to December 2009) compared to the previous year. In addition, the control of warehouse heating systems was given directly to shift management. Introduced in October 2008, this system has helped to achieve a gas reduction of 7% (January to December 2009) on the previous year's consumption. Minimal staff training was required and as a result of this initiative, employee engagement and satisfaction has increased.

Runcorn – re-lighting

Replacement of lighting at our Runcorn distribution centre was undertaken in November 2008 with energy efficient alternatives. This has achieved a reduction of 16% in electricity usage from January – December 2009 on the previous year's consumption and equates to an annual CO₂ saving of 31 tonnes.

Maidstone – re-lighting

In November and December 2009, lighting at our Maidstone distribution centre was replaced in the warehouse and mezzanine areas which are showing a saving of 19% in electricity usage on the baseline year of January to December 2008. Following early results for 2010 this equates to an annual saving of 275,627kwh (37 tonnes of CO₂). The replacement lighting used energy efficient fittings, movement sensors, and automatic dimming to achieve savings.

Future plans

Audits of the heating and cooling systems were carried out at our Bury St Edmunds, Maidstone, Normanton and Runcorn distribution centres in late 2009, these included an assessment of the efficiency of the current boilers and heating systems to identify any viable solutions to reduce gas consumption. In 2010 and beyond, we will be assessing the recommendations and where there is a strong business case, we will be taking these forward. We will also be re-lighting an additional three distribution centres: Alfreton, Normanton and Bridgwater.

Sustainable operations Continued

Waste

By the end of December 2009 we had achieved a recycling rate of 71% across all distribution centres. This equated to 1439 tonnes of waste being diverted from landfill.

Please find below some details of site specific initiatives:

Maidstone – re-use of supplier packaging and recycling reaches 1 million cups

In 2009, the milestone of one million plastic cups recycled was reached at our Maidstone distribution centre. The project has improved waste disposal by achieving a saving of 3 tonnes. This has reduced carbon emissions by approximately 4.5 tonnes of CO₂ from this site. In addition, to increase resource efficiency and reduce waste, our Maidstone distribution centre introduced a project to re-use manufacturers' cardboard for deliveries in place of tote boxes, where appropriate for customers.

Normanton – internal recycling scheme

At our Normanton distribution centre, staff have gone one step further than just placing recycling bins in their offices. The problem that often occurs with recycling bins is that it's much easier to put recyclable items in normal bins near every desk in the office. So to improve the amount of waste being recycled, staff no longer have individual bins and instead dispose of waste at one of the office recycling stations. This scheme has achieved good reductions in waste sent to landfill at the site. In January to December 2009 Normanton recycled 189 tonnes of waste.

Packaging project – working with suppliers to reduce packaging

In support of the DHL graduate scheme, four graduates spent 12 weeks supporting NHS Supply Chain on a project looking at the opportunity to reduce packaging on goods. The graduates submitted packaging reduction proposals to a number of suppliers. This process will help reduce packaging waste, resource consumption and carbon emissions included in the production of product packaging. Packaging reduction ideas are being taken forward by our sustainable procurement manager.

Help for Penny Town Ponds

At our Alfreton distribution centre, money from savings made through recycling initiatives was donated to a reed bed project at Penny Town Ponds, a local nature reserve within walking distance of the site.



Figure 6 Penny Town reed bed project - Alfreton

Future plans

As well as working with suppliers to identify further opportunities to reduce packaging along the supply chain, we will also be working with DHL ECS who manage our waste disposal contract to identify further opportunities to improve on site practices. In addition, other projects will also continue to remove unnecessary waste generation such as reducing obsolete stock levels, prevention of damages within the warehouse and reducing the incorrect splitting of packs of issue.

Sustainable operations Continued

Water

Over the period April 2008 to December 2009, we have made good progress with 20% water usage reduction used per employee when compared to a 2008 baseline. This equates to a total reduction in water use of 1,159 cubic meters or 1,159,000 litres.

Future plans

All distribution centres will continue to monitor water use and look for further opportunities to reduce our water consumption. This includes utilising the government's Big Splash programme, which helps businesses to identify opportunities to reduce water consumption.

Transport

Overall reductions

As a logistics organisation, transport is one of our key activities which impacts the environment. Making absolute reductions in mileage and fuel use is difficult to achieve as the business continues to grow. In the period January to December 2009, we achieved a reduction in carbon emissions (tonnes per £million) in excess of 9% in comparison to the same period the previous year.

Please find below some examples of site specific initiatives:

Maidstone – consolidation of cages and delivery mileage reductions

Transport improvements will deliver an annual reduction of just over 28,800 miles and will reduce carbon emissions by 76 tonnes. This has been achieved through a combination of core mileage reduction and consolidation of products in delivery cages between April to September 2009. We have avoided running an unnecessary 11,700 miles through the use of parking spaces at a transshipment centre in Croydon during the period April to September 2009. In addition, a review of how goods are packed into delivery cages has led to a reduction of 1,800 miles travelled from June to September 2009.

Bridgwater – Bristol mileage savings

Some 10,000 miles per annum have been saved through optimisation of the Bristol van run. The savings have delivered carbon emissions reductions of 5 tonnes CO₂ and saved £6,000 in driver hours and fuel saving from one van run. The optimisation involved communication with an extensive customer base and some rearrangement of delivery dates with no negative feedback from customers and some very positive engagement from stakeholders regarding working in partnership to reduce the supply chain carbon footprint.

General – savings through backhauling from suppliers

A backhaul collection service has been set up in NHS Supply Chain to either:

- collect direct from suppliers utilising delivery vehicles on their return to the distribution centres
- re-routing supplier deliveries to the distribution centre closest to their depot and then moving goods to other distribution centres where they are stocked via existing internal trunking routes.

Calculating the number of backhaul miles run by NHS Supply Chain where vehicles would have previously been empty, a carbon saving of 245 tonnes CO₂ has been achieved.

Carbon and Congestion pilot

We have also developed a research pilot, due to be rolled out at volunteer NHS trusts. Our carbon and congestion reduction pilot will measure carbon emissions from deliveries made to customers. Individual action plans will be developed based on findings to inform how individual NHS trusts can reduce their carbon emissions from deliveries by reducing the overall number of deliveries they receive.

Future plans

We will also be replacing 118 fleet vehicles with new, more fuel efficient models and in addition removing 21 vehicles from the fleet following a re-routing project which has identified considerable mileage reduction opportunity through re-routing deliveries. We will also be working with the DHL fleet engineering department to review opportunities for further reducing fuel use by the existing fleet.

Additional areas

As well as our key targets, we had additional areas within our Environmental Management Programme:

Staff travel

During April to December 2009, there was a strong focus on encouraging staff to utilise, where appropriate, audio conferencing facilities rather than travel for face-to-face meetings. We have started to look at ways to capture mileage savings and will continue to improve on the capture of this data through the course of the next year and also work with staff to identify ways to further reduce their mileage.

Training and awareness

During the period April 2008 to December 2009, HSE advisors delivered 'introduction to environment' to new starters as part of the operational induction programme. A section covering environmental issues was also included in the HSE refresher training, which was delivered to 838 people during this period. This will continue to be reviewed to ensure it is delivering key messages effectively. In addition, the corporate induction programme includes a presentation on the wider sustainability agenda and 244 people have attended this. The Environmental Steering Group will also be leading a programme which will focus on employee engagement and communication, making all staff aware of our successes, our plans for the future, and giving them the opportunity to feedback ideas.

Procurement to support operations

All sites are advised that where possible they should utilise the DHL core contracts for the purchase of goods and services for internal use. We have started initial discussions with DHL central procurement to identify the key sustainability issues addressed by the contracting process. We aim to build on this to get a greater understanding of further opportunities to improve the impacts associated with the goods and services we purchase for internal use. The sustainability impacts associated with the procurement of products we stock for sale are dealt with under the 'sustainable procurement' section of this report.

Compliance with environmental legislation

During the course of 2009, we closely followed progress with the transposition of the Batteries Directive into UK law. We have worked closely with our portable batteries supplier to ensure that we comply fully with any requirements. We now have mechanisms in place for segregating our portable batteries for disposal internally.

Environmental Management System

The ISO14001 (2004) management system was reviewed during the course of the year. NHS Supply Chain's Environmental Policy has also been updated. Operational procedures are reviewed as required through the Environmental Steering Group. The register of Environmental Aspects and Impacts was reviewed to re-assess the significance of our environmental impacts and to ensure that where the impact is considered to be 'significant', it is addressed in the overall Environmental Management Programme. The Register of Legal and Other Regulations were kept up-to-date through subscription to Croner's Environmental Handbook.

Next steps

We have now set environmental objectives within our Environmental Management Programme which will maintain progress against the key areas previously identified. Work will continue with each distribution centre to achieve site specific targets and we are confident, with the other actions identified in the management programme that NHS Supply Chain will continue to show improvement in its environmental performance. A key focus for 2010 is to work on an employee engagement and communication programme to ensure all employees are aware of our environmental successes and have opportunities to feed in any ideas for further improvements.

Sustainable operations Continued

2010 Targets Environmental Aspect	Targets
Waste reduction	Maintain the amount of waste recycled at 2008 levels (at least 71% of total waste arisings). Reduce total waste arising from all distribution centres by 3% by 31 December 2010 relative to 2008 levels, with revenue gearing ¹ .
Energy management	Reduce the kwh of electricity used from our distribution centres by 10% from a baseline 2008 (Rugby baseline 2009) Reduce the kwh of gas used from our distribution centres by 17% from a baseline 2008 (Rugby baseline 2009)
Water management	Reduce water consumption by 5% per employee across all distribution centres by 31 December 2010 relative to 2009 levels (including box wash use).
Transport	Reduce carbon emissions from our fleet vehicles by 12% by 31 December 2010 from a baseline of 2008 with revenue ¹ gearing Conduct Carbon and congestion pilot study with at least one NHS trust by 31 December 2010
Staff travel	Reduce the environmental impacts from staff travel
Procurement	Reduce the environmental impacts of in-house purchasing of goods and services Reduce the environmental impacts of purchasing stocked items
Communication and working with Stakeholders	Ensure that we communicate with stakeholders and work with them where appropriate
Training and awareness	Establish an employee engagement programme to improve environmental awareness of employees and further engage them with identifying future opportunities
Compliance with legislation	Ensure compliance with the carbon reduction commitment
Biodiversity	Ensure that the SSSI at the Maidstone distribution centre is managed according to Natural England Standards.

Figure 7 – Sustainable Operations targets (2010)

¹ - Revenue gearing: Take the % increase in 'core sales revenue' using 2008 baseline and multiply this baseline by the % increase to take into account sales growth over the period. Then calculate the change in carbon emissions using the new baseline. This demonstrates absolute carbon emissions taking into business growth over the period.

6. Sustainable procurement

NHS Supply Chain aims to reduce as far as possible, adverse environmental and social impacts occurring during the life cycle of products procured from manufacture to disposal – and ensure sustainable value for the NHS via a range of initiatives. Our key aims remain from our last sustainability report and we have updated our objectives in line with the ever-changing sustainable procurement agenda.

Sustainable Procurement Aims:

- delivering specialist training to our procurement team
- integrating an analysis of social and environmental impacts into all our procurement programmes
- working closely with suppliers during the procurement process to reduce the environmental impact of product acquisition
- monitoring and measure our performance against our key aims
- continuing a close relationship with NHS, suppliers and trade associations to stay at the forefront of the sustainable procurement agenda.

We use the definitions below for the purposes of our sustainable procurement agenda:

Sustainable procurement:

A process where an organisation meets its procurement needs while considering external social, environmental and economic factors. Focusing on, buying resource efficient products, minimising the impacts of the supply chain and the products.

Ethical sourcing:

The assumption of responsibility of a company for the labour and human rights practises within its supply chain – as defined by the Ethical Trading Initiative (ETI).

Fairly traded:

A way of buying and selling products that makes certain that the original producer receives a fair price.

Progress since April 2008:

- included our Supplier Code of Conduct in all new contracts
- distributed our baseline questionnaire to a selection of our key suppliers – covering 350 diverse contracts and approx 70% of sales
- utilised the Sustainable Procurement Risk and Opportunity User Tool (SPROUT) to assess the potential supply chain risks of all new contracts
- joined the Procuring 4 Carbon Reduction steering group chaired by the Department of Health, further details below
- developed a Carbon and Congestion pilot for NHS organisations to reduce carbon emissions from deliveries
- invited a cross section of suppliers to take part in the Carbon Disclosure Project (CDP) 2010 Public Procurement Programme and attended information sharing workshops
- continued engagement with the NHS around sustainability through working groups such as the NHS Sustainable Procurement Forum (NHS SPF)
- joined the Medical Fair and Ethical Trade Group, as driven by the British Medical Association (BMA), including representatives from the Association of British Healthcare Industries (ABHI), NHS organisations, suppliers, and trade organisations such as the Fairtrade Foundation, further details below
- increased the volume of fairly traded certified products available to the NHS via NHS Supply Chain.

Sustainable procurement Continued

Changes to the procurement process

In order to achieve the previous results, we have made some key changes to our procurement process, these are as follows:

NHS Supply Chain's Supplier Code of Conduct

The Global Compact, a widely adopted UN standard for business forms the basis of our Supplier Code of Conduct. The code covers the following areas:

- laws and ethical standards (including child labour, forced labour, compensation, working hours and discrimination)
- health and safety
- business continuity planning
- improper payments/bribery
- environment
- business partner dialogue.

Link: <http://www.supplychain.nhs.uk/portal/page/Public/Sustainability/Policies/Supplier%20code%20of%20conduct%202010.pdf>

Sustainable Procurement Risk and Opportunity User Tool (SPROUT)

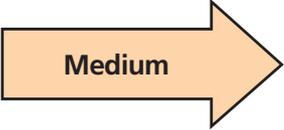
The SPROUT tool was developed for use by the former NHS Purchasing and Supply Agency (NHS PASA) and since 2009 we have adapted it for use within NHS Supply Chain. In 2009, the SPROUT tool was incorporated into our business case process. Prior to the addition of new products service areas or extensions to existing products or service areas a SPROUT assessment has to be completed. We now conduct a SPROUT assessment on all new or extensions to product areas and include results on 100% of business cases.

The SPROUT tool helps procurers identify where social or environmental risks and opportunities may be present in the life cycle of procured products. The tool covers the following areas:

- energy and carbon
- resource efficiency
- biodiversity and ecosystems
- pollution
- impacts on public health
- social issues
- general governance issues
- animal welfare.

Product areas are given a score based on a risk level of 'low, medium, or high' from combining the risk ratings associated with the sustainable development risks and strategic risks in all areas outlined above. Once the SPROUT analysis is complete, results are fed into the business case, along with opportunities to mitigate any risks identified, prior to its sign off. For any high risk product areas the sustainable procurement manager must be contacted so that opportunities to mitigate risk can be discussed and any required action plans developed.

Sustainable procurement Continued

Risk result	Action
 High	Work with sustainability team to develop a detailed action plan to address risk areas both internally and with suppliers as appropriate.
 Medium	Develop broader action plans to address risk areas. Seek support from the sustainability team if required.
 Low	Undertake rapid review to identify any significant sustainability issues to be addressed in the contract.

Source: NHS Supply Chain SPROUT Tool

Future plans

Going forward, we will continue to use the SPROUT tool on all new contracts and will also set up a robust mechanism for monitoring and managing the assessment score through the contract process and during on-going supplier reviews. We will assess the procurement process and identify further areas where we can address sustainability issues within the contracting process.

Additional areas of progress:

Baseline questionnaire

The baseline questionnaire was developed in conjunction with the NHSBSA and the Association of British Healthcare Industries (ABHI). The desk based survey was developed to find out further details about the supply chain from point of manufacture to delivery into our distribution centres, to check our supplier performance on ethical and environmental sourcing as well as to create a base for future conversations with our suppliers to improve our performance.

The baseline questionnaire focussed on five main areas:

1. ethical procurement
2. suppliers and sub-contractors
3. location of manufacture
4. environmental issues
5. NHS Supply Chain's Supplier Code of Conduct

In August 2009, the baseline questionnaire was issued to 52 of our key suppliers. These suppliers covered 350 diverse contracts and approximately 70% of sales revenue in 2009. Suppliers responded to a series of questions using an on-line survey tool and then they were also asked to provide evidence in the form of policies, certificates and documented processes in place. We have currently received a 93% response from suppliers and we are working with the remaining suppliers to ensure we have a complete set of results.

Future plans

We will work towards a 100% response rate and will develop individual supplier action plans. These will be shared with suppliers and we will work with them to implement the actions as part of the contract review process.

Sustainable procurement Continued

Ethical and fairly traded

Medical Fair and Ethical Trade Group

NHS Supply Chain continues to be a member of the Medical Fair and Ethical Trade Group (MFETG) chaired by the British Medical Association. The group was set up in 2007 in response to concerns about unfair and unethical labour practices in the manufacture of surgical instruments and textiles.

The group acts as a forum for stakeholders of the UK healthcare industry – including the British Medical Association (BMA), Association of British Healthcare Industries (ABHI), Department of Health and NHS Supply Chain.

Link: <http://www.fairmedtrade.org.uk/>

Future plans

We will continue to support the group in efforts to create a UK and global healthcare industry that considers ethical procurement in all procurement decisions.

Fairtrade clothing – Organic Medical Clothing Company

In 2009, we took the first steps to offering a new range of medical clothing to our customers with a special attribute – the Fairtrade certified cotton mark. The Fairtrade Foundation guarantees that farmers and workers in the developing world get paid better prices; are subject to decent working conditions and have fair terms of trade for their produce. By requiring companies to pay sustainable prices (which must never fall lower than the market price). Fairtrade addresses the injustices of conventional trade, which traditionally discriminates against the poorest, weakest producers. It enables them to improve their position and have more control over their lives. The mark is a strategy for poverty alleviation and sustainable development. Its purpose is to create opportunities for producers and workers who have been economically disadvantaged or marginalised by the conventional trading system. Fairtrade is a tool for development that ensures the disadvantaged farmers and workers in developing countries get a better deal through the use of the international Fairtrade mark.



In 2009, we signed a pilot agreement with the Organic Medical Clothing Company (OMCC). In March, 2010, polo shirts containing 70% Fairtrade certified cotton and 30% polyester were made available through our product catalogue for the first time.

Future plans

We will be looking for opportunities to extend this range with the addition of further Fair trade garments, such as scrub suits and doctors coats.

Sustainable procurement Continued

Sustainable procurement - food

NHS Supply Chain procures around 50-60% of food for NHS hospitals. The recent Public Sector Food Procurement Initiative report revealed that 69% of our food was UK sourced. In 2009, we held a workshop with our food procurement team and developed a set of sustainability questions, which have been evaluated by our legal unit and are now included within all food contracts. In addition, we strive to implement a progressive procurement model, underpinned by the principles of the Ethical Trade Initiatives (ETI) base code, and to build long term strategic and sustainable relationships with our suppliers. We have managed to implement the principles of the ETI base code without increasing overall food procurement costs. We have over a hundred fairly traded products within the food portfolio, which include Fairtrade and the Rain Forest Alliance accreditations.

We are also encouraging the introduction of the Red Tractor accreditation by making reference to the scheme. Local sourcing is of importance in the food sector and this has been addressed in our contracts by providing a wide choice of suppliers to our customers, with local delivery networks, allowing them the opportunity to source from suppliers that are more local to them. However, we look at a number of sustainability elements, not simply locality, for example the fertiliser or feed used.

Future plans

We will continue to build sustainability criteria into the award of new food contracts and also work with fairly traded organisations.

Carbon reduction through procurement

As described in the sustainable operations section of this report we have made great progress in reducing our carbon and greenhouse gas emissions through our sustainable operations programme.

An area for carbon reduction is through the procurement of goods and services – (scope 3 carbon emissions). The NHS Carbon Reduction Strategy ‘Saving Carbon, Improving Health’ published in 2009, found that over half of the NHS’ carbon footprint is associated with the products and services it procures. Carbon emissions connected with the extraction, processing, assembly, packaging, transport, storage and handling of products and materials that are consumed directly and indirectly by service providers’ account for 60% of the total NHS carbon footprint.

Carbon reduction through procurement considers the whole life cycle of a product, and attempts to reduce carbon emissions at each stage of production, all the way through to product disposal.

In response to the NHS Carbon Reduction strategy ‘Saving Carbon, Improving Health’ the Department of Health established a programme “procuring for carbon reduction” (P4CR) to develop approaches and guidance for procurers on how to address carbon emissions related to the goods and services procured by the NHS.

The P4CR roadmap and guidance was issued for comment by the NHS in January, 2010, and it intends to issue final guidance later in the year. NHS Supply Chain plan to support the launch with training to raise awareness amongst our procurement teams. This will help them to provide assistance to customers.

Future plans

We have provided feedback to the Department of Health on the toolkit and guidance during the 2010 consultation, and will support roll out to raise awareness among our customers, procurement teams and suppliers. We will map our e-class sales data against the SCO2PE tool to determine the carbon hotspot product areas.

Sustainable procurement Continued

Carbon Disclosure Project – Public Procurement Programme

In 2009, we participated in the Carbon Disclosure Project (CDP) public procurement programme. The programme was established in 2007 and is aimed at suppliers to the public sector - it measures and discloses their carbon emissions on an annual basis. The Carbon Disclosure Project has been running since 2000 and collects climate change data from organisations in some 60 countries worldwide.

The 2009 CDP Public Procurement Programme included the Department of Health and the NHS. To support this programme the Department of Health, with support of the former NHS Purchasing and Supply Agency (NHS PASA) co-hosted workshops with CDP. In 2009, we invited a selection of our key suppliers to attend these workshops and to take part in the 2010 public procurement disclosure. The workshops were for suppliers, purchasers and NHS organisations to ask questions about the CDP and to get practical information on how to disclose their carbon emission, ten of our key suppliers attended.

Further details on the Carbon Disclosure Project can be found on the website link below:

<https://www.cdproject.net>

Future plans

We will invite more key suppliers to take part in the CDP Public Procurement Programme 2011 and support training workshops – inviting suppliers to attend.



Sustainable procurement Continued

Direct from Manufacture

In 2009, we introduced a direct from manufacture initiative for the NHS. This began with a pilot project where a number of products were imported direct from the point of manufacture. This achieved buy price savings in the range of 10%-30%. As well as cost savings, this route will also offer increased visibility and control over the supply chain. Direct from manufacturer has enabled NHS Supply Chain to launch the 'Choice for Health' (CfH) brand which provides customers with the ability to choose the same quality products without having to purchase any additional services. The sustainability team is working closely with the Direct from manufacture team to create a brand with sustainability being considered from the outset.

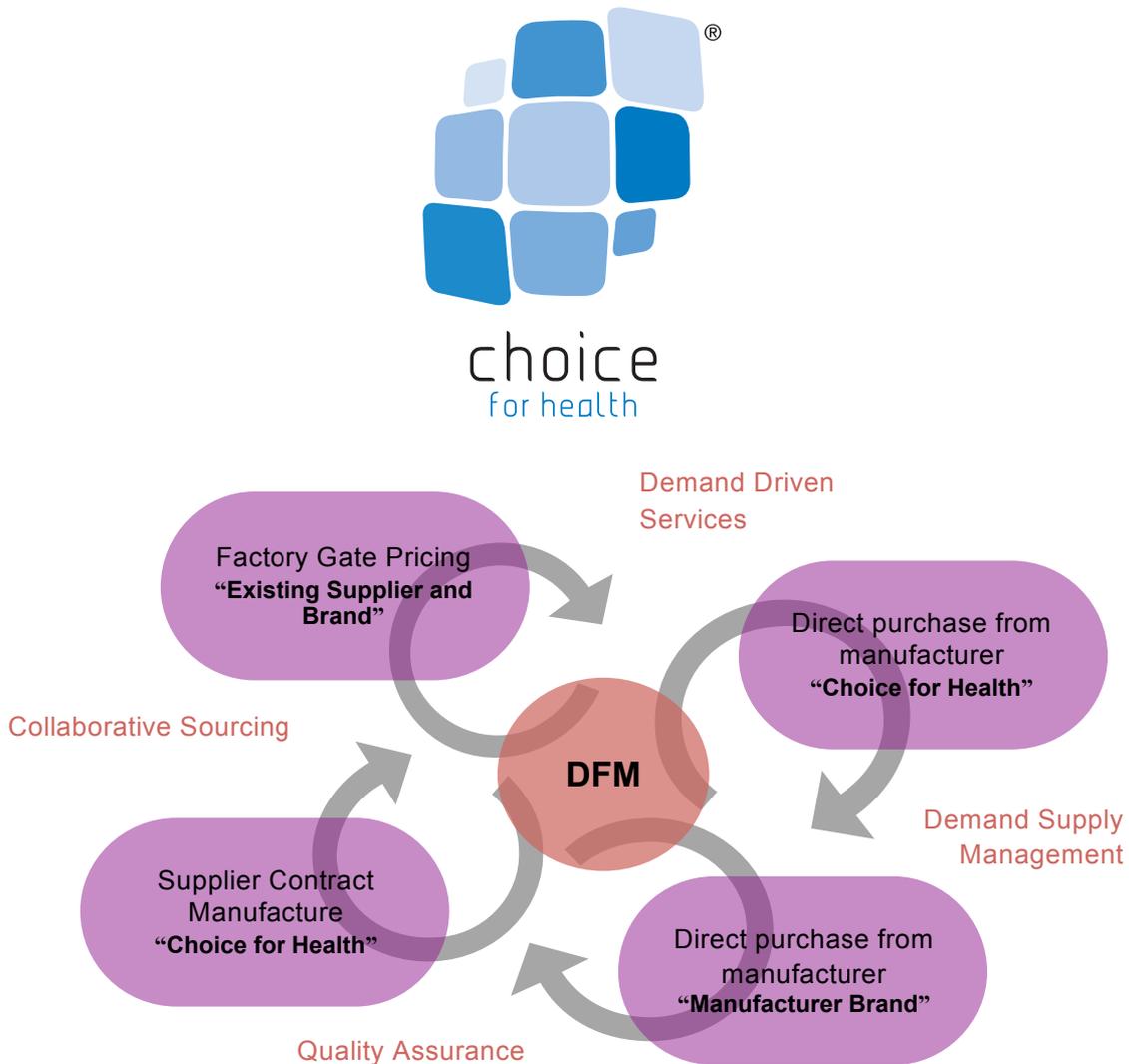


Figure 8: The key elements of the Direct from Manufacture programme

Future plans

We will support the Choice for Health programme, this will include:

- carbon emissions mapping – Sourcing direct from manufacture will allow NHS Supply Chain to start to work with manufacturers to measure the carbon emissions resulting from both the production and transportation stages
- packaging opportunities – Our close relationship with manufacturers in CfH will mean we have a direct communication line to discuss issues such as how goods are packaged. An example of this is the amount of packaging that is being utilised on cotton wool this has already been reduced by 34.5%
- ethical sourcing – Sourcing direct from the point of manufacture will provide an opportunity for a closer working relationship with the producers of our products. In addition, we will be conducting both desk based and site based audits on our manufacturers which will focus on ethical and social considerations.

Progress against the Sustainable Procurement Flexible Framework

Our aim is to incorporate these objectives into the daily activities of our procurement processes. At NHS Supply Chain, we have had a sustainable procurement policy in place since 2007. We have built on the progress made in 2008 and have now achieved up to level three in all areas of the Sustainable Procurement Task Force's (SPTF) Sustainable Procurement Flexible Framework, except 'People' which we are on target to achieve by the end the year. In the appendix, Table E provides some evidence of how we have achieved each area within the flexible framework. A copy of the Flexible Framework can be found by clicking the link <http://www.defra.gov.uk/sustainable/government/documents/full-document.pdf>

2010 Sustainable procurement targets

- continue to use the SPROUT tool on all new contracts
- set up a robust mechanism for monitoring and managing the SPROUT assessment score through the contract process and supplier review
- increase the number of sustainability criteria contained within the procurement process, NHS Supply Chain to track and report on using the following KPIs
- number of new contracts awarded that include sustainability criteria at some stage of the evaluation or contract performance monitoring process, by number and award value
- number of business cases going through SPROUT and their RAG status
- value and percentage of turnover impacted by sustainable award criteria
- work to achieve a 100% response rate to the Baseline Questionnaire by the end of 2010
- use the Baseline Questionnaire results to develop individual action plans for all suppliers that responded, share these and work with suppliers to implement them as part of the contract review process
- continue to support the excellent work of the Medical Fair and Ethical Trade Group
- add further Fairtrade cotton certified garments to the catalogue range
- track and monitor sales progress
- continue to build sustainability criteria into the award of new food contracts and extend into other appropriate areas
- continue to build relationships with fairly traded organisations
- continue to support the P4CR steering group
- support the launch of the P4CR guidance and toolkit by identifying where we are against the flexible framework and conducting an analysis of our sales against the high level carbon intensities found in the SCO2PE tool
- invite more key suppliers to take part in the CDP Public Procurement Programme 2011
- support training workshops – inviting suppliers to attend
- ensure all relevant elements of sustainability are incorporated within the DfM process
- attain by 31/12/10 and maintain level 3 in all areas and level 5 in one area of the Sustainable Procurement Flexible Framework
- continue to develop knowledge on sustainable development within our procurement team through roll out of e-learning tools lunch and learn sessions.

Figure 9 - Sustainable Procurement Targets 2010

7. Social and community

As part of our sustainability agenda, we recognise that social and community activity is a key area. NHS Supply Chain aims to show this commitment to our local communities and wider society through a variety of schemes and initiatives.

Social and Community aims

- encouraging pride in our business
- developing our employees' skills and competencies
- encouraging and rewarding employee engagement at a national level
- supporting local communities and raising our profile in local areas
- fundraising activities
- nominated national charity.

In 2009, our employees had the chance to nominate a charity for all of NHS Supply Chain's fundraising activity over the year. By choosing Cancer Research UK, it meant we could combine the resources and effort of all our employees to make a significant difference.

Cancer Research UK is the world's leading cancer charity and at NHS Supply Chain we welcomed the opportunity to support such a worthy and dedicated organisation in the fight against a condition closely linked with the NHS.

Coordinating the efforts across our seven distribution sites and offices at Chester and Bracknell are our dedicated communications champions. These employees help plan, organise, and coordinate the fundraising operations at each of their sites – as well as their usual role.

The efforts of our employees meant we raised more than £70,000 for Cancer Research UK. With the success of this programme, we are planning to keep Cancer Research UK as our charity of choice for 2010 and have been tasked with raising an even bigger target - £75,000.



CANCER RESEARCH UK  
NHS Supply Chain

WIN A DELICIOUS PINK CAKE

FRIDAY OCTOBER 23 2009

HELP RAISE MONEY FOR OUR CHARITY OF CHOICE AND HAVE FUN! RAFFLE, CAKE SALE, BOTTLE THROW IN THE CANTEEN BETWEEN 9.45 - 10.30 AND 3.45 - 4.30 PLUS LOTS MORE GOING ON THROUGHOUT THE DAY!



Social and community Continued

DHL EXEL Foundation

The DHL UK Foundation is an independent charity that provides opportunities for employees to support national or local charities that are particularly close to their hearts. They promote various initiatives:

Match It!

Match It! provides employees and DHL pensioners with an opportunity to have their fundraising and volunteering efforts for UK registered charities, such as schools and not for profit community organisations matched.

'Match It!' works by:

- employee groups who raise funds for charity can receive matched funding up to £2,000 if fundraising for children or young people and up to £1,000 for volunteering
- individual employees can receive matched funding for up to £1,000 if fundraising for children or young people and up to £500 for volunteering.

Since our last sustainability report was published in March 2008, NHS Supply Chain employees have raised more than £39,000 with the help of the Match It! scheme for around 20 charities of their own choice.

Cycle 2 Work scheme

In 2009, NHS Supply Chain took part in the UK government's cycle to work scheme where employees can make savings on the purchase of new bicycles. The scheme started with an initial pilot and was then rolled out across all sites. During the initial stages, 71 of our employees took advantage of savings on new bicycles, with the aim of using them to cycle to work. The scheme has been very successful and helped employees make savings on bikes, at the same time as creating a healthier workforce, and reducing the impact the business has on the environment through reduced vehicle travel. We asked our employees how often they used their bike to commute to work, the distance travelled, and the method used before the scheme and estimated a carbon saving of 16 tonnes of CO₂ per year.

Princes Trust

DHL's 'Get Into' programme, run in partnership with The Prince's Trust, commenced in Rugby during March 2010. Eight candidates spent two weeks rotating around various departments at the Rugby site. The aim of the experience was to break the cycle of no job because no experience and no experience because no job. Out of the eight people who joined the programme, four secured jobs through the agency. Out of these four, two joined DHL on full time contracts. There are plans to roll out this programme at both our Alfreton and Maidstone distribution centres.



Trucks and Child Safety (TACS) Scheme

The TACS scheme is a DHL UK Foundation initiative to help increase awareness of road safety among children. Under the scheme, employees have the opportunity to train as demonstrators. Demonstrators teach school children from the ages of seven to 11 on road safety and the dangers of heavy goods vehicles. More than 250 colleagues from across DHL have provided 36,000 children with over 200 demonstration days over the past year to promote safety on the roads.

In March, 2009, the transport operation for NHS Supply Chain was brought in-house instead of being outsourced. As a result of this, our drivers have the opportunity to take part in the TACS scheme and in 2010 we are planning to introduce the scheme within the business.

Volunteer reading scheme

This programme trains members of staff who volunteer their time to provide support to local schools by helping children with their reading. Employees' are released from work to conduct regular sessions with small groups of children to allow familiarity and confidence to grow. In 2009, two employees from our Runcorn distribution centre took part in this scheme.

2010 Social and community targets

- raise £75,000 for Cancer Research UK – our national charity of choice
- increase the level of funds raise through the Match It! Scheme
- support the Cycle To Work scheme being reopened in July 2010
- introduce the 'Get Into' DHL programme at a NHS Supply Chain location
- train employee's who volunteer as demonstrators and conduct demonstration days as part of the TACS scheme
- encourage staff to take part in the Outward Bounds mentoring programme.

8. Assurance

This report has not been externally certified, however all data reported is auditable and has been wholly represented.

As we continue to progress with our sustainability programme we will review the merits of external certification of our annual report.

9. Feedback

If you have any comments or feedback on the contents of this report, please contact the sustainability Team – sustainability@supplychain.nhs.uk.

10. Appendix

Summary of achievements against sustainable targets

Where the target is highlighted in green this shows that the target has been met or exceeded, where the target is highlighted in amber the target has been partially met and where highlighted in red it has not been met.

Sustainable operations: 2009 Targets

Environmental Aspect	Targets
Waste reduction	<p>Increase the % of waste recycled from our distribution centres to 65% of waste arising by 31 March 2009 ✓ 71% recycled of our total waste arisings.</p> <p>Reduce total waste arising from all distribution centres by 2% by 31 March 2009 relative to 2008/09 levels ✓ 3% reduction achieved.</p>
Energy management	<p>Reduce the kilowatt hours of energy (gas and electricity) use from our distribution centres per 1000 lines supplied by 18% by 31 March 2009 relative to 2002/03 levels. ✓ 24% reduction in kwh per 1000 lines was achieved.</p> <p>Review capital intensive projects to reduce energy consumption in areas such as warehouse lighting. ✓ We have progressed a number of energy reduction initiatives such as re-lighting our Runcorn and Maidstone, further details in our operations section.</p>
Water management	<p>Reduce water consumption by 20% per employee across all distribution centres by 31 March 2009 (including box wash use) from a baseline of 2004/05. ✓ 25% reduction in water use per employee</p>
Transport	<p>Reduce carbon emissions from our fleet vehicles by 5% from a baseline of 2008, with revenue gearing¹ by the end of December 2009. ✓ 9% reduction achieved by the end of December 2009.</p>
Staff travel	<p>Reduce the environmental impacts from staff travel ✓ Use of conference calling is promoted.</p>
Procurement	<p>Reduce the environmental impacts of in-house purchasing of goods and services ✓ We procure most of the goods and services we require through DHL corporate services. In 2010 we will make our internal purchasing even more robust to maximise opportunities to reduce environmental impacts</p>
Communication and working with stakeholders	<p>Ensure that we communicate with stakeholders and work with them where appropriate ✓ We work closely with both the NHSBSA and our customers and communicate either directly or via Information contained on our website.</p>
Compliance with the Waste Electrical and Electronic Equipment Regulations	<p>Ensure we are complying with responsibilities under the waste electrical and electronic equipment (WEEE) regulations ✓ Measures are in place to ensure compliance</p>
Biodiversity	<p>Ensure that the SSSI at the Maidstone Distribution Centre is managed according to Natural England Standards. ✓ The SSSI is managed according to Natural England standards.</p>
Training and development	<p>Instate updated environmental training for Health Safety and Environmental Advisors to cascade down to staff. ✓ Updated training in place and delivered, further details in the sustainable operations section.</p>
Participate in the DHL GoGreen Climate Protection Programme	<p>Establish NHS Supply Chain Scope 1 and 2 carbon footprint during 2008. ✓ Carbon footprint established, further details in the sustainable operations section.</p>

Table A - Sustainable Procurement Targets 2010

Sustainable procurement:

Sustainable procurement: 2009 targets

- roll-out the baseline questionnaire to the full supply base working with trade organisations and suppliers directly
✓ - baseline questionnaire rolled out to 50 of our key suppliers – covering 70% of sales revenue in 2009, enabling action plans to be implemented to manage any risk areas
- complete the generic risk assessment to prioritise future work in this area
✓ - Key focus areas to date have been food, surgical instruments and textiles
- train staff in the use of PASA's Sustainable Procurement Risk and Opportunity User Tool (SPROUT)
✓ - all staff trained on use of SPROUT which is implemented across 100% of contracts
- implement SPROUT as a standard procurement procedure
✓ - SPROUT is now used as a standard procurement procedure
- achieve level 2 of the flexible framework
✓ - level 2 of the sustainable procurement flexible framework achieved
- continue to participate in external working groups to develop our internal agenda and support external initiatives
✓ - we are active members of the Medical, Fair and Ethical Trade Group and the Procuring 4 carbon steering group.

Table B – update against 2009 targets – sustainable procurement

Sustainable procurement:

Social and Community: 2009 targets

- identify and work with a national health related charity, chosen by our employees
✓ - Cancer Research was our chosen and we raised £70,163
- DHL Outward Bound programme to include NHS Supply Chain representatives
As this is a DHL centrally run initiative it was not rolled in 2009. Now rolled out with two employees taking part in 2010
- assess the feasibility of implementing the Offender Training and Employment Programme and The Princes Trust
✓ - Four people were supported at our Bridgwater distribution centre as part of the Offender Training and Employment Programme, with one gaining permanent employment. We supported the Princes Trust scheme to assist people gain valuable work experience at our Rugby distribution centre in February 2010 and two people have now gained permanent employment
- implement the Volunteer Reading Scheme across other participating regions if the initial pilot proves successful
✓ - Two employees at our Runcorn distribution centre participate in this scheme.

Table C – update against 2009 targets – social and community

Summary of progress against targets

Progress against the 2009 targets can be seen in table 1 in section 4. In order to show how we have progressed from the baseline year data please see table below which shows progress against specific measures from the April 2002 to March 2003 baseline to the end of December 2009. During this period some of the measures being used have changed.

Measure	2003 April 02 - March 03	2004 April 03 - March 04	2005 April 04- March 05	2006 April 05- March 06	2007 April 06 - March 07	2008 April 07 - March 08	2009 April 08 - March 09	% reduction	2008 January - December 08	2009 January - December 09	% reduction
Kwh of electricity and gas per 1000 lines supplied	931	930	859	876	779	771	707	24%			
Property - Carbon tonnes per £mill revenue									4.89	3.96	19%
Transport- Carbon tonnes per £mill revenue									11.83	10.83	9%
Property and Transport - Carbon tonnes per £mill revenue									16.72	14.80	12%
Waste Recycling levels				53%	58%	69%	70%	70%	70%	71%	71%
Total tonnes of waste				1918	1980	1911	1846	3%	1838	2016	10%
Water m3 per person			15.08	12.4	12.65	11.34	11.32	25%	11.21	8.91	20%

Table D Progress with sustainable operations from 2003 to 2009

Level 3	
People	<ul style="list-style-type: none"> • in April 2009 we conducted a series of Lunch and Learn sessions with specific focus on ethical sourcing. • we have also delivered targeted communication regarding SPROUT and a section on sustainability into the Business Case and Contract Award processes • in 2009 a workshop was held with the food procurement team to develop a more challenging approach to sustainable criteria within the contracting process. This has led to a set of sustainability questions that are now form part of any food procurement process.
Policy, strategy and communications	<ul style="list-style-type: none"> • sustainable development strategy, sustainable procurement policy, sustainable Operations policy and Community and Social policy were all developed in 2007/8 and some updates in early 2009. These will again be reviewed in 2010. They were all endorsed by the Chief Executive Officer • quarterly reviews are held with the NHSBSA to measure performance against the targets agreed in the Memorandum of Understanding on Sustainable Development.
Procurement process	<ul style="list-style-type: none"> • SPROUT assessment undertaken for all contracts at business case stage and then revisited at contract award stage
Engaging suppliers	<ul style="list-style-type: none"> • baseline questionnaire issued to top 50 suppliers in terms of sales to trusts • invitations issued to key suppliers to join the Carbon Disclosure Project • presentation given at the Marketing to a Greener NHS conference on 8 December 2009.
Measurements and results	<ul style="list-style-type: none"> • SPROUT assessment results highlight focus areas • food procurement team have developed a set of sustainability related questions now included as part of the food procurement process.

Table E – Evidence to support achievement against the SPTF