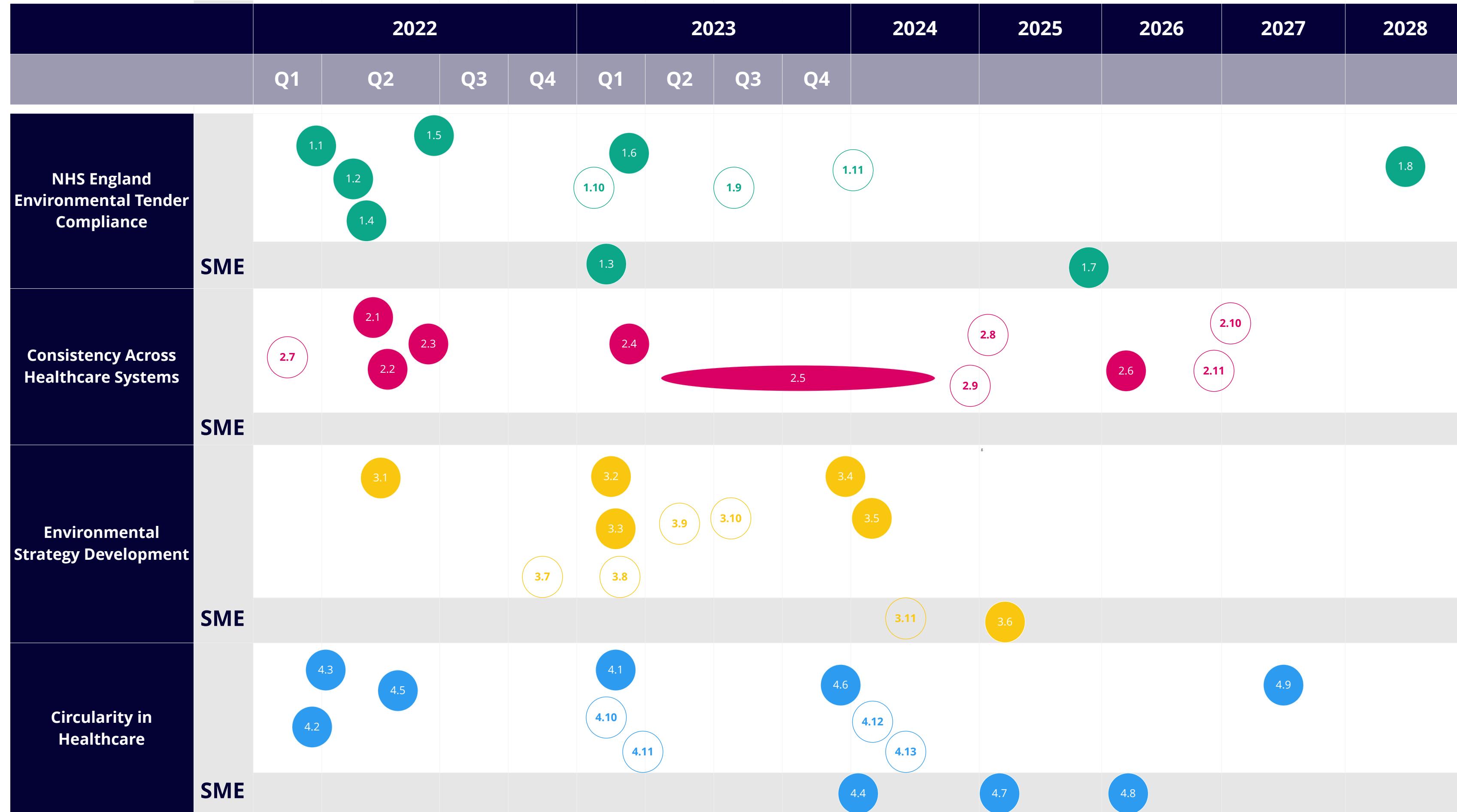


# Sustainability Framework for Action

Association of British HealthTech Industries



# Sustainability Framework



# ABHI Members and Sustainability

ABHI is the UK's leading industry association for health technology (HealthTech) and supports the HealthTech community to provide products and services that help people live healthier lives. Members, including both global businesses and small and medium sized enterprises (SMEs), supply products from syringes and wound dressings to surgical robots and digitally enhanced technologies. ABHI represents the industry to stakeholders, including government, NHS and regulators. HealthTech is essential in delivering quality healthcare and is a significant contributor to the UK's economic growth.

The HealthTech industry, like many others, is feeling the desperate need to become more sustainable. Through market pressures, consumer opinions and legislative changes, the industry is looking to reduce its environmental impact and adapt ways of working. In 2020, the NHS set out a plan to become the world's first carbon net zero national health system by 2045. As a key part of the global supply chain, and its subsequent footprint, the HealthTech industry has an important role to play.

There are requirements placed on HealthTech providers that are essential to the delivery of life changing products and services. The surge in demand for single-use PPE to help fight COVID-19 has shown this on a global scale. Adapting to new materials, processes and suppliers is a tough obstacle but one that can be achieved with technical understanding, planning and change management.

Sustainability is not simple for the HealthTech industry. This is where a powerful, focused assessment and sustainability framework can help guide the journey to a more sustainable future for the industry. This framework of actions aims to provide a structure to focus actions, investment and drive performance, as well as engage internal and external stakeholders. To ensure the framework was tailored to the needs of ABHI's members this study used various research and evidence gathering tasks including 1-1 interviews, member wide surveys, workshops and in-depth research using the STEEP (Social, Technological, Economic, Environmental, and Political) method of analysis. This approach enabled us to focus the framework on material topics that are crucial to ABHI members and provided tailored guidance and actions.



# ABHI Members and Sustainability

## Member Maturity and Engagement Insights

Through the stakeholder engagement interviews, survey and workshops we have examined members' maturity across a wide range of sustainability topics. This engagement has highlighted the ABHI members' objectives and goals for sustainability; their challenges and concerns; and their requirements for this framework. Please refer to Appendix A.2 for a full description of the research approach including the complete list of questions asked in the survey and the interviews.

The survey allowed us to reach a large number of organisations. It was important to gather a wide range of perspectives from the diverse member base which ABHI represents.

Topics covered in the engagement included:

- Sustainability objectives and maturity of members
- Existing sustainability strategies, tools and infrastructure members have developed
- Members' existing Carbon Reduction Plans (carbon assessments/ footprinting, reduction target planning and reporting)
- Sustainability ambitions, targets and metrics
- Supply chain engagement and influence
- NHS environmental tender requirements and level of understanding and compliance currently
- Circular economy and its function in healthcare/HealthTech

Figure 1 shows the survey responses for two groups of ABHI members; SMEs in the top chart, and large UK companies and UK subsidiaries of global organisations in the bottom chart. Topics had mixed responses across the members, but there is a marked difference between the SMEs and larger businesses. We have incorporated this into the framework, indicating where SMEs may need extra guidance and tailoring of certain topics to their needs. A more detailed breakdown of the individual groups and their responses is given below.

These results are a useful indication of levels of maturity in sustainability topics across the industry. The high number of negative or neutral responses across all organisations shows the need for comprehensive guidance on a range of sustainability topics. This insight has been key to developing the framework, showing which areas need universal coverage, and which need some more concentrated guidance for specific members.

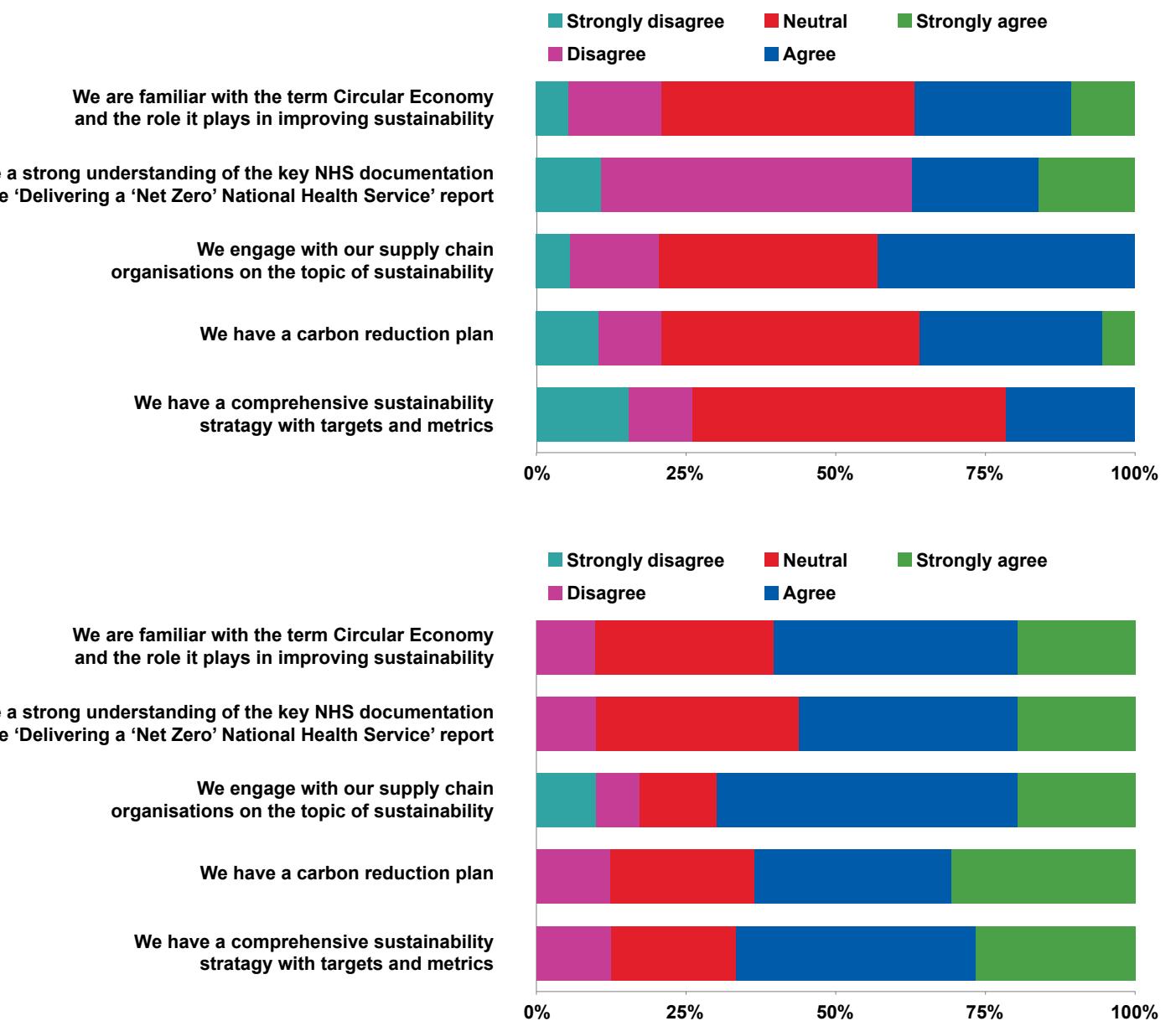


Figure 1: These charts show a summary of responses to the sustainability topic questions in the survey. The top results are for the UK SMEs that responded, and underneath are the global and UK large organisations combined.

# ABHI Members and Sustainability

Of the topics listed above, UK SMEs responded most positively to engagement with their supply chain, with 42% of members choosing either ‘agree’ or ‘strongly agree’. This may be due to SMEs having a stronger sense of reliance on supportive suppliers. Sustainability strategies emerged as a potential area of focus, with only 21% responding positively. This has been incorporated into the framework, with guidance around the implementation of an environmental strategy in Section 6. The positive response rate across the other topics was consistent at 37%, but with some strong disagreement for the circular economy and Carbon Reduction Plan questions, showing that further guidance is needed for these areas.

Strong engagement with supply chains was reflected in responses from UK subsidiaries of global organisations, with 77% positive. Carbon Reduction Plans, circular economy and sustainability strategies were all 55-59% positive, and the lowest positive response rate was for NHS England documentation at 50%, potentially reflecting the difference in focus for global organisations compared to those based in the UK. The majority of responses were positive but highlighted that there is a lack of comprehensive understanding across the organisations.

The responses suggest a higher level of confidence across topics among UK large companies than the other member groups, with both Carbon Reduction Plan and sustainability strategy responses at 78% positive and NHS documentation at 67%. Supply chain engagement had the lowest positive responses, joint with circular economy at 56%. It should be noted that a lower number of members responded from this group – 9 compared to 21 global companies and 19 UK SMEs.

# ABHI Members and Sustainability

## Members' drivers, concerns, and requirements

Questions in the survey and interviews provided more detail about members' drivers, concerns, and challenges, with respect to sustainability. Responses to these questions were more consistent across the organisation types than the topics above, and focused upon the following major themes:

- Achieving and maintaining **tender compliance** and **market access** in the UK, EU, and globally, coupled with the complexity of adhering to different compliance and procurement frameworks across markets
- Determining **baseline emissions** and building an achievable strategy around emissions reduction
- Fear around **unintended consequences** of decisions made too quickly or without proper due diligence
- **Reputation** among employees, customers, and society
- **Future resilience** of the business and managing risks proactively
- Understanding cost and resource requirements
- The pressure to move away from **single use** devices and how this might not be suitable for certain products within the healthcare system
- UK subsidiaries of global organisations also reported a pressure that came from an expectation to align with global corporate positioning.

There were some additional focal points from the **UK SME** group:

- SMEs may need extra guidance in some areas, where requirements may be different, or they have less maturity

- Cost and resource are a major barrier for SMEs compared to larger companies

Where there may be differences in approach between SMEs and larger companies, a separate section detailing this will be given for that topic within the framework.

Finally, through the engagement we established the support members would most value in addressing their sustainability concerns and objectives:

- Support and engagement from customers, such as the NHS, to ensure changes are achievable and members have advance warning, including clarity around the potential 2 year grace period for SMEs
- A nuanced view of the limitations and challenges that the sector faces in terms of sustainability and how these can conflict with current requirements
- Clarity around the environmental data and metrics that are required and any KPIs for performance monitoring
- Clear guidelines on baselining and reduction planning, including timelines and decarbonisation trajectories and the role of mechanisms like offsetting
- Focused guidance around specific topics, including single use plastics, supply chain engagement, and guidance for SMEs

These requirements have been integrated into the design of this framework, with clear timelines included for each topic, additional targeted guidance where needed, and a detailed list of templates, tools, and reporting guidelines in the appendices.

# ABHI Members and Sustainability

## 'The Ask' from ABHI members

### Shared infrastructure

One of the common threads throughout the engagement exercises was a need for a shared industry infrastructure, ensuring organisations have access to consistent industry advice and guidance, and can join together to meet targets.

This will help build a 'shared voice' within the industry, so sector-wide concerns and challenges can be better addressed. It means that organisations can support each other to achieve a shared sustainability goal through sharing best practice and experience through the journey whilst reflecting the concerted effort within the sector to move towards a more sustainable future, together.

Members highlighted the importance of this shared journey extending to the NHS in all UK nations. It is really important for members that there is convergence across the four nations rather than separate routes. Throughout the engagement activities, members cited supporting the NHS with their net zero goals as a motivator driving sustainability, but equally, that they need support from the NHS to achieve their own goals. The majority of these responses focused around needing an understanding from the NHS regarding the difficulty in adhering to the evolving sustainability requirements, whilst maintaining effective performance and outcomes, as well as a need for clear, achievable timelines for the implementation of any new compliance requirements.

This framework aims to give guidance around common themes under which organisations across the HealthTech sector can make sustainability improvements and to identify areas in which other partners, such as the NHS, can support this journey.

### Ask for the NHS

With more than 60% of the NHS carbon footprint based within the NHS supply chain, the Healthcare Systems needs the support of every supplier if they are to reach net zero by 2045<sup>3</sup>. The NHS is the second largest single-payer healthcare system in the world after the Brazilian Sistema Único de Saúde, and therefore, a driving force for the member organisations that are associated with ABHI.

ABHI members emphasised throughout the engagement that they appreciate the ambition of the NHS across the four nations in setting sustainability targets and that they are keen to reflect this in their own actions. To best support the NHS, and to achieve their own sustainability targets, ABHI members highlighted that they would need certain engagement support from the NHS. These have been summarised in the Table 1.



### Case study:

#### *The Cosmetic, Toiletry and Perfumery Association*

The CTPA was cited as an example of best practice in creating a shared sustainability infrastructure for its members to use. It hosts a 'Sustainability Hub' on its website, with information on an ever-growing number of sustainability topics and links to external resources, webinars, up-to-date sustainability news, and a way of contacting the Association to suggest additional topics or resources.

They provide monthly 'drop-in' sessions where members are free to join and ask questions, discuss topics on concern/interest and generally learn about the subject area.

**"We are trying to undo decades of work in a matter of a few months – it's bordering on the impossible"**

HealthTech SME commenting on changes needed to meet environmental tendering requirements.

<sup>3</sup> <https://www.england.nhs.uk/greenernhs/get-involved/suppliers/>

# ABHI Members and Sustainability

Topic	The ask from ABHI members	Potential Solutions
Engagement	Engagement with suppliers	Close engagement with regulators, suppliers and supporting industry bodies in order to shape our approach and give all suppliers the opportunity to align with our net zero ambition.
	Two-way communication	Supplier input into changes and transitions to allow for buy in and understanding why certain actions are being taken.
Clarity and guidance	Environmental tendering requirements	Clarity around the information required for NHS tenders.
	Communication and alignment between the four nations' NHS	Consistent approach from the NHS and a better understanding of the medical deviation between government agencies.
	Alignment with environmental metrics outside the UK	Detail around how requirements fit in with wider procurement mechanisms and how they might interlink with other countries.
	Guidance on how they can balance sustainability and health care needs	Guidance to help suppliers manage sustainability needs when they contradict patient or healthcare needs.
	Commercial vs environmental advantage	Guidance in the case of suppliers who have developed more sustainable solutions for some products but the cost per unit increases and therefore might not be seen as viable by the NHS.
Timelines	Realistic timelines for implementation	Some suppliers would require plenty of lead time ahead of deadlines so they can ensure a considered and planned transition.
	Long enough lead times before new requirements so changes can be made	Legislators and stakeholders need to give enough lead time and details such as standardised questions between trusts to support the transition to this approach.
Compliance requirements	Consistent metrics, scoring mechanisms, and procedures	Clear and consistent environmental metrics, declared ahead of compliance so organisations can begin adopting these metrics through their sustainability strategies.
	Procurement centrally or locally based must follow the same requirements for sustainability	Reassurance that complying to NHS requirements will not become obsolete in the future if NHS adjusts their procurement mechanisms.
	Information on non-compliance	NHS should provide detail on the actual impact over and above the statement that the NHS will not buy from non-compliant suppliers.
SME capacity	SMEs find change more challenging as they are relatively less well-resourced than their larger corporate counterparts. SMEs don't always have the financial capacity or personnel to prioritise sustainability over other pressing business needs.	SMEs would like to be supported through capacity building and webinars to help understand how and why things are changing, who should be undertaking the new methods and how these changes could be communicated to the rest of the company

Table 1 Summary of support needed from the NHS to ABHI members