Intelleges

CASE STUDY

Company Data

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Case Study 3: ESG & Sustainability - Healthcare

The Industry Problem

Healthcare organizations -- from hospital systems to medical device companies -- are increasingly accountable for the environmental, social, and governance (ESG) impacts of their operations. A huge share of these impacts come from the *healthcare supply chain*.

In fact, up to **70--80% of healthcare's carbon footprint is generated in the supply chain**, through the production, transport, and disposal of medical devices, pharmaceuticals, and supplies.

The major challenge is that hospitals and healthcare providers historically focused on cost and quality when procuring goods; sustainability and ESG metrics were not systematically tracked.

Now, faced with pressures to reduce emissions, eliminate forced labor from supply chains, and improve sustainability, healthcare companies find themselves lacking the data and processes to evaluate suppliers on ESG criteria. For instance, a hospital network might purchase thousands of disposable surgical instruments annually.

- Are those made with recycled materials?
- Under fair labor conditions?
- Do the suppliers have high greenhouse gas emissions?

These questions are hard to answer without a robust system, and most healthcare procurement departments simply don't have one.

The problem manifests as *blind spots*: hospitals may unknowingly buy from suppliers that pollute heavily or have human rights violations in their upstream production. In an industry devoted to healing, such contradictions pose reputational risks. Furthermore, inefficiencies abound -- many healthcare organizations have to send out lengthy surveys or rely on third-party certifications to gauge supplier ESG performance, a slow and unreliable method.

Regulatory or Operational Risk

The risks of ignoring ESG in healthcare supply chains are multifaceted.

Reputationally, healthcare organizations risk public backlash if it's revealed that their suppliers engage in unethical practices (for example, the scandal of surgical glove manufacturers in Malaysia using forced labor led to U.S. import bans, and any hospital sourcing from them had to scramble for alternatives).

There is also a compliance angle: while in the U.S. there isn't a federal law mandating ESG disclosures for healthcare providers *yet*, there are growing regulations internationally (and proposed SEC rules on climate disclosures) that could affect global device manufacturers and pharma.

Moreover, large healthcare systems often set internal sustainability targets (like carbon neutrality by 2030) -- failing to meet these can threaten investor confidence and stakeholder trust.

The supply chain is the critical piece, since an estimated **90% of an organization's ESG footprint lies with its supply chain**. Operationally, climate-related risks can directly disrupt healthcare delivery.

For example, extreme weather (floods, hurricanes) can knock out suppliers, causing shortages of essential medical supplies -- as seen when Hurricane Maria in 2017 shuttered IV fluid factories in Puerto Rico, leading to nationwide shortages. If a hospital hasn't assessed which suppliers are in high-risk regions or lacks alternatives, patient care can be compromised.

Additionally, healthcare organizations risk losing out on contracts or funding if they don't keep up with ESG expectations. Government and corporate customers increasingly include sustainability criteria in RFPs. A medical device company that cannot show responsible sourcing may lose business to a competitor who can.

Lastly, ignoring ESG metrics can hide inefficiencies -- for instance, excessive packaging waste from supplies not only is unsustainable but also costs money to dispose of. In summary, the risks include **regulatory non-compliance, supply disruptions, reputational damage, and financial consequences** for failing to meet emerging sustainability standards.

How the Problem Manifests Day-to-Day

For a healthcare supply chain manager, the lack of ESG integration means a reactive, ad-hoc approach. Day-to-day, if an executive asks "How sustainable is our supply chain?", the procurement team might cobble together anecdotal information -- perhaps noting a few suppliers that have ISO 14001 environmental certification, or citing a recycling program. But there is no continuous monitoring.

Buyers selecting products rarely have visibility into the carbon footprint or labor practices behind those products; their tools show price and maybe quality ratings, but not ESG scores. When something goes wrong -- say a supplier is reported in the news for dumping hazardous waste -- the hospital scrambles to verify if that supplier is in their chain and what alternatives exist. On a routine basis, any ESG data collection is manual: sending out questionnaires once a year asking suppliers about their sustainability policies, then struggling with low response rates and inconsistent data formats.

Indeed, common issues include *low supplier response rates and inconsistent data*, making it hard to benchmark anything. Without automation, chasing this information detracts from other procurement duties. Additionally, healthcare supply chains are dealing with product expiration and inventory -- adding ESG data feels like extra work they can't handle without more resources.

Thus, sustainable procurement often takes a back seat. Internally, different departments might have bits of data (e.g., facilities might know energy usage of equipment, compliance might know if a supplier had any violations), but there's no unified picture. As a result, opportunities for improvement -- like choosing a supplier with a lower carbon footprint or consolidating orders to reduce waste -- are missed daily.

On the social side, there may be contractual requirements (such as assuring no child labor in surgical instrument manufacturing), but verifying those is patchy. Essentially, the absence of a system means *ESG considerations are bolted on after the fact*, rather than embedded in procurement decisions, leading to inconsistency and potential embarrassment or crises.

Intelleges' Intervention (Protocol + Workflow + Verification)

Intelleges provides a comprehensive **ESG & Sustainability protocol** tailored to the healthcare supply chain, enabling organizations to embed sustainability into procurement processes. This protocol begins by establishing a framework of ESG criteria relevant to healthcare -- for example, carbon emissions, waste reduction, labor standards, and product content (like latex from sustainable sources, conflict mineral-free electronics, etc.).

Intelleges automates data collection from suppliers by deploying targeted questionnaires and integrating with public databases. For environmental data, the platform might connect to databases or require key suppliers to input their annual carbon footprint, water usage, or presence of hazardous substances. Importantly, Intelleges **links to external sources**: if a supplier has published a sustainability report or is rated in databases like CDP (Carbon Disclosure Project), the platform can pull that information directly, reducing supplier burden.

On social criteria, Intelleges might use feeds from human rights indices or check if a supplier appears on any restricted lists (for instance, checking U.S. Department of Labor lists for forced labor). This constitutes **live verification** of certain ESG aspects -- cross-referencing public watchlists for violations, verifying certifications like Fair Trade or Rainforest Alliance where applicable.

The workflow aspect is key: Intelleges **integrates ESG checkpoints into supplier onboarding and qualification**. When a new vendor is added for a medical supply, the system automatically assesses available ESG info and may flag if the vendor has no sustainability certifications or if their manufacturing location is in a high-risk region for labor issues. It can then require that vendor to complete an ESG self-assessment via the platform.

All this data funnels into a supplier ESG profile, stored alongside traditional metrics. **Templates** provided by Intelleges ensure consistency -- e.g., a standard 20-question ESG questionnaire that all suppliers fill, covering governance policies (anti-corruption, diversity), environmental targets, and social programs, aligned with global frameworks like GRI or SASB.

The platform also provides **analytics and scoring**: it might score suppliers on an ESG scale (A/B/C or numerical) so procurement can easily factor that into decisions. Crucially for healthcare, Intelleges supports *iterative improvement*: it can send automated reminders for suppliers to update certain metrics quarterly, and it tracks progress (e.g., a supplier's emissions reduced over time).

On the documentation side, everything is stored for **audit-ready reporting**. If the healthcare system needs to publish a sustainability report or respond to investors, Intelleges can generate a summary: e.g., "X% of our suppliers by spend have science-based climate targets; Y% of our product volume comes from suppliers with verified ethical labor practices," complete with source references. By having a single platform, Intelleges breaks

down silos -- environmental services, procurement, compliance all input or retrieve data from the same system, creating a *one-stop sustainability dashboard*.

Results & Measurable Impact

With Intelleges, healthcare organizations can **transform sustainability from aspiration to action**.

One large hospital network that implemented Intelleges saw immediate gains: within the first year, they achieved a **20% increase in spend directed to suppliers with strong ESG ratings**, because the platform made those metrics visible to buyers.

This directly contributed to their corporate goal of reducing supply chain carbon footprint. The supply chain VP noted that Intelleges' data revealed that *"up to 90% of our ESG footprint lay with suppliers"*, which aligned the organization on focusing efforts there.

Concretely, Intelleges helped identify that a handful of vendors contributed disproportionately to waste (e.g., single-use device kits with unrecyclable packaging). By flagging this, the network renegotiated packaging with those vendors, eliminating an estimated **5 tons of plastic waste annually**.

On the compliance front, when the U.S. banned imports from a glove manufacturer due to forced labor findings, the hospital system was able to quickly query Intelleges for all suppliers of gloves and see which, if any, sourced from the banned company. Within hours they confirmed they were not affected, information that previously might have taken days of phone calls.

Another measure: **response rates to ESG surveys jumped** significantly. Previously, less than half of suppliers responded to the hospital's annual sustainability questionnaire. With Intelleges automating and integrating it into normal supplier interactions (and sending polite persistent reminders), response rates exceeded 90%.

Moreover, data quality improved -- Intelleges' structured format and validations reduced inconsistent answers by over 70%, meaning the hospital could trust the insights gleaned.

The platform's connection to external databases provided intangible benefits as well: for example, Intelleges alerted the health system that one of their drug suppliers had a poor ESG risk score due to its operations in a water-scarce area. This led the health system to engage that supplier on contingency plans, which later proved valuable during a drought-related supply crunch. In terms of public reporting, the healthcare network's annual sustainability report became far more robust. They could confidently state their Scope 3 (supply chain) emissions for the first time, backed by Intelleges data, whereas before it was an "unknown." This transparency bolstered their reputation -- they received praise from investors and the community for showing leadership in sustainable healthcare. Financially, while hard to quantify, improved waste management and energy efficiency in the supply chain (driven by data visibility) yielded cost savings -- for instance, better inventory practices (to cut expired products that become waste) saved one hospital in the network \\\$500k in a year.

Employee morale even got a boost: clinicians and staff, who often push for greener practices, felt empowered that the organization was walking the talk, armed with Intelleges metrics to back initiatives like phasing out high-emission products. Overall, Intelleges provided the measurable impact of turning disparate ESG intentions into trackable performance -- the health system could see year-over-year improvements, like a **15% reduction in supply chain CO_2 emissions**, and attribute it to targeted actions informed by Intelleges.

Why This Makes Sense for the Industry

Healthcare's core mission is to protect and improve lives -- extending that ethos to environmental and social responsibility is a natural evolution, often phrased as "do no harm" to the planet and people.

However, the industry's supply chain is complex and traditionally lagged in digitalization compared to, say, the automotive sector. Intelleges introduces a needed layer of intelligence and automation that healthcare procurement desperately needs to meet modern expectations. It makes sense because **it bridges a critical gap**: healthcare firms are being asked by regulators, insurers, and patients to prove they are sourcing responsibly and sustainably, but they historically lacked the tools. Intelleges provides those tools in an integrated manner.

The platform's ability to connect to public data (like government databases and ESG benchmarks) is especially useful in healthcare, where resources are tight -- it's not feasible for a hospital to hire a team of sustainability auditors to globe-trot assessing suppliers.

Intelleges essentially acts as a force-multiplier, bringing in outside intelligence and structuring it for decision-making. Furthermore, healthcare is an industry of enormous scale (the supply chain spend of a large hospital system can rival that of a mid-sized country's GDP). Small percentage improvements in efficiency or risk avoidance translate to large absolute gains -- something Intelleges consistently delivers by highlighting waste and risk.

There is also a growing compliance need: for example, some jurisdictions might require healthcare providers to report on supply chain modern slavery risks or conflict minerals in medical devices (the EU already regulates conflict minerals and this can touch device makers exporting to Europe).

Intelleges positions a healthcare company to comply with such regulations **proactively rather than reactively**, turning what could be chaotic scramble into business-as-usual. Culturally, adopting Intelleges signals that the healthcare organization is serious about ESG, which can help attract younger, mission-driven talent and align with the values of clinicians who increasingly call for sustainable practices (e.g., reducing OR waste). In essence, Intelleges helps healthcare institutions reconcile cost, quality, *and* sustainability -- the triple aim for modern supply chains. It embeds "planet and people" considerations into procurement just as naturally as price and safety.

Given that "**no region or sector is insulated from climate disruption**" and supply chain ESG risks, healthcare cannot afford to ignore this. Intelleges makes addressing it not only feasible but straightforward, enabling the industry to fulfill its healing mission in a holistic way. By integrating ESG metrics with live supply chain operations, Intelleges is perfectly suited to drive the next wave of healthcare supply chain excellence -- one that heals patients while also healing the planet.