

Sustainable Procurement Guidance

Introduction

The objective of sustainable procurement is not to re-write the book on procurement, but merely to add an environmental and social dimension to the decision-making process. The standard purchasing criteria, of price, quality and availability, remain paramount. The environmental and social impacts of a good or service procured can be seen as part of the 'quality' criterion. The aim of sustainable procurement is not to be prescriptive, and restrictive to procurement staff; rather to provide staff with tools and skills to consider environmental and social issues as part of the whole decision-making process.

Implementing sustainable procurement can bring many benefits to your business, including:

- Lower costs, especially when the lifetime costs of energy use and waste disposal are taken into account
- Fewer negative environmental and social impacts
- More proactive and productive relationships with suppliers

However, in order for your business to get the benefits of sustainable procurement, your policies, process and requirements need to be clearly communicated to:

- All the staff involved in purchasing, including identifying requirements, writing specifications, making decisions about purchasing goods and services and communicating with suppliers
- Current and potential suppliers of goods and services

There are three main steps to implementing sustainable procurement:

1. Develop a Sustainable Procurement Policy
2. Develop in-house capacity to deliver the objectives of the Sustainable Procurement Policy
3. Communicate requirements with current and future suppliers

Developing a Sustainable Procurement Policy

Ideally a sustainable procurement policy should be developed by a team of individuals from within a business. This team is likely to include the head of procurement (or the person who has the most responsibility for purchasing), the environmental manager (or champion) and some level of Senior Management support. Your policy should set out your objectives and define practical steps.

The policy should be kept reasonably short (no more than 2-4 pages) but supporting documentation can also be provided for more complex issues. It is suggested that a sustainable procurement policy contains the following sections:

1. Overall aims of the policy e.g. to purchase goods and services that are manufactured, delivered, used and disposed of in an environmentally and socially responsible manner
2. Identify the key sustainability objectives e.g. reduce the use of non-renewable resources, reduce the use of hazardous materials, reduce waste and ensure fair pay and conditions throughout the supply chain
3. Scope e.g. the policy will apply to all goods and services procured by Company X
4. Practical steps (these can be defined for different categories of goods and services or for varying levels of spend) e.g.
 - a. Use of minimum standards e.g. the Office of Government Commerce 'Quick Wins' Specifications for certain products
 - b. Evidence of supplier's environmental credentials e.g. through evidence of accreditation to an Environmental Management System
 - c. Evaluation of Whole Life Costing of goods and services
5. Training and implementation, including research into new products and suppliers
6. Communication - how will the policy be made available to staff and suppliers
7. Evaluation and reporting – how will the effectiveness of the policy be assessed and reported to interested parties

1) Policy Review - how often will the policy be reviewed and by whom

The Sustainable Procurement Policy can be published on the company internet site and circulated to suppliers with other tender documentation.

Develop capacity to deliver sustainable procurement

Developing a written sustainable procurement policy is just the start of implementing sustainable procurement practices. In order for staff to be able to implement the objectives and practices identified in the policy, they will need effective leadership, training and support.

Leadership – changing procurement practices requires the support of senior management within a company. In order that the benefits of sustainable procurement are fully understood, there might be need for senior management training. Increased information requirements at the specification stage can make the process slower initially and all staff will need to be kept informed about the changes and why they are happening

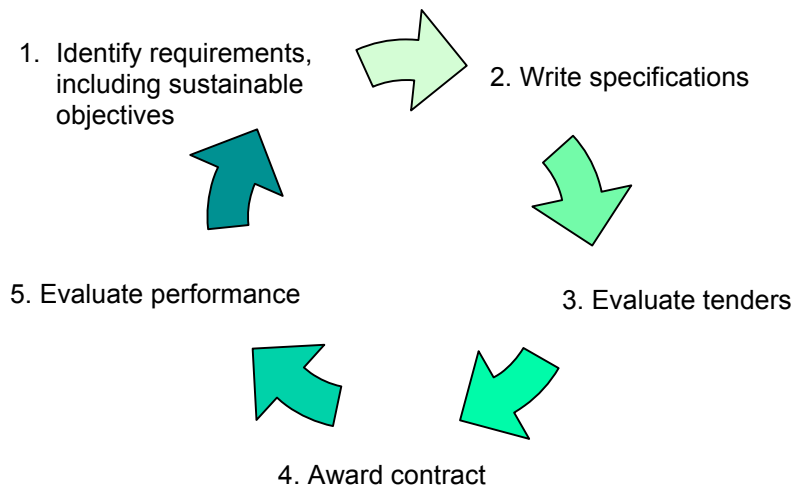
Training – depending on the level of involvement of staff in procurement, different depths of training would be required. These could include:

- Sustainable Procurement awareness training for senior management
- Specialist procurement training for staff involved in purchasing
- Environmental training including an introduction to sustainable procurement for all staff

Support – this could be in the form of tools, such as checklists, product specific guidance or pre-written specifications or it could be ad-hoc support from specialist consultants for larger tenders.

Communicate requirements with suppliers

Communication with suppliers is a key element of implementing sustainable procurement objectives and should occur throughout the procurement cycle (shown below).



Identifying requirements – Consideration for sustainability should take place right at the start of the procurement cycle, when the requirements are being identified. Introducing ‘green’ criteria too late in the process will reduce the quality and usefulness of information received from suppliers as well as limiting the sustainable solutions available.

Remember that this part of the process can involve alternative solutions such as a contract to refurbish or repair existing goods, relinquishing a good that provides convenience but is not essential to business or replacing harmful products with more benign ones. At this stage, if

you are unsure about the options, it might be useful to ask existing suppliers about the existence, availability, price and quality of green variants of products and services.

Writing specifications - In order to get what you want from the contract, you need to draw up clear and precise technical specifications, including pass/fail conditions and environmental characteristics that you want your suppliers/products to have. These could include

- Supplier has an accredited EMS
- Product has met the standards of a relevant eco-label
- The product meets pre-existing standards or criteria e.g. OGC quick wins
- Detailed information about operational costs e.g. energy use

It is important for firms to be reasonably pragmatic about the information requirements from suppliers; the requirement for supplier of pens could be limited to an accredited EMS, whereas for a large vehicle purchasing contract, detailed information on anticipated fuel use, servicing/maintenance requirements, end-of-life recycling would be appropriate.

Remember to detail the evidence requirements e.g. copy of valid EMS accreditation certificate.

Evaluating contracts – in order to simplify the evaluation of contracts, it is a good idea to set standard formats for suppliers to provide evidence. This could include check boxes for accredited EMS or compliance with quick win specifications and forms for calculating Whole Life Costs. This ensures that evaluation is straightforward and fair comparisons can be made.

Awarding the contract - you should make it clear what weighting will be given to the different elements of whole tender and the contract should be awarded to the supplier who scores the highest. However, you can set minimum environmental standards/scores so that suppliers cannot rely on low prices alone to win tenders. It is useful to provide feedback to all unsuccessful suppliers so that they know where they need to improve their performance.

Evaluate performance – it is important to get feedback from end-user about products in order to ensure that quality objectives are met. This information can help refine the requirements for future products and services. In some cases, monitoring environmental performance can form part of the product specification.

Conclusions

Implementation of sustainable procurement practices is neither tricky nor particularly time-consuming but does require commitment from all levels within a company. However, as well as potentially achieving costs savings, procurement can make a significant difference to an organisation's environmental performance, as well as sending a powerful message to others in the supply chain that the environment is taken seriously.