



STANDARD

An organization practicing sustainable public procurement should consider the three aspects of sustainability (economic, social and environmental) to create a more enduring approach to procuring goods and services that will contribute positively to the community and beyond.

Definition

Sustainable procurement is a purchasing and investment process that takes into account the economic, environmental and social impacts of the entity's spending. Sustainable procurement allows organizations to meet their needs for goods, services, construction works and utilities in a way that achieves value for money on a whole-life basis in terms of generating benefits not only to the organization, but also to society and the economy, while remaining within the carrying capacity of the environment".¹

Element 1.1: People and Leadership

Procurement should serve as the lead for developing, implementing and maintaining a sustainable procurement policy and program. To accomplish this it will be necessary to ensure:

- Clear identification of the procurement staff's roles and responsibilities for the program, including a Sustainable Procurement Champion, with support and influence at the senior management level
- Appropriate training of the procurement staff in sustainable procurement best practices
- Procurement staff are provided with performance goals and objectives including aspects of sustainable procurement, for which they are held accountable through their personal development evaluations and assessments
- Organization reports are available externally that show the achievements in sustainable procurement (i.e. newsletters, annual reports and/or website communications)

Element 1.2: Documentation of the Drivers for Sustainable Procurement

Once significant drivers for sustainable procurement activity have been assessed and identified (See: Background), it is advisable to document and describe the drivers in terms of potential benefits to the organization, key stakeholder, or beneficiary. Clear documentation will:

- Effectively develop a clear organizational business case for sustainable procurement
- Assist in the development of policy, strategy, action plans and initiatives, as well as provide a reference point against which actual outcomes can be compared

Public Procurement Practice

SUSTAINABLE PROCUREMENT PRACTICE *(Cont'd)*

Element 1.3: Sustainable Procurement Policy, Strategy and Communications

There should be clear and agreed upon sustainability objectives embedded within procurement and organization policy, strategies, procedures and process. These objectives should ensure that:

- The organization has identified, and regularly reviews, the sustainability objectives to be achieved through the procurement process
- A sustainable procurement policy is endorsed by the organizational management team, references any legislative policy on sustainability, and has been communicated to suppliers and throughout the organization
- The public procurement organization scrutinizes its sustainable procurement strategy internally and has subjected the strategy to review by one or more external stakeholder groups (i.e. the public, end users, budget/finance)
- The organization regularly reviews its sustainable procurement strategy covering risks and supplier engagement
- The organization's sustainable procurement strategy aligns with the agency's strategic plan

Element 1.4: Sustainable Procurement Processes

Processes should be developed and adopted to ensure sustainability is considered in the procurement of products and services. These processes include, but are not limited to:

- Identification of a high level expenditure analysis of the organization's spend profile (See: *Spend Analysis Practice*)
- Measurement and mitigation of the key sustainability impacts/risks of each procurement category
- Ensuring that key contracts have incorporated sustainability criteria; these are decided while the bid is being developed and carried through into specific objectives in the contract (i.e. specifying resource efficient products such as energy efficient appliances, and products that incorporate recycled content).
- Identification and reduction of supply chain sustainability risks (i.e. risk of supply loss, child labor, hazardous materials, etc.) at an early stage in the procurement process

Element 1.5: Engagement of Suppliers in Sustainable Procurement

Engaging suppliers in sustainable procurement objectives will result in targets being set for suppliers that will improve their sustainability performance in relation to their provision of products and/or services to the organization. Targets should be achieved by:

- Ensuring that key performance indicators and targets associated with sustainability performance/impact have been shared and agreed upon with suppliers
- Identifying suppliers with negative sustainability performance/impacts through a review and analysis of established indicators (e.g. reduction of waste to landfill by x% per annum), and encouraging identified suppliers to work in partnership with the organization to improve sustainability performance/ impacts



Element 1.6: Validate Achievement and Measurement Results in Sustainable Procurement

Identify and implement performance management improvements that will have a positive impact on sustainable procurement procedures. The improvements can be substantiated by ensuring that:

- The organization has identified its key sustainability impacts and developed a process for managing these through procurement
- The organization has identified a peer group or program for benchmarking its sustainable procurement performance against other organizations
- The organization has identified management actions to improve practices relating to sustainable procurement

Background

Effective procurement is sustainable procurement that promotes positive outcomes for the economy², environment³ and society⁴. The public sector should promote sustainable procurement throughout the acquisition and disposition process and sustainability should be embedded in all procurement decision making. Beyond legislative requirements, there are many drivers (as referenced in the BS8903: Principles and framework for Procuring Sustainable⁵) that support sustainable procurement, such as:

- **Financial:** Provides the delivery of operational cost savings through more efficient goods, works and services; challenging demand at source to ensure need; reducing end of life disposal costs; driving efficiency in the supply chain; and developing market capacity, innovation and competitiveness. Sustainable procurement should reduce waste which, in turn, reduces cost.
- **Risk:** Significant sustainability impacts should be identified and addressed as part of any comprehensive risk management strategy. Identified risks may include, but are not limited to legal risks, financial liabilities, moral/ethical risks, security of supply risks, price volatility risks and risks to reputation. An organization's risk profile will continue to evolve based in part on the rapidly changing environments and the growing public awareness and appetite for sustainable solutions.
- **Increased stakeholder expectations and awareness:** Generates greater pressure on organizations to consider the environmental, economic and social aspects of business and to implement sustainable initiatives. Organizations should recognize the need to foster stakeholder goodwill and proactively and effectively address expectations and concerns in regard to sustainable procurement.
- **Organizational policy commitments and targets:** An expression of the culture, values, and vision by which an organization operates. This should be supported by procurement and reflected in procurement policy, strategy objectives, business practice and decision making.

1 UK Governments Sustainable Procurement Task Force. Adapted from the definition by UK Governments Sustainable Procurement Task Force to which Chartered Institute of Purchasing & Supply (CIPS) was a contributor. Combined with National Institute of Governmental Purchasing, Inc. (2012). Public procurement dictionary of terms. Herndon, VA: NIGP.

2 e.g. through supplier diversity, such as subject matter experts (SMEs), ethnic minority enterprises, use of apprentices and training

3 e.g. water, waste, green house gas (GHG) and emissions, etc.

4 e.g. Diversity and equality, child labor, forced labor, working conditions, etc.

5 British Standards Institute (BSI). (2010). BS8903: Principles and framework for procuring sustainable. The Chartered Institute of Purchasing & Supply (CIPS) was a contributor to the formation of the BS 8903 Standard.