

# Sustainability - Purchasing Guidelines

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## Sustainable Procurement

### 1.1 Introduction

Sustainable Procurement is defined in AS ISO 20400:2018 Sustainable Procurement – Guidance, as procurement that has the most positive environmental, social and economic impacts possible over the entire life cycle. The life cycle being the consecutive and interlinked stages of a goods or services system, from raw material acquisition or generation from natural resources to final disposal.

Many aspects of the City's services and activities are performed by contracted parties which means that much of the City's environmental footprint comes from the goods or services that we procure. Every purchasing activity has the opportunity to influence the decisions and activities of suppliers who wish to do business with the City.

Sustainable procurement should be proportionate with the size, complexity and risks associate with each procurement activity. Sustainability outcomes should be balanced against project requirements and value for money outcomes.

Sustainable procurement can be aligned with the general stages of the procurement process as follows:



Each of the above stages of the procurement process are addressed in the section.

## 1.2 Define need

Sustainability objectives should be considered early in the planning process. This section provides guidance on sustainability considerations when planning for a procurement activity.

### 1.2.1 Demand analysis

The following is a list of questions that can be used as a guide or prompt when analysing the need for goods or services.

- Do we really need to purchase this good or service?
- Is a suitable option already available in the City?
- Can existing assets be refurbished, repaired or upgraded to meet the need in a cost effective way?
- Are there other options for meeting this need (reuse, borrow, swap)?
- What would avoid the need for this good or service?
- Aggregating and/or consolidating the demand/consumption?
- Are there options for behavioural change in relation to consumption of goods or services?
- Are we automatically replacing/outsourcing based on past procurement activities?
- Can alternative more sustainable goods or services serve the same purpose?
- Have there been technology improvements?
- Could a service be used to meet the need instead of a good?
- Can any part of the goods be reused, refurbished, repaired, recycled or composted?
- Who are the key stakeholders that may offer sustainable options/advice?

### 1.2.2 Supply Market Analysis

The purpose of conducting a supply market analysis is to gain an understanding of the existing and future capability of the market to support the City's sustainability needs whilst still providing value for money outcomes.

It may be beneficial to engage with suppliers early on in a process to identify if the requirement could be met or exceeded by:

- New technologies;
- New goods or services;
- New suppliers; and/or
- Advances in sustainable business practices.

### 1.2.3 Sustainability Impact analysis

A way to identify sustainability impacts and opportunities is to consider the life cycle of a product or service. Once life cycle impacts and opportunities are considered, the next step is to prioritise which of those should be addressed through the procurement activity. It is not expected that every impact or opportunity will be addressed but that they will be considered and included based on their significance.

The table on the following page can be used as a guide when considering what the sustainability impacts and opportunities are throughout the life cycle.

**Table 1 - Example sustainability impacts of a product/service through the life cycle**

<p><b>Raw material extraction and sourcing:</b></p> <ul style="list-style-type: none"> <li>• Emissions to air</li> <li>• Pollution releases to water</li> <li>• Clearing of native vegetation</li> <li>• Conflict minerals</li> <li>• Effects of stockpiling/pressure on landforms</li> </ul>	<p><b>Transportation and Packaging (each stage of the life cycle):</b></p> <ul style="list-style-type: none"> <li>• Emissions to air</li> <li>• Waste (packaging and loss)</li> <li>• Freight costs</li> </ul>	
<p><b>End of life impacts / opportunities:</b></p> <ul style="list-style-type: none"> <li>• Contribution to landfill</li> <li>• Emissions to air</li> <li>• Groundwater contamination</li> <li>• Illegal waste dumping</li> <li>• Capture of resources for reuse/resale</li> </ul>		<p><b>Manufacturing impacts / opportunities:</b></p> <ul style="list-style-type: none"> <li>• Emissions to air</li> <li>• Water usage</li> <li>• Waste</li> <li>• Hazardous materials</li> <li>• Reuse of recycled materials</li> </ul>
<p><b>Use:</b></p> <ul style="list-style-type: none"> <li>• Energy and water efficiency</li> <li>• Emissions to air</li> <li>• waste</li> </ul>	<p><b>Impacts/opportunities in service provision:</b></p> <ul style="list-style-type: none"> <li>• Emissions to air</li> <li>• Water usage</li> <li>• Waste</li> <li>• Life cycle impacts of products used by service provider</li> </ul>	

Table 1 adapted from WALGA Guide to Sustainable Procurement (2017)

### 1.3 Confirm Requirements

After conducting a needs analysis, sustainability considerations/requirements can be incorporated into the Request document. If specifying sustainability objectives, be clear about what those requirements are.

Specifications should try to avoid unnecessary obstacles such as 'virgin paper only', requiring a certain colour, awarding on an all or nothing basis or setting unrealistic response and delivery times. This includes setting minimum sustainability requirements that the market is unlikely or unable to meet.

Contract clauses can also be used to manage risks by requiring suppliers to commit to sustainability requirements such as:

- Preventing suppliers making changes to products or services without consult;
- Suppliers taking back packaging; or
- Products to be delivered in bulk to minimise transport.

For tenders and panel applications invited under CEO delegation, sustainability must be included in the Request document as a qualitative criterion with a minimum weighting of 5%. A sample criterion is included in the RFT and RFP documents.

## **1.4 Select Supplier**

Sustainability is included in the Evaluation Workbooks with its own scoring methodology and is based on the sample criterion included in the RFT and RFP. If using alternate sub-criteria ensure the evaluation workbook is amended accordingly

### **1.4.1 Supplier Operations**

In order for a supplier to demonstrate initiatives used in their own organisation to reduce environmental impacts the City is looking for things like:

- Environmental Management System (EMS) certified to ISO 14001 (larger organisations);
- Uncertified EMS, noting some smaller businesses may not have yet implemented or considered EMS due to the size or nature of their business;
- Measurement and reduction of carbon footprint and waste production;
- Staff training activities;
- Maintaining a register of environmental legislation;
- Environmental/sustainability policies, strategies, procedures;
- Setting targets, implementing KPI's and measuring performance; or
- Environmental manager, green champions, advocacy, leadership.

### **1.4.2 Solution/s Offered**

Environmentally preferable goods and services are those that have a lower impact on the environment over the life cycle of the good or service, compared to competing goods and services serving the same purpose.

Suppliers can offer environmentally preferable goods and services by:

- Addressing the carbon footprint of a product or service throughout the life cycle (raw materials input, manufacturing, packaging, distribution, retail, use and disposal);
- Use of goods/products or services with third party accreditation or self-declared labelling scheme (Eco-labels);
- Considering supply chain impacts and how to use more local content (goods/services/resources);
- Offering goods/products that are more efficient to operate and thereby reducing operating costs (including maintenance, consumables, energy, water and time); and/or
- Considering end of life disposal costs and impacts.

Some goods/products that may appear more expensive at initial outlay may provide greater economic and/or environmental benefits over the life of the product.

## **1.5 Execute Contract**

Performance monitoring is essential throughout the life of the supply arrangement to ensure the supplier performs according to the agreed terms and conditions of contract. Sustainability can be

monitored and assessed alongside quality, delivery, service and price. KPI's should be measurable and clearly defined.

## **1.6 Receive Goods or Services (Completion)**

At the end of a contract, sustainability performance should be reviewed. The information gathered will assist in identifying areas for improvement in future purchasing activities. An analysis should also be carried out to assess if the City's value as a client has changed or whether the market structure has changed.