



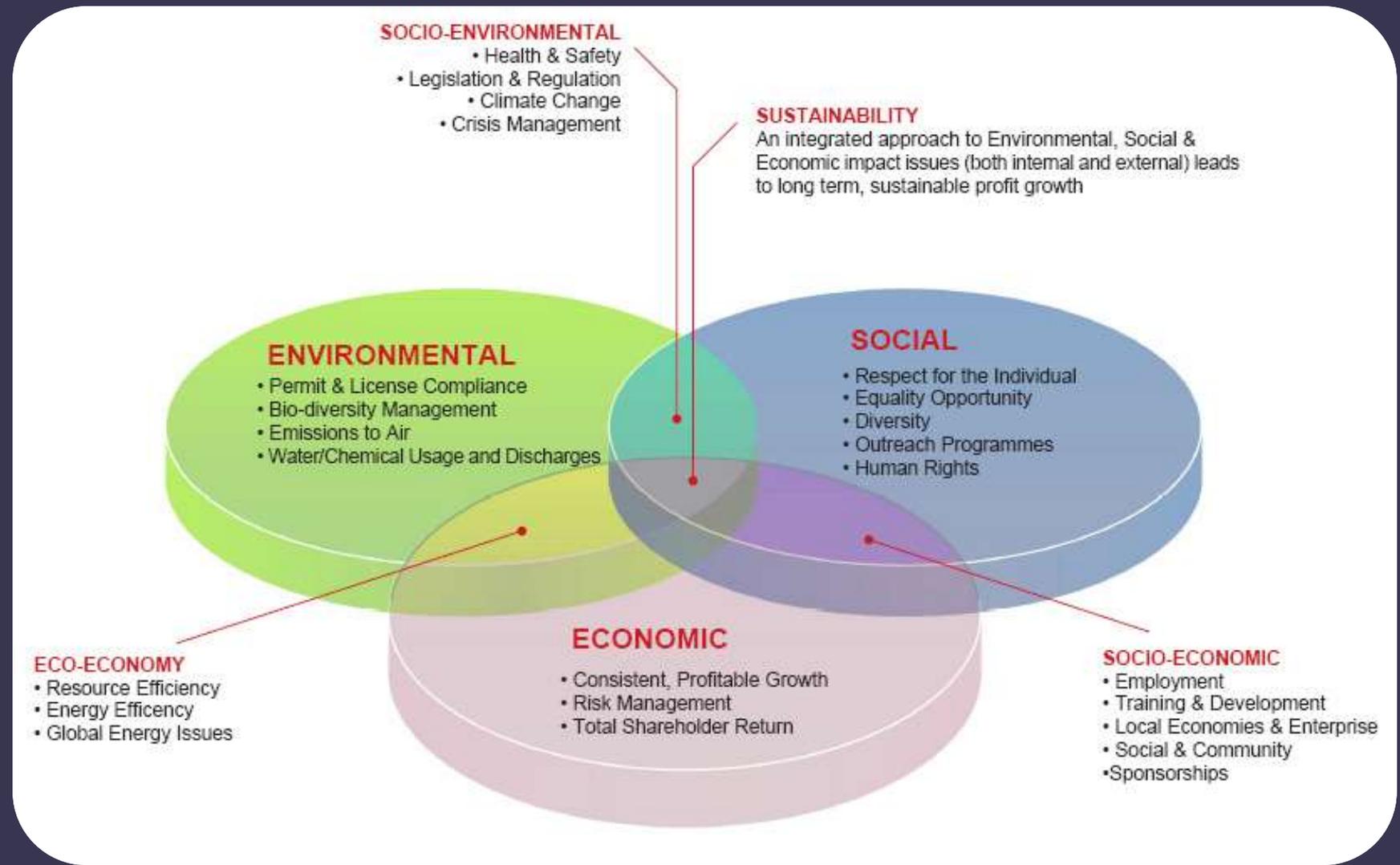
An Introduction to ISO 20400 and Sustainable Procurement

James Cadman

Action Sustainability



Sustainability - What It Looks Like...



SOCIAL PROCUREMENT

Buying Social

Responsible Sourcing

GREEN PURCHASING

Ethical and Sustainable Procurement

SUSTAINABLE PROCUREMENT

Sustainable Purchasing

SUPPLY CHAIN SUSTAINABILITY

Buying green

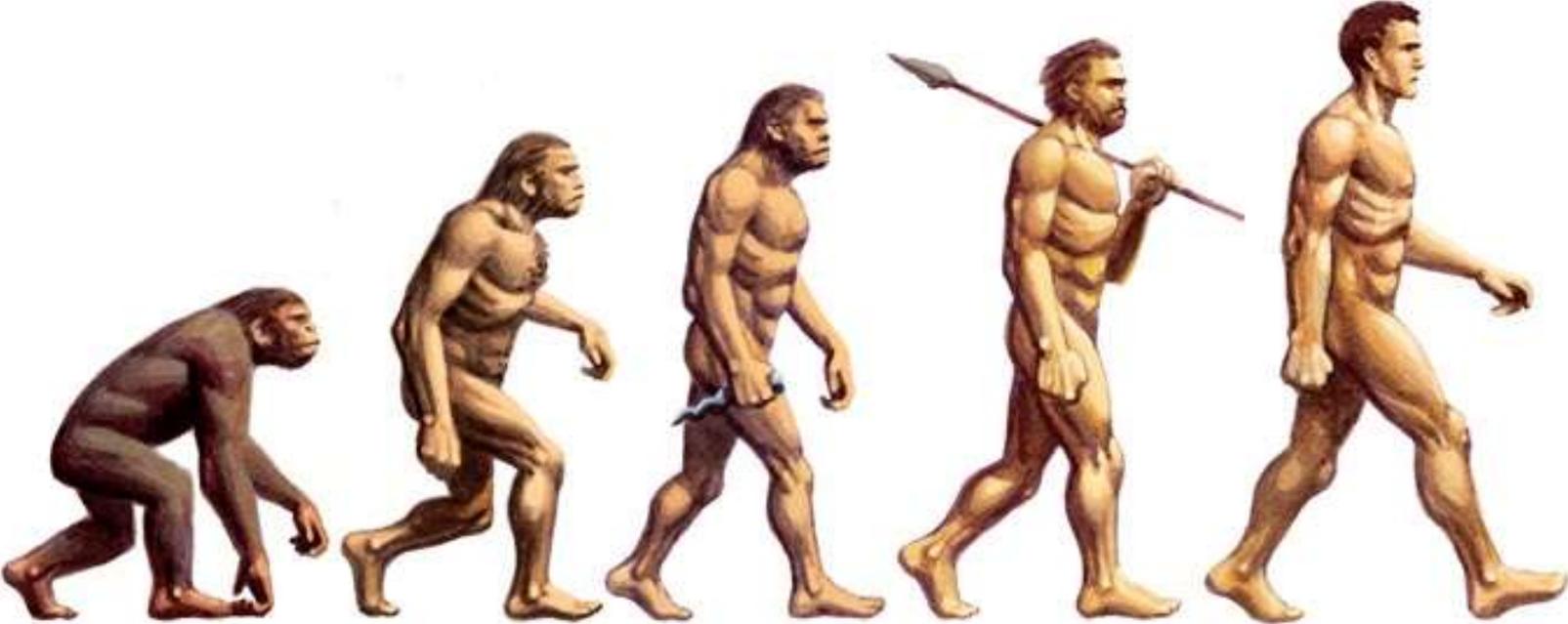
Green Procurement

Ethical procurement and supply



The Evolution of Sustainable Procurement





2005
Securing
the Future

2006
Procuring
the Future

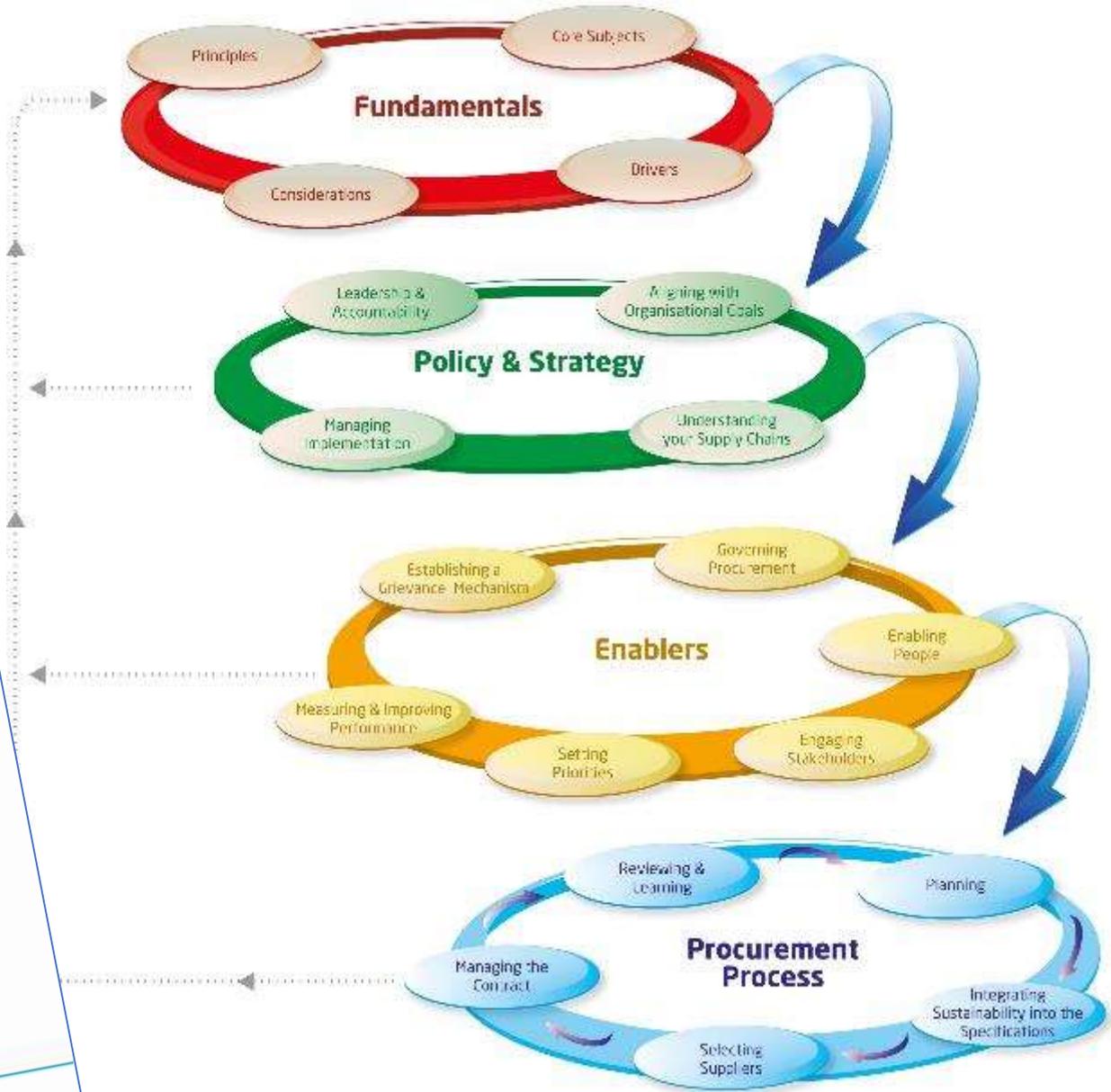
Flexible
Framework

2010
BS 8903

2013
ISO
committee

2017
ISO 20400

ISO 20400 is a Strategic Framework Guidance Standard



ISO 20400 Definition of Sustainable Procurement

‘Procurement that has the most positive environmental, social & economic impacts on a whole life basis.’

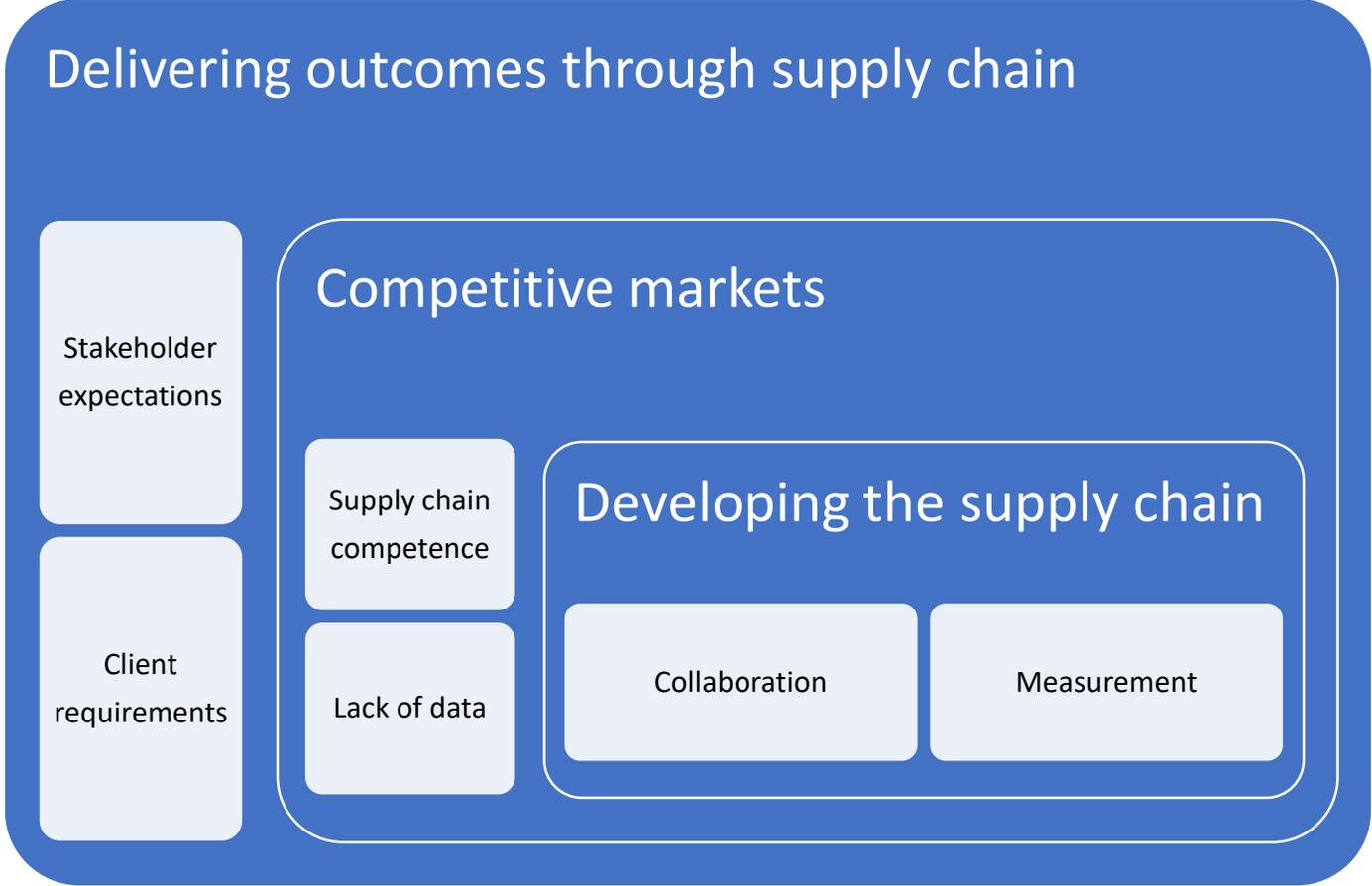
Sustainable Procurement Myths



INCREASINGLY
IRRELEVANT



What's changed over time?

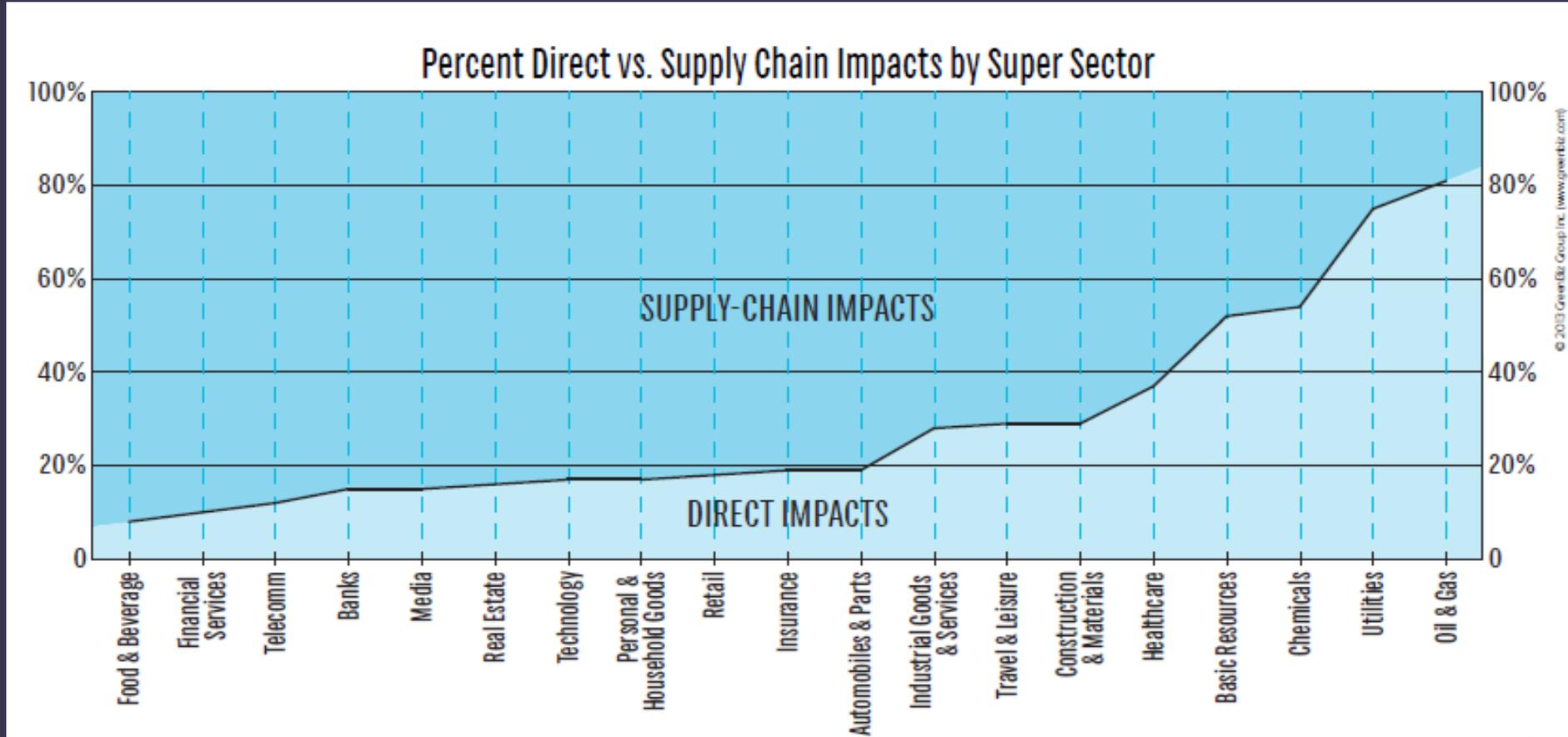


Some issues to consider....

Traditional focus	Business focus
Rules based	Business benefit driven
One size fits all	Prioritised approach
Sustainable supplier	Sustainable supply
Audits	Education
Questionnaires	Relationship management
Retrospective reporting	Real time performance management

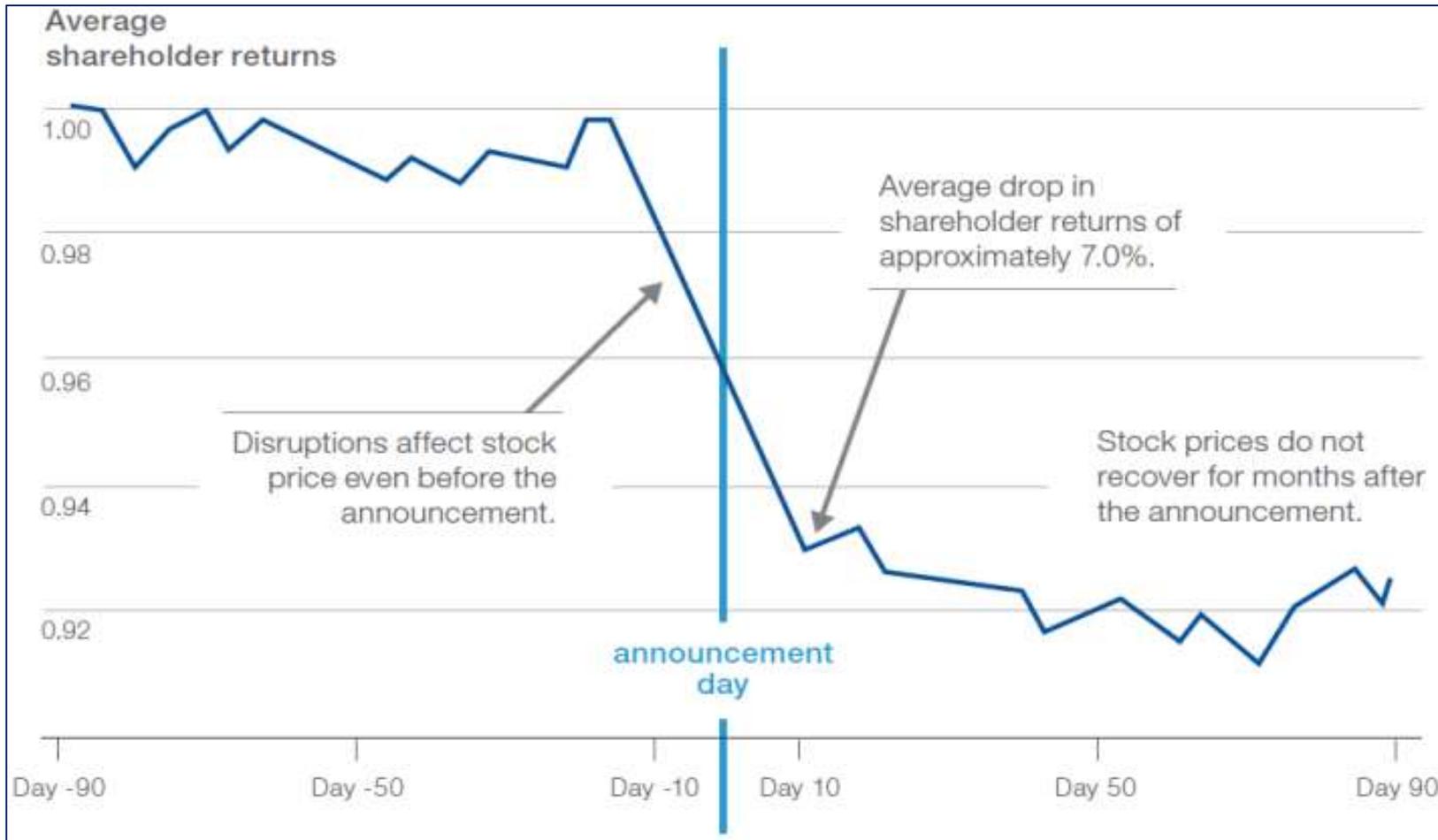


But why the focus on supply chains?



For organisations to truly address their sustainability risks & opportunities and thereby meet their objectives and targets, they need to address the impacts of their supply chains. (Source: Green Biz Group)

Supply chain disruption won't affect us!



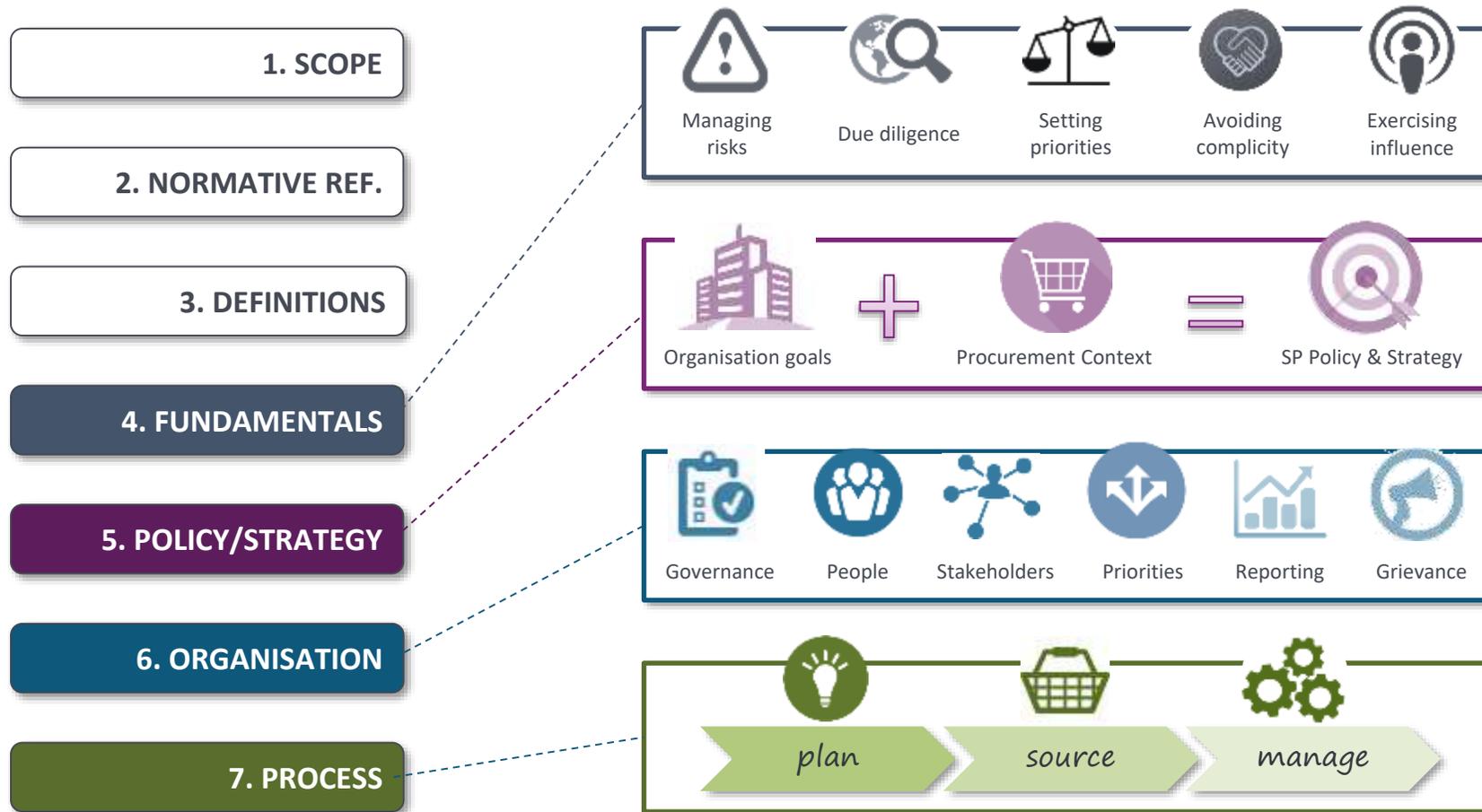
Wrong! This depicts the direct impact on business value caused by disruptions in an organisation's supply chain, indicating it is a real issue in business continuity and resilience (Source: WEF, Building Resilience in Supply Chains)

Sustainable Procurement - What is ISO 20400?

- ✓ ISO guidance standard on sustainable procurement
- ✓ Provides an understanding of:
 - ✓ what sustainable procurement is;
 - ✓ what the sustainability impacts and considerations are across the different aspects of the procurement activity: policy, strategy, organisation, process; and
 - ✓ how to implement sustainable procurement practically.
- ✓ Applies to:
 - ✓ any organisation, regardless of its sector, size and location.
 - ✓ any stakeholder involved in or impacted by procurement decisions and processes.
- ✓ Does not replace legislation, policy and ethical frameworks that regulate procurement activities.



ISO 20400: made for Procurement



Different levels of reading

I'm a Senior Executive...



4. FUNDAMENTALS

10 pages

+

5. POLICY/STRATEGY

3 pages

I'm managing a procurement team



4. FUNDAMENTALS

10 pages

+

6. ORGANISATION

10 pages

I'm managing sourcing activities and contracts



4. FUNDAMENTALS

10 pages

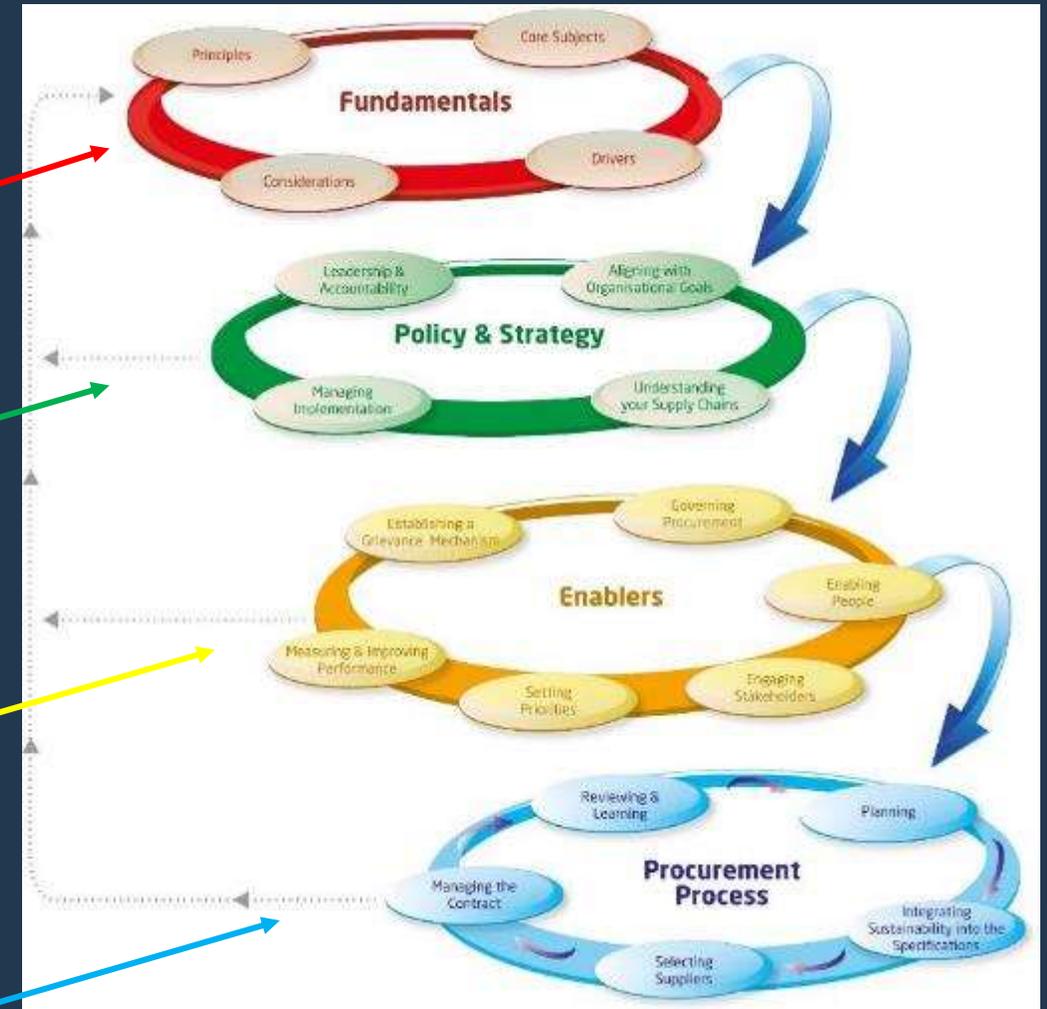
+

7. PROCESS

15 pages

ISO 20400:2017 for Sustainable Procurement

- Why are you doing sustainable procurement? For what reasons? And what sustainability issues?
- What is your policy? How do you deliver sustainability through procurement?
- How do you support your staff and engage stakeholders? How do you prioritise? What do you measure and how?
- Is sustainability embedded in the procurement process, from SRM through the tender process and out to contract mgmt.?



1. SCOPE

2. NORMATIVE REF.

3. DEFINITIONS

4. FUNDAMENTALS

5. POLICY/STRATEGY

6. ORGANISATION

7. PROCESS



Drivers Exercise

How important is sustainability, sustainable procurement and carbon in particular, to the business?

SP drivers	Score <10
Customer	4
Cost	5
Risk	6
Supply Chain Security	7
Legislation	6
Investor Confidence	5
Public policy	4
Competitive Advantage	4
Stakeholder Expectation	3
Workers	5
Innovation	6
Supplier Commitment	4
Economic Value Creation	5
Personal Leadership	6
Organisational Ethics	3



1. SCOPE

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Policy & Strategy Examples

Sustainable Supply Chain Charter

Purpose
We believe that procuring in a responsible and innovative manner delivers better value to customers, improves resilience, reduces risk and ensures compliance. Signatories to this charter have agreed to support us in delivering social, economic and environmental benefits from our supply chain, helping deliver real, long-term sustainable value to our customers.

What specifically may vary for individual signatories the fundamental principles of this charter will be consistent and underpin all of our supply chain activities. This charter is a framework for performance against the contents of this charter. We will engage with preferred and approved suppliers, many of which are Small and Medium Enterprises (SMEs), to understand where areas are most important to their business and set meaningful but realistic and achievable targets. We will monitor all suppliers to promote the principles and standards set out in this charter with their supply chains.

For the purpose of this charter, the term 'supplier' refers to all organizations within our supply chain providing goods, services, works or utilities to us for the purposes of our business. Where we have used 'supplier' and 'we' these should be read as a minimum standard for all signatories. Where we use 'we' we refer to our group. There are additional requirements where we would like to see progress over the next few years.

Health and safety
All suppliers must have in place effective health and safety management systems, appropriate for the nature and scale of their business and the goods, works or services they provide, ensuring compliance with health and safety law generally, as well as standards and codes specific to their industry.

Business ethics and governance
We will not tolerate corruption, bribery and unfair anti-competitive actions and expect our suppliers to:
 • Comply with applicable legal, regulatory and accounting requirements including but not limited to competition, procurement and financial laws;
 • Never offer or accept any undue payment or other financial inducement, directly or indirectly, for the purchase of building or other services or works or for any other business transaction;
 • Not act in a reasonably foreseeable manner to their detriment.

Sustainability Policy

Purpose:
This policy sets out HS2 Ltd's ambition to build the most sustainable high speed railway of its kind in the world. We want a high speed railway network which changes the mode of choice for inter-city journeys, reinvigorates the rail network, supports the economy, creates jobs, reduces carbon emissions and provides reliable travel in a changing climate throughout the 21st century and beyond.

Principles:
Sustainability at HS2 is about delivering social, environmental and economic benefits. This includes delivering value to the UK taxpayer and passenger through taking decisions that seek to get the best value for money through the whole operating life of the railway.

Our sustainability approach at HS2 groups our work into five themes reflecting the economic, environmental and social aspects of sustainability. These themes support the HS2 vision of being a catalyst for growth across Britain and our mission, which includes being an exemplar project in our approach to engagement with communities, sustainability and respecting the environment.

Our five sustainability themes are:

1. People and communities
2. Safe at heart: health, safety
3. Respecting our surroundings: environmental, social and climate
4. Standing the test of time: Design that is future proof
5. Resource preservation: emissions and noise reduction

ENVIRONMENTAL SUSTAINABILITY:

WE EXPECT OUR SUPPLIERS AS A MINIMUM... WE WILL OFFER...
 PETER WILSON
PRESIDENT AND CEO
 "Doing business the right way has always been the Molson-Coors way. It's part of our heritage and guides our collective journey to becoming a top performing global brewer. We have a responsibility to ourselves, the communities we live in, the suppliers we work with, the customers we serve and the beer drinkers we seek to delight. So always do the right thing."

ETHICS & EMPLOYMENT STANDARDS:

EQUAL OPPORTUNITY
Molson-Coors recognizes our responsibility under the UK Equal Opportunity legislation to ensure a list of core values in the areas of human rights and labor practices for a global workforce.

- FREEDOM OF ASSOCIATION
- GRIEVANCE PROCEDURES
- FREEDOM OF MOVEMENT BY EMPLOYEES
- HEALTHY AND SAFE WORKING CONDITIONS
- CHILD LABOR
- WORK HOURS
- BRIBE AND CORRUPTION
- MILITARY AND MANAGEMENT

DB2020 Strategy

Our three dimensions

- Economic**
Profitable market leader
- Social**
Top employer
- Environmental**
Eco-pioneer

Our four strategic directions

- Customer and quality
- Profitable growth
- Cultural change/employee satisfaction
- Resource preservation/emissions and noise reduction

Skanska Sustainable Procurement

Incorporating procurement policies for supply chain:

- Health, safety and wellbeing
- Responsible sourcing
- Equality, diversity and inclusion
- Environmental management and green sourcing
- Best Value
- Quality management
- Supply chain response

Approved on: 10 May 2012
 [Signature]
 Director, Chief Executive Officer, HS2 Ltd

Network Rail Sustainability Brief

Version 1 - December 2013

Great Western Electrification

Our approach to integrating sustainability in design and construction

1. SCOPE

2. NORMATIVE REF.

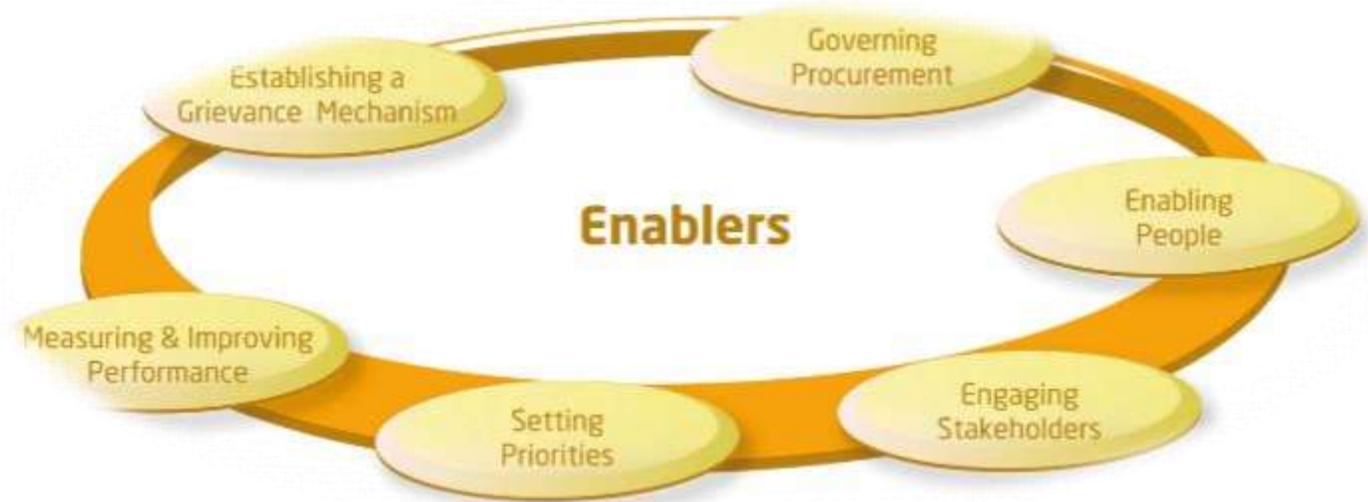
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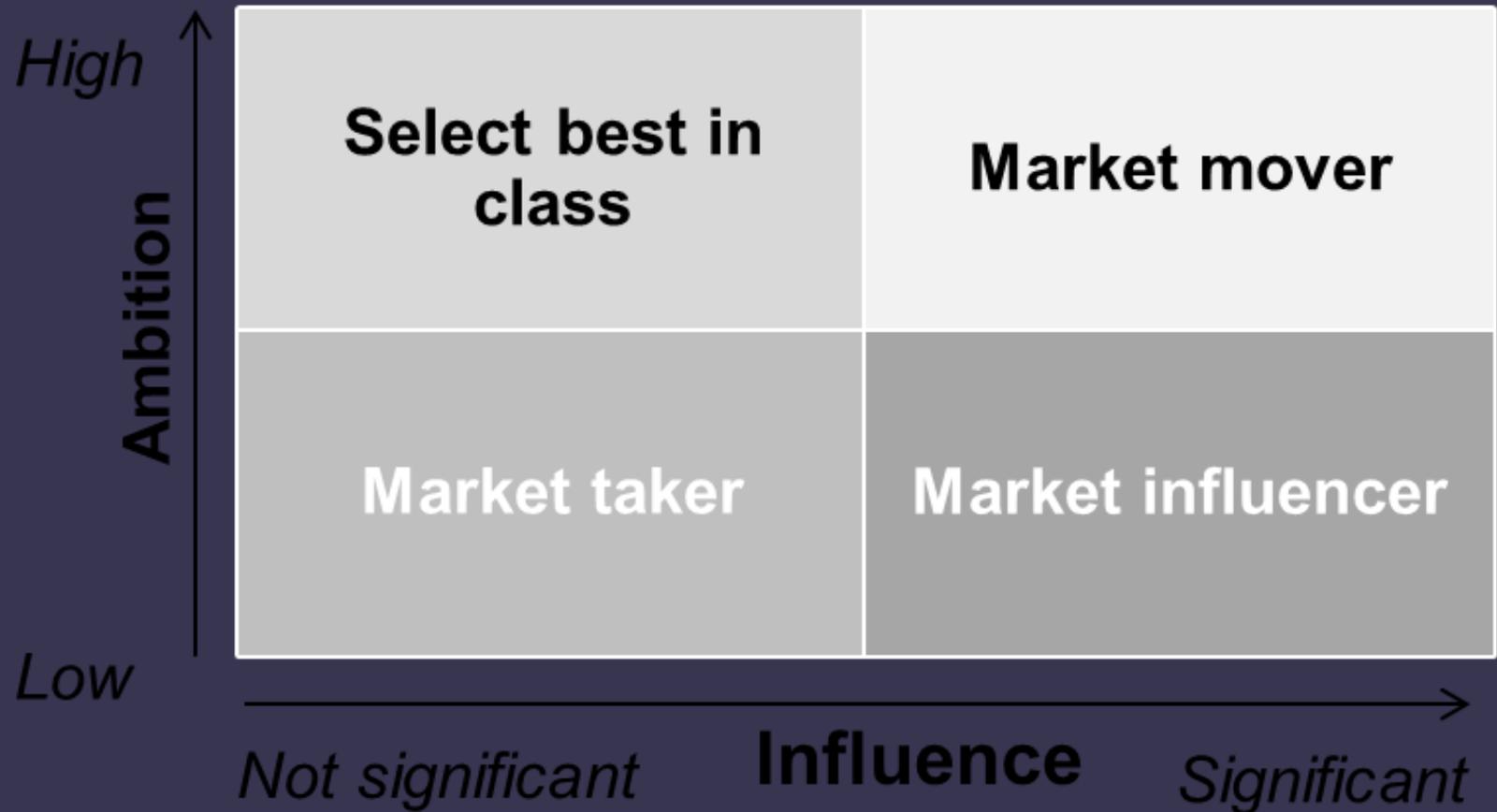
7. PROCESS



actionsustainability  Heatmapping Example – Tier 1 Contractor

Policy Theme → Spend category ↓	Environmental Limits							Healthy Communities				Profitable Markets	
	Ethical Sourcing	Circular Economy	Environ. Mgt	Energy & Carbon	Water	BioDiversity	Air Quality	Supplier Diversity.	Developing talent	Labour Standards	Community Engagement	Payment	SC Development
Plant & Accomodation	Green	Green	Yellow	Red	Yellow	Green	Red	Green	Green	Yellow	Green	Yellow	Green
Quarry Products	Red	Red	Yellow	Yellow	Yellow	Yellow	Green	Yellow	Green	Red	Green	Yellow	Green
Reinforcement	Red	Red	Green	Yellow	Green	Green	Green	Yellow	Green	Red	Green	Yellow	Green
Recruitment (blue & white Collar)	Green	Green	Green	Green	Green	Green	Green	Red	Yellow	Red	Green	Yellow	Green
Waste & Recycling Services	Green	Red	Yellow	Yellow	Green	Green	Yellow	Yellow	Green	Yellow	Green	Yellow	Green
Bulk Fuel	Green	Green	Green	Red	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Green
Builders Merchant	Red	Red	Green	Yellow	Yellow	Green	Green	Yellow	Green	Red	Green	Yellow	Green
Operated Plant	Green	Green	Yellow	Red	Green	Green	Red	Green	Green	Yellow	Green	Yellow	Green
Distribution (Electrical)	Red	Red	Green	Green	Green	Green	Green	Yellow	Green	Red	Green	Yellow	Green
Concrete Drainage	Red	Yellow	Yellow	Yellow	Yellow	Green	Green	Yellow	Green	Red	Green	Yellow	Green
Utilities	Green	Green	Green	Red	Red	Green	Green	Green	Green	Green	Green	Yellow	Green
PPE	Red	Yellow	Green	Green	Green	Green	Green	Green	Green	Red	Green	Yellow	Green
Crane Hire	Green	Green	Yellow	Red	Green	Green	Red	Yellow	Green	Yellow	Green	Yellow	Green
Non-Operated Plant	Green	Green	Yellow	Red	Green	Green	Red	Green	Green	Yellow	Green	Yellow	Green
Hard Landscaping	Red	Yellow	Green	Yellow	Yellow	Green	Green	Yellow	Green	Red	Green	Yellow	Green
Distribution (Mechanical)	Red	Red	Green	Green	Green	Green	Green	Yellow	Green	Red	Green	Yellow	Green
Office Supplies	Red	Yellow	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Green
Signage	Yellow	Yellow	Green	Green	Green	Green	Green	Green	Green	Yellow	Green	Yellow	Green
Travel	Green	Green	Green	Yellow	Green	Green	Green	Yellow	Green	Green	Green	Yellow	Green
Bulk Timber	Red	Red	Green	Yellow	Yellow	Green	Green	Yellow	Green	Red	Green	Yellow	Green

Ambition and Influence



1. SCOPE

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Business Reality

National Grid

“One idea that’s really worked is the start of a 5% carbon weighting on our new construction projects.

We’re saying to our suppliers that if you can design a lower-carbon solution you stand a better chance of winning our business.”



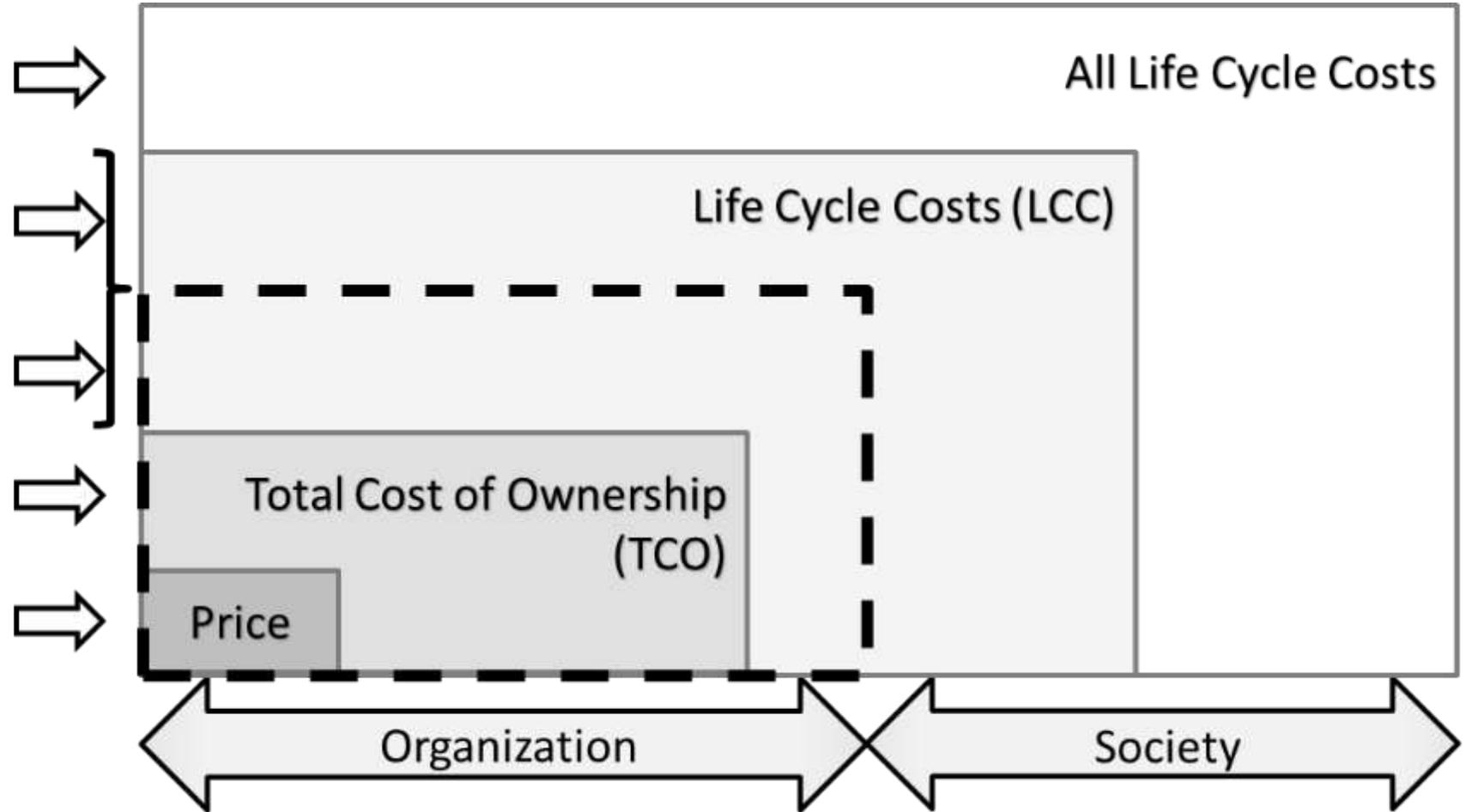
National Grid Case Study

- New electricity substation at Wimbledon
- Smarter thinking on design and use of materials
- Calculated carbon savings of 20% across the asset's life, equivalent to about 39,000 tCO₂e
- Saved £3 million in costs compared with the original design



“By having clear data on carbon emissions, we can use energy and resources more efficiently. We’ve been able to prove the business case that lower carbon can equal lower cost”

- ⊕ Non monetized externalities
- ⊕ Cost of externalities environmental/social
- ⊕ Costs/benefits of risks/opportunities
- ⊕ Acquisition, use & end of life costs
- Purchasing Price



Trainer & Assessor Observations

- ✓ *'I often heard that sustainability wasn't in peoples' job descriptions, annual appraisal objectives / targets/ bonus, nor was it included in recruitment'*
- ✓ *'Although the standard is relatively new, this evidence shows that we still have a long way to go to make sustainable procurement business as usual'*
- ✓ *'It was surprising to see that sustainable procurement was still only seen as the responsibility of either sustainability or procurement teams. There is a lack of engagement with other departments who have an essential part to play in successful delivery'*



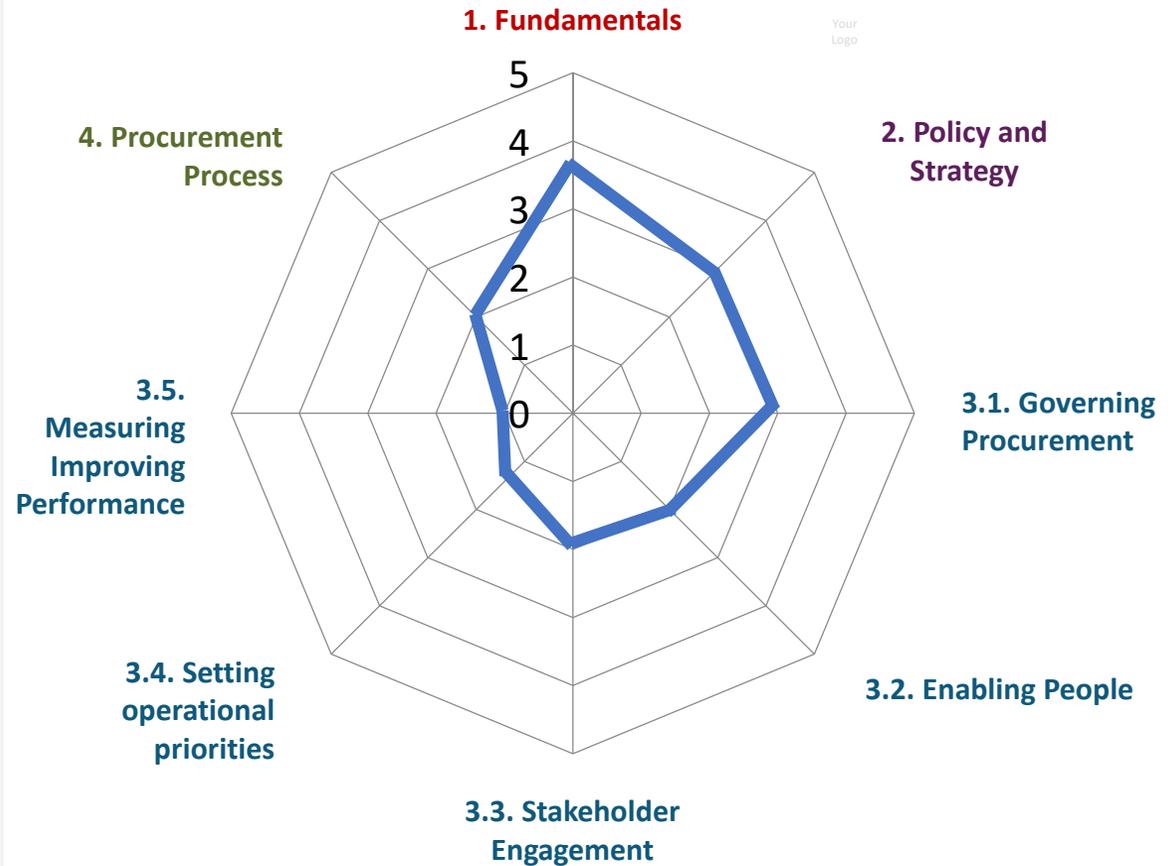
Smart

Procurement



You can review your procurement framework

1. Gap analysis tool aligned with ISO20400 (20 to 60 questions depending on depth of analysis required)
2. Completed with key stakeholders during workshop & interviews
3. Complemented by documentation review
4. And project review (optional)
5. Deliverable: gap analysis and recommendations



Thank you for your time

For more information, please contact

James Cadman

E: james@actionsustainability.com

M: 07884 654827

www.actionsustainability.com

