

ISO 20400 - New guidance standard on Sustainable Procurement

Webinar - Sydney, Tuesday 2 May



green building council australia



Sustainable procurement = good for business

SP leaders:

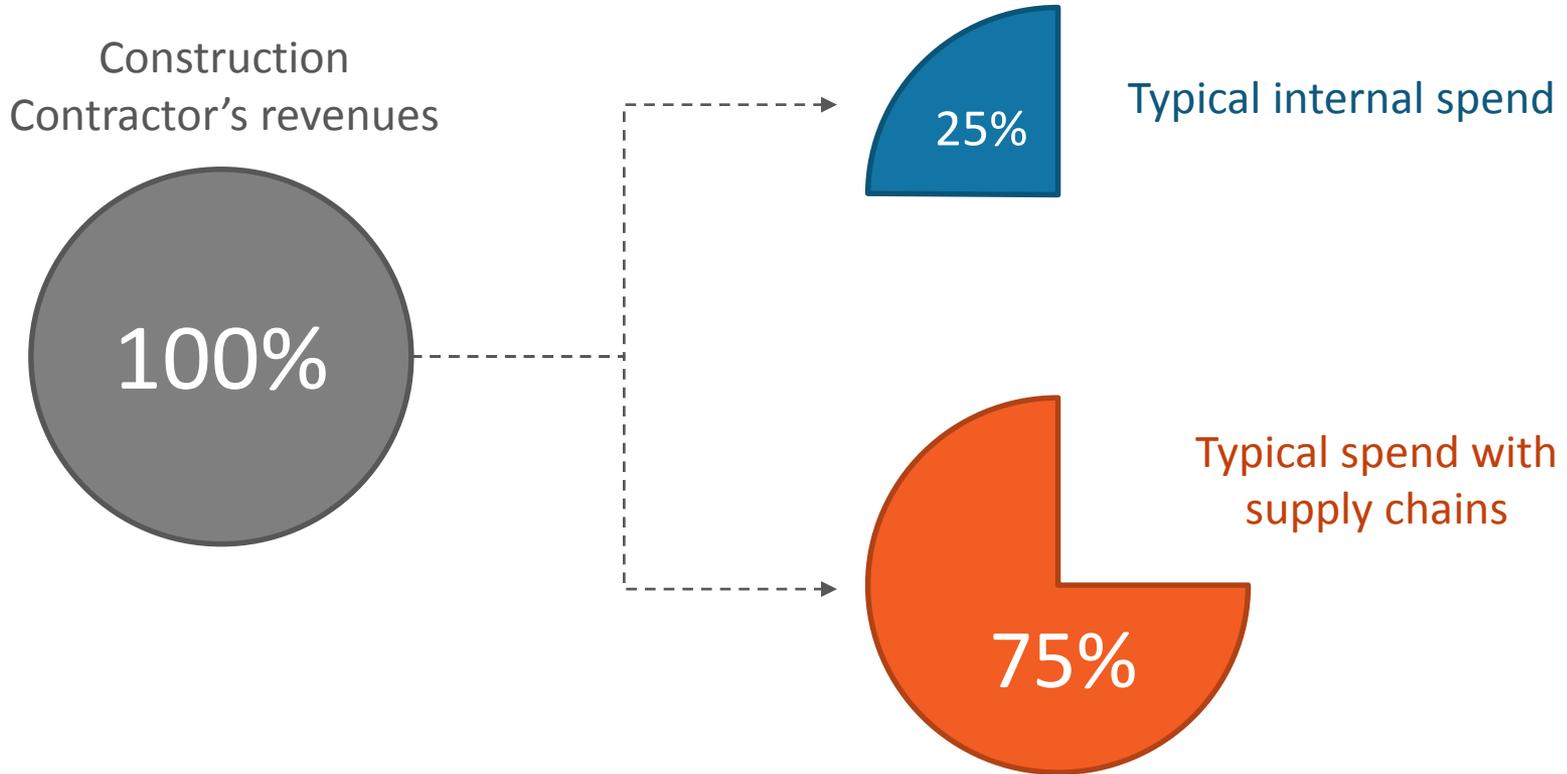
- *90% improve their brand reputation*
- *70% develop stronger, more reliable and longer-lasting supplier relationships*
- *50% have more innovative, sustainable products and services that result in increased sales*
- *45% improved ranking in 'green' financial indices*
- *30% delivered cost savings*

Source: Ecovadis and HEC, 2017 - 7th Sustainable Procurement Barometer on 120 companies in Europe and the US



Why an ISO standard on sustainable procurement

Why ISO20400?



Contractors spend **70 to 80%** of their revenues with their supply chains

Procurement has a pivotal governance role in managing the organisation's supply chains.



Internal stakeholders

- Decision makers
- Budget Holders
- Key functions

Influenced by external stakeholders

- Regulator
- Communities
- NGOs

- Individuals with procurement responsibilities
- NB: major decisions may not be taken by your 'procurement' staff. Anybody involved in procurement decisions is part of the procurement community.

- Suppliers
- Contractors
- Intermediaries
- ...
- All tiers in the supply chains

Why ISO20400?

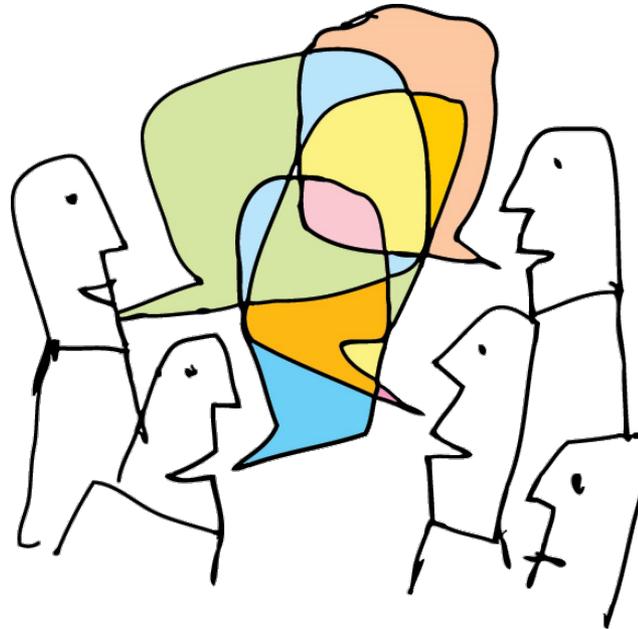
Sustainability
Environment
Diversity
WHS
...



Procurement
Sourcing
Buyers
Purchasing
...

Sustainability and Procurement people struggle to work effectively together...

Why ISO20400?

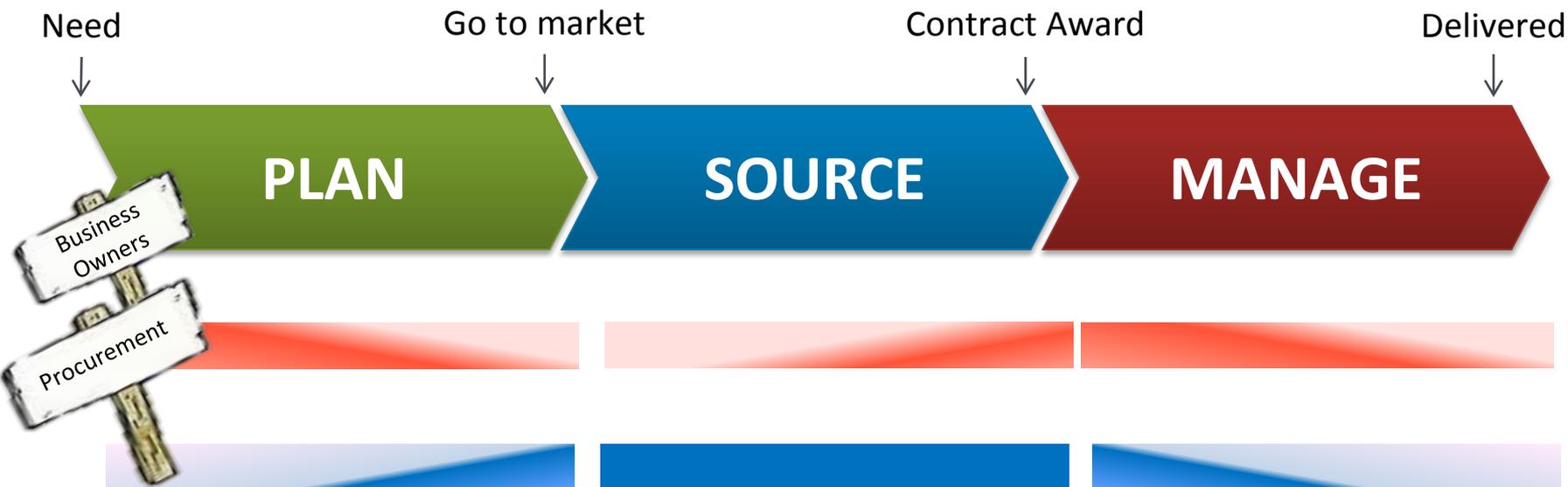


38% of companies consider the lack of a harmonized framework as a key obstacle for sustainable supply chains.

Source: DNV GL, July 2014. Survey conducted on 2,061 professionals from companies across different industries worldwide.

What is the role and influence of Procurement?

Typical sharing of roles with a tactical Procurement function



- Analyse needs
- Consult stakeholders
- Analyse supply market
- Define strategy
- Write specs, evaluation criteria, draft contract

- Engage market
- Evaluate offers
- Clarification
- Negotiation
- Contract Award

- Implement contract
- Manage transition
- Manage contract and supplier performance
- Drive continuous improvement

Example 1 - Materials specifications

Asbestos found at Queensland Government's new executive building

By Chris O'Brien

Updated 11 Jul 2016, 5:12pm

NEWS 



Who is responsible: the buying organisation or the supplier?

How to manage sustainability aspects on product categories?

Example 2 - Evaluating contractors on tenders

RFT Sustainability Evaluation Questionnaire

- Does your business have an environmental and/or sustainability policy?
- Do you have an environmental management system [...] ?
- Do you prepare an environmental management plan [...] ?
- Are your construction sites regularly audited?
- Has your business implemented measures to reduce its environmental impact?
- Do you support local industry and the local community?
- Have you engaged with your stakeholders on improving the environmental performance of your business?



Are these the most relevant sustainability questions to ask on an RFT?

How do you compare and score responses in a fair and equitable manner?

Example 3 - Managing contracts

A WELL MANAGED REQUEST FOR TENDERS...

Jack has been responsible for managing the RFT for a major facility management contract on the main site of the research institute he's working for.

One of his objectives was to include sustainability considerations in the different aspects of the service: waste management, cleaning services, logistics, etc.

He's been working hand in hand with internal stakeholders and technical experts to get it right, and the sustainability outcome is viewed by everyone as an outstanding one.

The final contract includes several sustainability requirements that the successful supplier will have to implement throughout a 3-year contract period.



Example 3 - Managing contracts

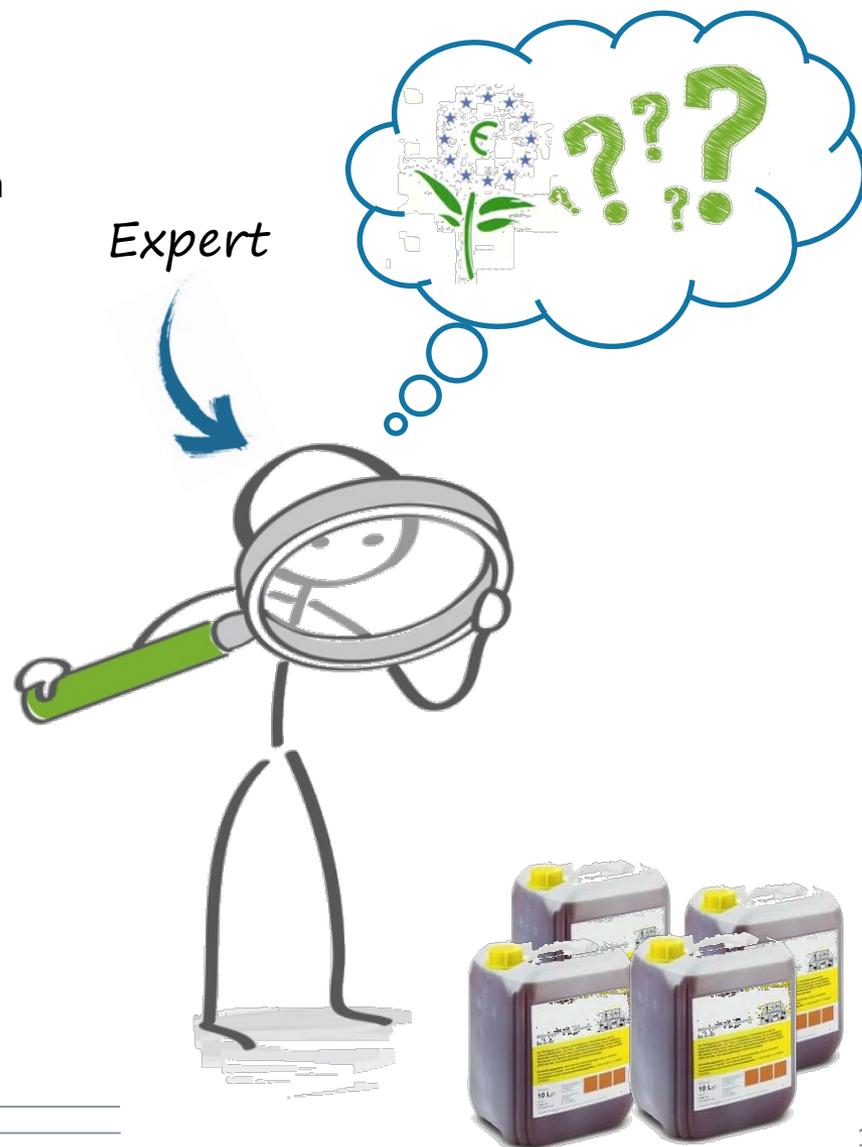
ONE YEAR LATER...

The implementation of the contract has not been easy as the supplier is new to the site. The transition with the previous supplier has taken more time and effort than anticipated...

1 year after the contract sign-off, Jack decides this is a good time to make a first assessment of how the supplier performs in terms of sustainability. He hires an external expert to undertake an audit of the sustainability aspects of the contract.

The expert discovers that none of the ecolabeled products that were promised by the supplier are actually used on site. Instead, the usual 'dirty' detergents can still be seen in the warehouse...

What happened??? Why has the supplier been so dishonest with Jack????



Example 3 - Managing contracts

Jack's supplier

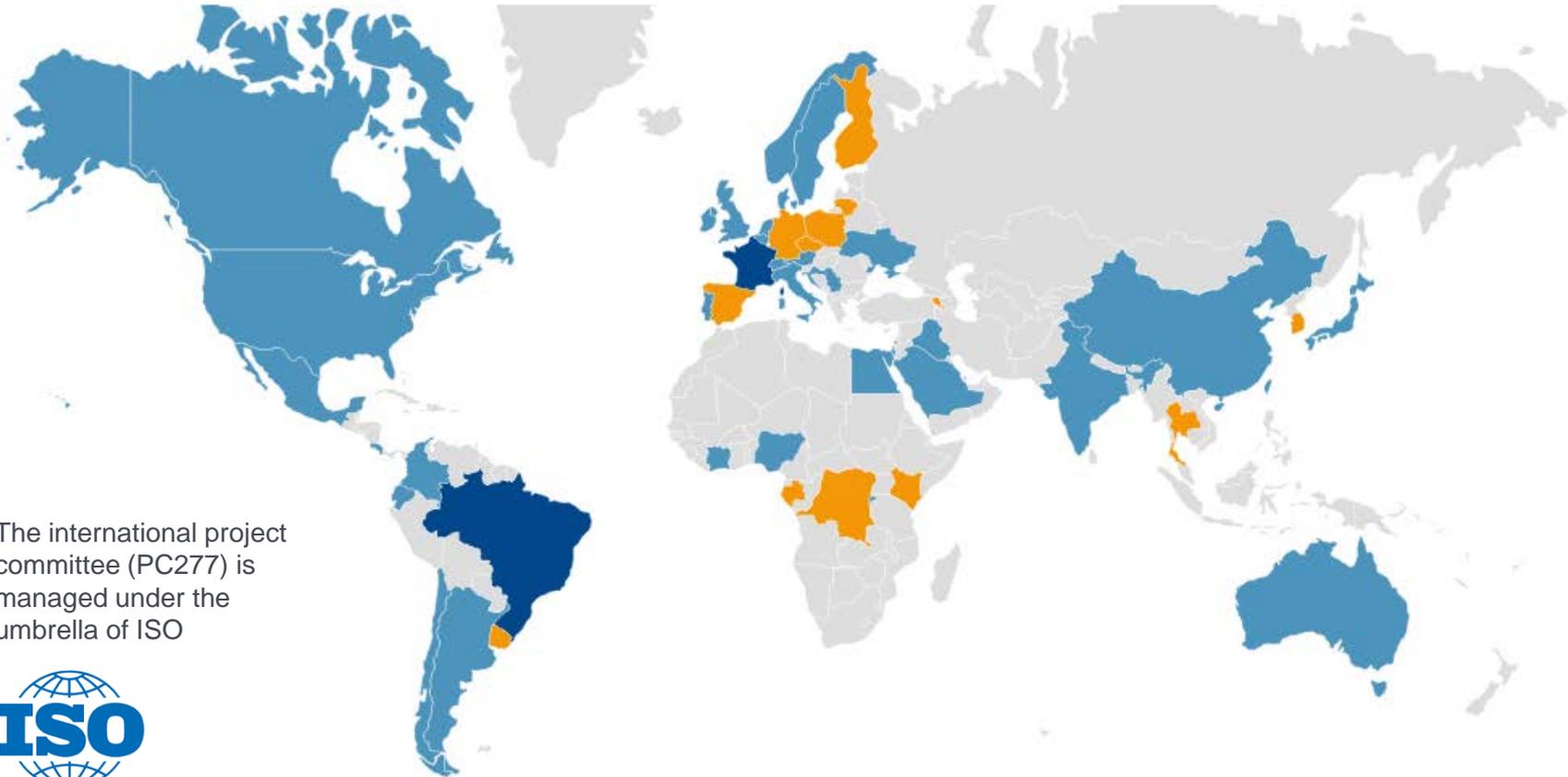




Who developed it and how

52 countries representing ≈ 500 organisations

● Secretariat ● Participating Countries (37) ● Observing Countries (15)



The international project committee (PC277) is managed under the umbrella of ISO



65%
world population

85%
world GDP

73%
world CO2 emissions

International organisations and ISO standards

International organisations



United Nations Global Compact

Other ISO standards

- ISO 26000 Social Responsibility (published in 2010)
- ISO/TC 207 Environmental Management
- ISO/PC 278 Anti-bribery Management System
- ISO/TC 262 Risk Management

Members of the Australian Mirror Committee

Public sector



Private sector



Global Compact Network Australia



Non for Profit



Procurement



Suppliers



Research



Chair

Jean-Louis Haie



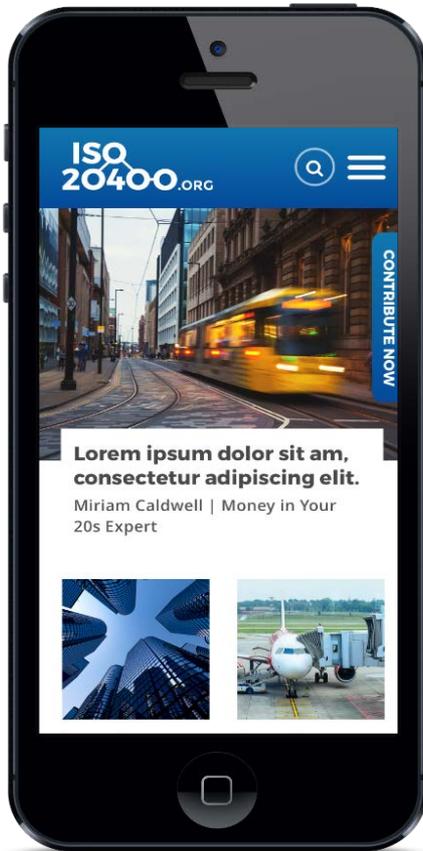
The Australian Mirror Committee (MB-024) is hosted and managed by Standards Australia



ISO20400 promotion

iso20400.org

Events



ROBERT WALTERS

Michael Page



What it is
How to use it

What is ISO20400?

- ISO guidance standard on SP. It's a flexible framework.
- Provides an understanding of:
 - what SP is;
 - How sustainability impacts the different levels of the procurement activity: policy, strategy, organisation, process; and
 - how to implement SP 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 definition of Sustainable Procurement

‘Procurement

*that has the most positive
environmental, social &
economic impacts possible
over the entire life cycle.’*

7 core subjects of ISO 20400



Social Responsibility – ISO 26000

7 Core Subjects

Since 2010

ISO 20400: made for Procurement

Final version – Extracts



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 benefits

- ✓ Get a practical framework for procurement, CSR and other key functions to work together
- ✓ Protect your reputation by efficiently managing sustainability risks in their supply chains
- ✓ Get ahead of future client and regulatory requirements
- ✓ Take a competitive advantage in your industry by seizing opportunities to innovate
- ✓ Demonstrate supply chain engagement to GRI, DJSI or other indices



We provide advisory services, training and tools to help your organisation deliver sustainability and social responsibility through procurement and the supply chain.

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In partnership with  **action**sustainability