Responding to procurement opportunities and improving your business potential

Sustainable Goods and Services Guidelines
INTRODUCTION

The Gold Coast 2018 Commonwealth Games™ (GC2018) brings significant opportunity to the businesses of the Gold Coast, Queensland and Australia. The current estimated whole-of-Games expenditure budget is approximately $2 billion, a large proportion of which relates to goods and services that will need to be supplied before, during and in some instances after GC2018.

A Forward Procurement Plan and Forward Procurement Schedule have been published to notify suppliers of the anticipated procurement needs of GC2018.

The delivery of GC2018 will be the combined effort of a large number of stakeholders and interested parties. However, the main procurement partners are the Queensland Government, the City of Gold Coast, the Gold Coast 2018 Commonwealth Games Corporation™ (GOLDOC) and the Federal Government (GC2018 Partners).

The GC2018 Partners have committed to delivering a sustainable GC2018 and showing leadership in sustainable procurement and supply chain management activities for the event. Businesses are now encouraged to consider how to offer the best overall value to GC2018, taking into account this commitment to sustainable outcomes.

This guide provides information to help potential suppliers:

- Address sustainability criteria when tendering for GC2018 procurement opportunities.
- Improve their performance against those criteria by understanding the environmental, social and ethical impacts of their supply chain.

SUSTAINABILITY CONTEXT OF GC2018

The concept of sustainability is a guiding principle that underpins GC2018. As part of the Bid to host GC2018, the GC2018 Partners committed to creating a positive legacy for the local economy, community and environment. The three themes of the Embracing 2018 Strategy are represented in Figure 1.

FIGURE 1: EMBRACING 2018 STRATEGY

OUR ECONOMY
Leveraging opportunities to strengthen Queensland’s economy and grow business and employment

OUR LIFESTYLE
Leading our community to a more healthy, active and sustainable lifestyle

OUR COMMUNITY
Maximising opportunities GC2018 presents to celebrate our diversity and promote community cohesion and pride

PROCUREMENT POLICY FOR GC2018

There are two key policies which apply to, and set the direction for, all Queensland Government procurement related to GC2018:

- Queensland Procurement Policy (QPP); and
- Queensland Charter of Local Content.

With respect to sustainability, QPP Principle 4 states: “We use our procurement to advance the government’s economic, environmental and social objectives and support the long-term wellbeing of our community:

- 4.1 We do business with ethical and socially responsible suppliers.
- 4.2 We consider government’s objectives from a whole-of-government and category perspective, prioritising these for application in our procurement decision making.

GC2018 Partners are also committed to maximising local industry participation in procurement opportunities where local businesses offer solutions that meet their needs. This may be through a single supplier or multiple suppliers working in collaboration.

1Further details on legacy initiatives can be found in Embracing our Games Legacy – Queensland’s Legacy for the Gold Coast 2018 Commonwealth Games (Embracing 2018)
At an organisational level, GOLDOC has implemented a sustainable event management system in accordance with the new international standard ISO 20121. GOLDOC will continue to use this management system to establish sustainability policies, processes and objectives for both the GC2018 event and GOLDOC as an organisation. GOLDOC will also refer to the One Planet Living Principles when developing its policies and objectives.

**THE ONE PLANET LIVING PRINCIPLES**

- Making buildings more energy efficient and delivering energy with renewable technologies.
- Reducing waste, reusing where possible, and ultimately sending zero waste to landfill.
- Encouraging low carbon modes of transport to reduce emissions, reducing the need to travel.
- Using sustainable healthy products, with low embodied energy, sourced locally, made from renewable or waste resources.
- Choosing low impact, local, seasonal and organic diets and reducing food waste.
- Using water more efficiently in buildings and in the products we buy; tackling local flooding and water course pollution.
- Protecting and restoring biodiversity and natural habitats through appropriate land use and integration into the built environment.
- Reviving local identity and wisdom; supporting and participating in the arts.
- Creating bioregional economies that support fair employment, inclusive communities and international fair trade.
- Encouraging active, sociable, meaningful lives to promote good health and wellbeing.
Gold Coast 2018 Commonwealth Games
Sustainable Goods and Services Guidelines

PART 1 - ADDRESSING GC2018 SUSTAINABILITY REQUIREMENTS

GC2018 will ask potential suppliers how they assess and mitigate sustainability impacts and risks in their own operations and supply chains. We will also consider sustainability factors when we evaluate the ‘value for money’ proposition you present in your tender.

SUSTAINABILITY REQUIREMENTS FOR GC2018

Due to the diversity of goods and services required for GC2018, sustainability requirements may vary from category to category. Each request for proposal, whether it be a tender or quotation process, will include sustainability requirements specific to that procurement. These requirements will be based on applicable industry standards as well as what is considered achievable in the relevant market. Requirements will also align with the QPP principles and seek to ensure appointed suppliers are ethically and socially responsible.

Table 1 provides example risks and impacts that may be included in procurement and supplier evaluation processes depending on the good or service being purchased.

GOODS AND SERVICES EVALUATION

GC2018’s sustainable procurement approach includes an evaluation methodology that considers sustainability factors in the value for money determination.

In certain product categories, GC2018 is likely to establish specifications and evaluation criteria that address key impacts. These may include questions on the energy efficiency of products, the percentage of recycled materials used, or the labour management practices of overseas manufacturing facilities.

Companies should be prepared with this information in advance to allow a prompt response. On the whole, GC2018 will be asking suppliers to demonstrate economic, environmental and social responsibility which could, for example, take the form of a management system and actions taken to reduce negative supplier impacts.

EXAMPLE QUESTIONS AND RESPONSES

When responding to a tender to supply to GC2018, you may be asked questions about how you manage your organisation’s environmental or social impacts.

The following examples provide guidance on the type of questions you may be asked and things to consider in your responses:

How does your company demonstrate responsible environmental and social performance?

A mature management approach would include: policy commitment, targets for improvement, actions taken and performance against the targets to date.

Consider your ability to describe:

- Policies in place, including environmental or sustainability policies, labour and human rights policies, staff code of conduct or ethics.
- Targets to reduce energy use, reduce material use, reduce hazardous chemicals, improve quality of air and water emissions, improve employee satisfaction, or reduce safety incidents (as relevant to your operations).
- Actions taken, such as implementing new technologies, changing materials used, establishing a workplace health and safety program or environmental management system (EMS), and auditing sites for compliance with company policy.

- Performance against the targets, including actual energy use, actual material use, etc., and justification of any targets that have not been met.

You may also be asked questions on your supply chain, such as:

How do you ensure your suppliers have responsible environmental and social practices?

A response to this question could include:

- Policies you have in place, such as a procurement policy that commits to environmental and social considerations, and supplier code of conduct or terms and conditions that include sustainability requirements.
- Discussion of key environmental or social risks and how they have been addressed.
- How suppliers are screened, such as only purchasing from organisations that have been accredited through an external organisation, or including sustainability criteria in specifications or pre-qualification in line with BS8903.

* Source: BS8903

Table 1: Key Environmental, Social and Economic Aspects

<table>
<thead>
<tr>
<th>ENVIRONMENTAL</th>
<th>SOCIAL</th>
<th>ECONOMIC</th>
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</thead>
<tbody>
<tr>
<td>Emissions to air</td>
<td>Encouraging a diverse supplier base</td>
<td>Job creation</td>
</tr>
<tr>
<td>Releases to water</td>
<td>Promoting fair employment practices</td>
<td>Understanding whole life costs and value for money</td>
</tr>
<tr>
<td>Releases to land</td>
<td>Promoting workforce welfare</td>
<td>Supporting (SME) small to medium enterprise</td>
</tr>
<tr>
<td>Use of raw materials and natural resources</td>
<td>Enabling training opportunities and skill development</td>
<td>Reducing entry barriers (open competition)</td>
</tr>
<tr>
<td>Use of energy</td>
<td>Community benefits</td>
<td>Ensuring operating business remains viable</td>
</tr>
<tr>
<td>Energy emitted (heat, radiation, vibration, noise)</td>
<td>Fair trade and ethical sourcing</td>
<td>Ensuring suppliers’ agreements are at fair and viable margins</td>
</tr>
<tr>
<td>Waste and by-products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Biodiversity</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Source: BS8903
Verification of suppliers’ performance through auditing.

Certifications you or your suppliers have achieved, including evidence of certificates.

Any targets your organisation has in place for managing or improving the environmental and social aspects of its supply chain and how it has performed against these.

The evaluation criteria employed by the Games will include both cost and non-cost factors such as sustainability, quality, and ability to deliver. The sustainability considerations that have been discussed in this document are viewed as a standard of doing business, not an expensive or onerous add-on.

Suppliers should use the opportunity of the Games to increase their competitiveness in the market across all the above factors.

DEFINITIONS

Legacy: long term benefit to the local area in terms of sport, social, environmental, urban and economic aspects.

Local suppliers: Australian and New Zealand enterprises (Australian and New Zealand Trade Government Procurement Agreement).

Sustainability: enduring, balanced approach to economic activity, environmental responsibility and social progress.

Sustainable procurement: a process whereby organisations meet their needs for goods, services, 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 organisation, but also to society and the economy, whilst minimising damage to the environment.

RESOURCES

GC2018 Forward Procurement Plan
GC2018 Forward Procurement Schedule
Embracing our Games Legacy – Queensland’s Legacy for the Gold Coast 2018 Commonwealth Games
Towards a Sustainable GC2018
GOLDOC Sustainability Policy
Queensland Procurement Policy
Queensland Charter of Local Content
ISO 20121 Event Sustainability Management Systems
One Planet Living Principles
BS 8903:2010 Principles and Framework for Procuring Sustainably
Australia and New Zealand Government Procurement Agreement
PART 2 - UNDERSTANDING YOUR SUPPLY CHAIN

This document provides some initial guidance for businesses; however, the responsibility for understanding your own supply chain rests with you as a business owner.

HOW TO USE PART 2

Part 2 will assist businesses to understand how to identify the negative sustainability impacts in their supply chains (Section 2.1) and ways to reduce them (Section 2.2).

It will also provide some guidance to businesses on how to work with their suppliers to ensure impacts and risks are being managed and improvements to environmental and social outcomes are being achieved through the product life cycle (Sections 2.3 and 2.4) and to verify those claims through standards and ecolabels (Section 2.5).

Your business may already manage environmental and social impacts and risks, and may already be sourcing from responsible suppliers.

Make sure you identify and communicate the good procurement practices that you may already have in place when responding to GC2018 tender documents as per Part 1.

Addressing GC2018 Sustainability Requirements.

Blue boxes are used throughout the document to highlight examples and further detail.

Boxes labelled ‘best practice methodology’ are meant to provide more advanced companies with tools to further improve their performance, but these may not be relevant for all organisations.

This guide is not intended for construction suppliers and contractors, however many of the same principles will apply.

Sustainability issues have been incorporated into the GC2018 procurement process and it is important that potential suppliers begin to consider the sustainability impacts associated with their products and services.

BEST PRACTICE METHODOLOGY – BS8903


The standard focuses on three areas, represented in Figure 3:

- Fundamentals: establishing the organisational sustainability commitment and embedding this in procurement policy and strategy.
- Enablers: establishing the supporting structures such as staff training and responsibility, governance, risk and opportunity identification, supplier engagement, and measuring outcomes.
- Procurement Process: incorporating sustainability in each stage of the procurement cycle, including demand management, pre-qualification of suppliers, specification, evaluation criteria, contract conditions, and contract implementation and management.

This document will focus on the Procurement Process aspect of the standard to assist companies in addressing sustainability through sourcing of materials, goods and services. However suppliers are encouraged to consider establishing a management approach in line with the standard to demonstrate their sustainability efforts.

THE BUSINESS CASE FOR SUPPLY CHAIN SUSTAINABILITY

Undertaking the steps in this document should not be viewed as a requirement imposed by GC2018, but as an opportunity to improve your own business performance. Effective management of the social, environmental and economic impacts of supply chains has a number of benefits:

- Efficiency – reduce your costs by avoiding waste and minimising energy and material inputs
- Competitive advantage – meet rising customer expectations on environmental and social governance and differentiate your product from competitors
- Supply chain improvement – develop a better understanding of your product supply chain and build relationships with suppliers
- Reputation – build positive public perception of your company’s corporate responsibility and avoid negative media around environmental and social issues in the supply chain
2.1. SUPPLY CHAIN IMPACTS AND THE PRODUCT LIFE CYCLE

All products have an impact on the environment through the use of materials, discharge of waste and social impacts through the workforce and interactions with the surrounding community. It’s important you know about the main environmental, social and economic impacts associated with the products, materials and services you purchase, и potentially market and on sell.

An important first step is to consider the life cycle of products through the supply chain from extraction of raw materials and manufacture to use and disposal.

Answer the following questions in as much detail as possible to determine where the environmental or social issues or hot spots are that you need to consider. These can then be investigated further and managed through your supply chain:

- What is required to produce my product or to deliver my service? e.g. raw materials, water, energy, packaging, transport, labour etc.
- Who are my immediate suppliers and who supplies them?
- What countries are the materials or products coming from (think about suppliers all the way back to the source)?
- What are the environmental, social and economic issues involved?

It is useful to consider the product’s full life cycle both upstream (raw material extraction, production / manufacture and distribution) and downstream (use, disposal) to identify any environmental and social issues. This is called life cycle thinking.

Examples of the types of impacts and where they occur in the product life cycle are included in Table 2.

<table>
<thead>
<tr>
<th>LIFE CYCLE STAGE</th>
<th>POTENTIAL ENVIRONMENTAL IMPACTS</th>
<th>POTENTIAL SOCIAL IMPACTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials</td>
<td>Depletion of natural resources; impact on forests and natural ecosystems; energy and water use; air, water and waste emissions from processing</td>
<td>Impact on indigenous communities; child and forced labour; poor labour standards; worker health and safety</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>Pollution to air, water and land; hazardous materials; energy and water use</td>
<td>Child and bonded labour; poor labour standards, worker health and safety</td>
</tr>
<tr>
<td>Distribution</td>
<td>Energy use in transport and warehouses; packaging waste</td>
<td>Worker health and safety</td>
</tr>
<tr>
<td>Use</td>
<td>Energy and water use; waste of consumables; emissions</td>
<td>Product safety for users</td>
</tr>
<tr>
<td>Disposal/end of life</td>
<td>Waste of resources; toxic materials leaching into environment; litter</td>
<td>Sorting and salvaging waste in developing countries with poor health and safety controls</td>
</tr>
</tbody>
</table>

Tip: Managing the life cycle impacts of the products you supply is not just about risks. It can also help identify potential efficiencies that could lead to cost savings or a competitive advantage. For example, more and more companies are turning end-of-life product management into a business opportunity (through recycling). Alternatively, you might find that switching to less toxic glues and solvents might save you money in waste management or workplace health and safety compliance costs.

IDENTIFYING SUPPLY CHAIN HOTSPOTS

While all goods and services can have negative environmental and social impacts, there are some where these are more pronounced. Some of these hotspots are outlined in the following table:

<table>
<thead>
<tr>
<th>PRODUCT AREA</th>
<th>KEY POTENTIAL IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clothing and textiles</td>
<td>Poor labour conditions in garment manufacture including child and forced labour, forced overtime, insufficient wages to meet basic needs, and unsafe workplaces. Also emissions of hazardous chemicals such as dyes.</td>
</tr>
<tr>
<td>Palm oil</td>
<td>Clearing habitat of endangered animals and releasing greenhouse gases through draining wetlands and burning vegetation.</td>
</tr>
<tr>
<td>Forest products</td>
<td>Illegal logging and unsustainable forestry practices such as destroying critical habitat, burning vegetation and displacing local communities.</td>
</tr>
<tr>
<td>Electronics</td>
<td>Poor labour conditions in manufacture, including forced labour, forced overtime and unsafe workplaces. Sourcing of metals may also contribute to human rights abuses in conflict zones by providing funding to the armies and rebel groups (referred to as conflict minerals) and environmental impacts associated with mining (e.g. biodiversity impacts, waste disposal, energy and water use).</td>
</tr>
</tbody>
</table>

By understanding the high risk areas in your product’s life cycle and supply chain you will be in a stronger position to manage them.
Best Practice Methodology - Life Cycle Assessment (LCA)

Life cycle assessment is a best-practice methodology used to quantify the environmental (and increasingly social) impacts of products.

The ISO standards on LCA (ISO 14040 and 14044) help provide a robust methodology for evaluating the sustainability credentials of goods and services in a way that is comparable.

One of the strengths of LCA is that it can provide an accurate measure of resources such as energy and carbon across the full supply chain of a product, helping to quantify ‘hotspots’ to focus on.

Some of the weaknesses of LCA are that there is often a lack of data on contributing processes, meaning that estimates are required, and collecting data can be time consuming and therefore expensive.

Undertaking LCA is a specialist field and may be a good investment where it ties in with relevant sustainability ratings or certifications, or where larger investments are being made in product development.

What About Services?

If you offer a service rather than a product, the questions in this section are still relevant to the goods you purchase in order to deliver your service. For example:

- A cleaning provider must purchase cleaning products and equipment.
- A caterer must purchase food, beverages and catering ware.
- An office based service provider must purchase paper and ICT equipment.

The employment conditions and training of your staff will also be important considerations.

In purchasing services for your own business, consider:

- What products are required to deliver the service?
- What are the other environmental and social impacts of the company?
- Are workers’ rights being met, including fair pay, hours, and workplace health and safety?

Take Away Messages and Actions

- Sustainability isn’t just about ‘green’ or ‘eco’ products – every purchase has an impact on the environment and people.
- Consider the products you offer or the products you use in delivering a service from a life cycle perspective. What are the environmental and social impacts in producing raw materials, manufacturing, distribution, use and disposal?
- Research the risks involved in your product, including whether they have received attention from other companies, non-governmental organisations (NGOs) or the media and are considered to carry environmental or social risks.

Resources:
- Story of Stuff
- Australian Government Sustainable Procurement Guide
- Australian Life Cycle Assessment Society (ALCAS)
2.2. IDENTIFYING WAYS TO REDUCE AND ELIMINATE IMPACTS

Once you’ve identified the potential life cycle risks and impacts, it is important to prioritise which to focus on addressing first. This can be done using the following process:

1. Conduct a hotspot analysis of key goods and services across environmental and social aspects, identifying which risks are most significant.
2. Consider the scope to reduce or eliminate that impact – are there alternative technologies or materials available? Do you have a strong enough relationship with your supplier to influence a change in their practices?
3. Identify the goods or services for which there is both a significant risk or impact and a high scope to reduce that impact.

Once you have identified the priority goods and services to address, you can investigate strategies to reduce those impacts. This can be done through your own research and by discussing alternatives with suppliers. Some strategies for reducing environmental impacts can be identified by considering these questions:

- **Use less** – Can you reduce the amount of materials or resources required?
- **Substitute** – Is there an alternative product or material you could purchase that reduces the impact? For example, recycled content, avoiding hazardous substances or certified sustainably sourced materials (see ecolabels text box in Section 2.5).
- **Innovate** – Can you change your process to reduce its impacts? For example, implementing a pollution capture and treatment technology, or reducing energy use in manufacturing your product?
- **Engage** – Can you work with others in your supply chain or your customers to generate new solutions? For example, if the use of plastic is a key impact in your product, you could engage with recyclers to accept that plastic after the customer is finished with it.

It is important to note that these strategies can sometimes also lead to opportunities to reduce costs and improve the quality or features of the products you offer.

For service providers, again these strategies are relevant for the products used to deliver your service. For an office based service for example, you could use less paper, substitute it for a recycled option, and find innovative ways to reduce office energy use.

Reducing social impacts can be less straightforward. While compliance with workplace health and safety laws in Australia and other developed countries is likely to be sufficient, particular due diligence should be taken when engaging with supply chains in other jurisdictions. This frequently requires working directly with your suppliers to ensure they have the labour practices in place or seeking a new supplier who commits to labour standards. How to assess your suppliers’ practices is discussed in Section 2.3.

Social enterprises may also be considered as a substitute. Social enterprises are businesses that achieve a social benefit or mission through trade. These businesses often offer services such as landscaping, IT services, and packaging that meet existing business needs and also provide a social benefit such as employment and training of disadvantaged groups.

### TAKE AWAY MESSAGES AND ACTIONS

- Prioritise addressing the goods and services you purchase that have the most significant impacts and also the highest scope to reduce that impact.
- Research your products to identify if there are alternative materials or technologies that can be used in the manufacture of the components or products you use to provide your good or service.
- Identify areas where you can offer improved environmental or social outcomes and value to your customer.

### EXAMPLE: FURNITURE COMPANY

A furniture company identified that some of the timber they were using was from a potentially unsustainable source.

Rather than remain exposed to potential risks associated with using this timber the company set about managing the risk. They made enquiries through their supply chain about whether the timber was legally sourced, whether it had any certifications (for example Forest Stewardship Council (FSC) certification) or whether an alternative was available.

The result of this enquiry was that timber certified to the FSC was sourced for use in the furniture. This initiative became a selling point for the company, and created opportunities to access new markets.

Since then the company has also compared the manufactured boards and laminates it uses against best-practice in terms of the glues used and the potential for ‘offgassing’.

After talking to their suppliers about alternatives, they have switched to a low emissions board, and again improved the sustainability credentials of the product they sell.

The company is now considering having ‘whole of product’ certification of their furniture to further capitalise on the market potential of these supply chain sustainability initiatives.

### RESOURCES

- United Nations Global Compact, Supply Chain Sustainability Guide
- Product databases such as: ECO-Find, Good Environmental Choice Australia, Ecospecifier and Social Enterprise Finder.
2.3. INVESTIGATING YOUR SUPPLIERS’ SUSTAINABILITY CREDENTIALS

It is important to work proactively with your suppliers to understand their environmental and social sustainability risk profile and to support them to improve identified aspects of their sustainability performance over time.

All suppliers should be expected to meet a basic level of environmental and social management, just as they are checked for financial soundness and ability to carry out a contract. Indications of good environmental and social management include:

- Providing evidence of policies that are in place.
- Setting objectives for performance.
- Implementing management systems, standard procedures, and specific initiatives to minimise impacts or improve performance.
- Reporting on key performance indicators relating to environmental and social objectives.

In addition to the general management areas above, suppliers should be asked about the specific risks relevant to their product or service as identified in the previous sections. Examples are provided in the blue box below.

REQUESTING SUSTAINABILITY INFORMATION

It is good practice to discuss sustainability with your suppliers early and often. This shows them that their environmental and social performance is important to you as a customer and ensures that you have the responses on hand when requested by your own customers (e.g. GC2018). It is likely that your suppliers are already being asked questions by their other buyers and will be happy to share the actions they are taking around environmental and social responsibility.

While some organisations may use a long, detailed questionnaire about each aspect of best practice sustainability management systems, these are not always applicable to smaller suppliers and different industries. It is recommended to reduce the number of questions to only those that are most relevant to your decision. Especially for smaller suppliers, open-ended questions may be most appropriate, so they can explain the relevant environmental and social initiatives they have in place.

For example:

We prefer to work with organisations that operate in a socially and environmentally responsible manner. Can you demonstrate how you fit this criterion?

You should also ask about specific risks for the type of good or service you are buying. For example, if the energy use of a product is identified as a key impact in the life cycle consideration, suppliers should be asked how they design the product for energy efficiency and whether it complies with any efficiency standards or certifications. Additional examples are provided in the box below.

Be cautious requesting more information than you can use – it may be time-consuming for the supplier and may not add value to your procurement.

QUESTIONS TO ASK SUPPLIERS

- Do you have a program to reduce the use of resources used in the production and distribution of your product? E.g. reduced water and energy and less waste generated, reduced packaging and transport.
- Do you know where all of the raw materials or components for your product come from / where they are made? Have you asked your own suppliers about the environmental and social risks and credentials of the materials they supply to you?
- Have you undertaken a process to systematically identify environmental and social risks in your supply chain? For example: risks of pollution, deforestation, corruption, or child labour.
- Are there any certifications or ecolabels available for any of the raw materials or components you utilise?
- Specific questions for different product areas, e.g.:
  - Electronics: What is the organisation doing to ensure minerals are not sourced from mines contributing to conflict?
  - Garments: What is the organisation doing to ensure human rights are respected in garment manufacture?
  - Wood and paper-based products: How do you ensure that all wood is sourced from legal and sustainably harvested sources?
- How do you monitor environmental and social performance of your suppliers?
- Would you consider sourcing from an alternative supplier who has an appropriate certification or label?

Where relevant, proof should be requested to verify suppliers’ claims. This includes copies of policies in place, specifications they have used with their suppliers, certificates or other external verification of performance, and environmental product declarations.

If you are not able to get this information from suppliers, you can research some of it in other sources. If they have a website with sustainability information reported, you may be able to find policies, targets, actions taken, and performance. You can also find out if they are signatories to general sustainability initiatives such as the UN Global Compact or sector-specific initiatives such as the Electronics Industry Citizenship Coalition (EICC) or the Bangladesh Accord.

If you are not able to find any information about the company’s environmental and social performance and risk management and they do not respond to your inquiries, other competing suppliers should be considered where possible.
VERIFYING CLAIMS – AVOIDING GREENWASH

Greenwash is the practice of making false, misleading and/or deceptive claims about the environmental attributes of a product (or the environmental practices of a company) to enhance its marketability to an environmentally conscious consumer. These claims may be made intentionally or unintentionally. The making of any false and misleading claims on sustainability or any other attribute is illegal under consumer law.

For example, you may be seeking sustainably sourced timber, however many species used as outdoor timbers are rainforest species, and/or sourced from native forests. Buyers should require evidence that all timber used carries recognised sustainable forest certification (for example FSC or PEFC/AFS).

There are some simple steps you can take to ensure that the goods and services you purchase have genuine green attributes. These include:

- Having a basic understanding of what the main environmental impacts are for the goods or services you are looking to purchase as discussed in Section 2.1.
- Making sure you identify which trusted certifications, standards and ecolabels apply or what other evidence the supplier needs to provide, then stipulate these requirements clearly in specifications and ensure they are met through contract arrangements. See more on this in the next section.
- Maintaining an ongoing discussion with suppliers to ensure they understand that you are serious about purchasing genuine green goods and services.

TAKE AWAY MESSAGES AND ACTIONS

- Start the conversation about sustainability with your suppliers as early as possible. They may already be addressing their risks in response to other customers. If not, they will need time to implement the measures required.
- Include environmental and social criteria in contract specifications where possible, as this locks sustainability expectations into delivery requirements.
- Require evidence from suppliers to verify their claims, such as copies of certifications, policies and procedures, and audit results.
- Watch out for false environmental claims, or greenwash.

BEST PRACTICE METHODOLOGY - COLLABORATIVE SUPPLIER ASSESSMENT PLATFORMS

For higher risk purchases, it may be necessary to verify your supplier’s management controls and performance. There are services available to allow standard audits and assessments of suppliers to be shared among their customers, reducing duplication of effort and cost for both buyers and suppliers.

Depending on your product, you might consider using an assessment platform such as Ecovadis and the Supplier Ethical Data Exchange (Sedex). The merits and costs of subscribing to these data bases need careful consideration, particularly with regards to the extent to which they include suppliers in your particular supply chain. It is also important to recognise they are an assessment tool only; engagement with suppliers to improve their performance is still required.

RESOURCES:

- Australian Competition and Consumer Commission, Green Marketing and the Australian Consumer Law
- TerraChoice, Seven Sins of Greenwashing
- United Nations Global Compact
- Electronics Industry Citizenship Coalition (EICC)
- Bangladesh Accord on Fire and Safety
- Ecovadis
- Supplier Ethical Data Exchange (Sedex)
2.4. PROCUREMENT PROCESS

Many organisations may follow a standard process when procuring goods and services that includes identifying the need, establishing specifications, putting a request for tender (or bid, quote or proposal) out to market, evaluating responses, awarding a contract, and managing the supplier relationship through to contract completion. Sustainability considerations can be embedded in each stage of this standard process to ensure they are included in decision making. These sustainability considerations are detailed in Figure 4 against the steps of the procurement cycle established in BS8903. While not all organisations follow the same process, similar principles can be applied when selecting a supplier, especially the embedding of sustainability requirements in product or service specifications and weighted evaluation criteria.

FIGURE 4:

1 IDENTIFY THE BUSINESS NEED
   Reconsider the need in order to avoid or reduce purchases

2 DEFINE SOURCING STRATEGY
   Research more sustainable products, technologies and approaches
   Establish product or service sustainability specifications and evaluation criteria

3 IDENTIFY SUPPLIERS AND TENDER
   Identify suppliers who offer sustainable products or services and have strong environmental and social management

4 EVALUATE AND AWARD
   Evaluate sustainability credentials as part of weighted criteria
   Reflect sustainability commitments and reporting KPIs in contract terms

5 IMPLEMENT
   Communicate supplier’s sustainability commitments to operational staff and collect feedback

6 MANAGE PERFORMANCE
   Ensure delivery of environmental and social commitments
   Supplier reporting on sustainability performance

7 REVIEW AND LEARN
   Identify and communicate lessons learned
   Measure sustainability outcomes from purchases

SUSTAINABILITY IN THE PROCUREMENT PROCESS
2.5. USING STANDARDS AND CERTIFICATIONS AS EVIDENCE OF SUSTAINABILITY PERFORMANCE

One of the shortcuts to identifying whether a product is more sustainable or has a lower footprint than another is via certifications and ecolabels.

Ecolabelling is a voluntary method of environmental performance certification and labelling that is practised around the world. An ecolabel is a label which identifies overall, proven environmental preference of a product or service within a specific product or service category.

Ecolabels and certifications are generally a good way to ascertain the environmental, or in some instances social credentials of a product. However, not all labels are created equal. They are based on a range of different methodologies that have different assumptions underpinning them. Some are also more rigorous than others in verifying that the product meets the criteria to be awarded the certification.

COMMON ECOLABELS

In contrast to “green” symbols, or claim statements and fake logos developed by manufacturers and service providers, the most credible labels are based on life cycle considerations, are awarded by an impartial third-party, and can be shown to meet transparent environmental leadership criteria.

There are many different labelling programs, run by governments, private companies and non-governmental organisations. There is not an ecolabel available for everything, however buyers should consider if there are any relevant to the product or service being purchased, as this makes verification of its credentials simple and reliable.

**TABLE 4: COMMON ECOLABELS**

<table>
<thead>
<tr>
<th>SOME COMMONLY USED LABELS INCLUDE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• <strong>Forest Stewardship Council (FSC)</strong> – An international not-for-profit focused on improving forestry practices. The FSC trademarks offer a guarantee that products come from responsible sources that support the conservation of forests and wildlife. <a href="https://www.fsc.org">FSC</a></td>
</tr>
<tr>
<td>• <strong>Rainforest Alliance</strong> – An international non-profit organisation focused on conserving biodiversity and ensuring sustainable livelihoods. Develops third-party certification, validation and verification systems in forestry, agriculture, carbon and tourism. <a href="https://rainforestalliance.org">Rainforest Alliance</a></td>
</tr>
<tr>
<td>• <strong>Water Rating</strong> – Australia/NZ rating system to compare appliances based on their water efficiency using stars. The rating is managed alongside the mandatory Water Efficiency Labelling and Standards (WELS) Scheme. <a href="https://wels.gov.au">Water Rating</a></td>
</tr>
<tr>
<td>• <strong>EPEAT</strong> – An environmental rating for computers and other electronic equipment. It considers reductions in environmental impact across the life cycle of equipment—from fewer toxins in manufacturing to efficient operation and easier recycling. <a href="https://www.epeat.net">EPEAT</a></td>
</tr>
<tr>
<td>• <strong>FairTrade</strong> – The Fairtrade certification system requires products to meet the social, economic, and environmental standards set by Fairtrade International. <a href="https://www.fairtrade.org.uk">FairTrade</a></td>
</tr>
<tr>
<td>• <strong>Green Star</strong> – An environmental rating system managed by the Green Building Council of Australia for buildings including commercial offices, retail centres, educational institutions, multi-unit residential dwellings, industrial facilities and public buildings. <a href="https://www.greenstar.com.au">Green Star</a></td>
</tr>
<tr>
<td>• <strong>Good Environmental Choice Australia (GECA)</strong> – Australian ecolabelling program that sets best practice standards for environmental performance and certifies a wide range of products. <a href="https://www.geca.org.au">GECA</a></td>
</tr>
<tr>
<td>• <strong>Global GreenTag</strong> - Third party rating and certification system of green building and other products, underpinned by a scientific Life Cycle Assessment (LCA) approach. <a href="https://www.globalgreentag.com">Global GreenTag</a></td>
</tr>
</tbody>
</table>
SUSTAINABILITY LEADERSHIP CODES AND AGREEMENTS

There are a number of collaborative initiatives and agreements that organisations may sign up to that do not require verification. These are less rigorous, but can be useful where there are no relevant ecolabels and for risks that are less easily defined. A few common ones include:

- **United Nations Global Compact** organisations commit to 10 principles in human rights, labour practices, anti-corruption and environment.
- **Universal Declaration on Human Rights** establishes a list of human rights which companies must respect and protect.
- **International Labour Organisation** involves a number of labour standards and conventions that countries and companies may adopt.
- **Ethical Trading Initiative** establishes labour standards and principles of implementation.

There are also industry-specific initiatives such as the Sustainable Apparel Coalition (SAC), Bangladesh Accord on Fire and Building Safety, Roundtable on Sustainable Palm Oil (RSPO) and Electronics Industry Citizenship Coalition (EICC). Organisations may also be listed in global sustainability indices such as Dow Jones Sustainability Index (DJSI), FTSE4Good, the Global 100, and industry-specific rankings such as Greenpeace’s Guide to Greener Electronics and Baptist World Aid’s Ethical Fashion Guide.

SHOULD YOU GET CERTIFIED YOURSELF?

Getting your own company or products certified is a good way of establishing and communicating your own environmental and social credentials to your buyers in a reliable way. However, achieving certification can also require significant effort and resources to establish the systems involved, verify supplier claims, and collect documentation.

The decision depends on your industry and the expectations of your customers. If you are in an industry where an ecolabel or voluntary initiative is growing in popularity, or if you have seen customers request it in previous tenders, it may be worthwhile.

REFERENCES:

- ECO-Buy
- Ecospecifier, Introduction to Ecolabels and Environmental Product Declarations
- Ecolabel Index, Australian Labels
- Global Ecolabelling Network

TAKE AWAY MESSAGES AND ACTIONS

- Understand the assumptions and criteria behind marks or labels.
- Key things to look out for are independence, third party accreditation and verification systems.
- Make sure you identify which trusted certifications and ecolabels apply or what other evidence the supplier needs to provide, then stipulate these requirements clearly in specifications and ensure they are met through contract arrangements.
- If a supplier claims certification or adherence to a standard, look up that standard’s website. Confirm first that it exists and then what criteria it uses – is it rigorous and comprehensive, including independent verification, or just a simple ‘tick a few boxes’?