

Procurement guidance

Integrating sustainability into the procurement process

Office of the Chief Advisor – Procurement



Queensland
Government

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About this guidance material

Principle 4 of the Queensland Procurement Policy says that 'We use our procurement to advance the government's economic, environmental and social objectives and support the long-term wellbeing of our community'.

Further, under this Principle (clause 15), it states that 'Agencies will use their best endeavours to do business with ethical and socially responsible suppliers, and will seek to influence the supply chain in this regard. This may include considering the sustainability credentials of suppliers, to ensure they are ethically and socially responsible'.

The consideration of sustainability can also occur when assessing value for money as a non-cost factor (refer Principle 1, clause 1, of the Queensland Procurement Policy).

The following guidance document has been developed to assist Queensland Government procurement officers to integrate sustainability considerations into the procurement process. The method of integrating sustainability into each step of procurement process is examined, from contract (arrangement) establishment to contract management.

How to use this guidance material

Sustainability considerations should be incorporated at every stage of the procurement process. Opportunities and strategies exist to address environmental and social impacts during procurement planning; during the supplier engagement; and through the management of supply arrangements, including measurement and reporting.

This guidance material assumes that the reader has knowledge of procurement processes and practices within the Queensland Government. It builds on this knowledge, focusing on how sustainability can be incorporated within a procurement process.

Working definition of sustainable procurement for the Queensland Government

To further assist agencies in integrating sustainability into their day-to-day procurement, the following working definition has been developed for sustainable procurement:

Sustainable procurement is a process whereby organisations meet their needs for goods, services and capital projects, 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, the economy and the natural environment.

This definition of sustainable procurement (adapted from the United Kingdom document "Procuring the Future", Sustainable Procurement National Action Plan Recommendations from the Sustainable Procurement Task Force, Department for Environment, Food and Rural Affairs, June 2006) provides a broad and flexible definition of sustainable procurement and hence allows for interpretation and application in a variety of contexts.

Outcomes of sustainable procurement

Sustainable procurement in the public sector is dependent on incorporating an appreciation of the wider goals of society into procurement. It is proposed that by using procurement to promote the goals of sustainability—social, environment and economic—government can help to foster a better society, composed of sustainable communities, more able to respond to the global economic market.

Sustainable procurement dimensions

Sustainable procurement conceptually comprises three dimensions, sometimes referred to as the triple bottom line: social, environmental and economic sustainability.

Implementing sustainable procurement involves balancing the different and sometimes competing priorities that occur across these three dimensions. Thus, during a procurement, certain aspects of sustainability may be prioritised over others, depending on the inherent nature of the goods/services, relevant sustainability impacts and supply market conditions.

Below is an overview of each of these dimensions, and examples of benefits that can be achieved through incorporating that dimension within procurement.

Social

Overview

There are generally two ways in which the term ‘social procurement’ is used:

- to indicate that an organisation has screened their supply chains to ensure that they are socially responsible and ethical, that is, that they do no harm in relation to social indicators such as labour conditions and human rights of workers
- to generate positive social outcomes with the purchase of goods, services and works, thereby value-adding to the procurement.

Desirable outcomes/benefits (examples only)¹:

- Promoting fair employment practices – fair wages, workforce equality, diversity, avoidance of bonded labour.
- Fair trade and ethical sourcing practices – ensuring that purchases are ethical and support fair trade and that supply chains do no harm in terms of labour standards.
- Promoting workforce welfare (e.g. health and safety).
- Creating employment and training opportunities (particularly among disadvantaged groups such as people with disability or mental illness, migrants, Indigenous) thus providing social inclusion.
- Social inclusion – ensuring that marginalised groups are included and have opportunities to participate in local community and economy.
- Diversity and equality in the supplier market – encouraging a diverse base of suppliers (e.g. minority or under-represented suppliers).

¹ Adapted from Social Procurement in Australia guide.

- Local sustainability – building and maintaining healthy, strong communities, support social inclusion and enhancing wellbeing of local residents by generating local employment.

Environmental

Overview

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

There are significant variations in the sustainability impacts associated with different commodities. In order to ensure that damage to the environment is minimised, it is necessary to determine the impacts that are most significant for a particular commodity. Key environmental issues which might be considered over the life cycle of the goods/service include:

- energy use, and type of energy utilised
- water use and water quality impacts
- resource use, including the use of non-renewable resources
- volume and type of waste
- end-of-life options (e.g. recyclability, resource recovery)
- impact on natural habitat
- level of toxic and hazardous substances/waste
- noise, pollutants and emissions.

Desirable outcomes/benefits (examples only)²:

- Improved air quality by reducing or eliminating emissions to air (e.g. greenhouse gases, such as carbon dioxide, and other pollutants).
- Reduced use of water (e.g. water saving or efficiency).
- Improved water quality by reducing or eliminating releases to water (e.g. chemical pollution of water courses).
- Improved soil quality by reducing or eliminating releases to land (e.g. chemical fertilisers).
- Reduced demand of raw materials and natural resources (e.g. sustainable forestry, biodiversity).
- Reduced use of energy (e.g. energy efficiency, use of renewable energy).
- Reduced energy emitted (e.g. heat, radiation, vibration, noise).
- Reduced waste and by-products (e.g. recycling and waste prevention).

Where it is not possible to calculate dollar benefits associated with environmental impacts, they can be described in other quantitative terms, for example:

- energy use (Kwh)
- usage (megalitres)
- resource use (kg per product)

² Adapted from British Standard BS 8903:2010.

- waste production (kg per product, or per cent of product)
- packaging type and quantity (kg per product)
- wastewater parameters (BOD, TSS, P, flow).

Economic

Overview

Sustainable procurement can contribute directly to economic (financial) outcomes including cost savings, for example:

- procuring goods and services that are more efficient to operate and thereby reduce operating costs (including consumables, energy, water and time)
- capital procurement that achieves reduced through-life costs, e.g. through reduced annual operating and maintenance costs
- re-examining requirements, and where appropriate challenging demand at source, so as to avoid procurement in excess of needs
- reducing end of life disposal costs and impacts and
- driving supply chain efficiency and developing market competitiveness, innovation and capacity.

Some products that may appear more expensive in terms of up-front acquisition cost may in fact provide greater economic benefit of the whole life of the product. This is examined in further detail below under the discussions on 'value for money' and 'whole-of-life' basis.

Desirable outcomes/benefits (examples only)³:

- Reduced whole-of-life costs to achieve value for money, including cost savings (refer below to whole-of-life basis).
- Supply chain efficiency.
- Job creation (e.g. green technologies, use of local suppliers, creating markets for recycled products, back to work schemes).
- Supporting small and medium enterprises.
- Reducing entry barriers (e.g. facilitating open competition).
- Ensuring suppliers' agreements are at fair and viable margins.
- Ensuring business continuity (e.g. supply chain resilience).

Procurement planning

Sustainable procurement should be integrated into the overall procurement planning process. It is essential that sustainability is considered early in the procurement process, as later in the procurement cycle there is progressively less scope to add value through improved sustainability outcomes.

³ Adapted from British Standard BS 8903:2010.

During procurement planning, sustainability should be researched in three areas:

- demand analysis — stakeholder requirements
- sustainability impact analysis — risks, issues and opportunities and
- supply market analysis.

Research in these three areas will assist in identifying the sustainability impacts to focus on and will be used to develop the strategy for sustainable procurement. The three areas should be researched in conjunction with each other, as information within each area impacts and influences the other areas.

Demand analysis

During demand (needs) analysis, consideration should be given to the required outcome sought from the procurement and whether the 'need' can be met by a more sustainable alternative. Considering sustainability at an early stage of procurement decision-making may identify opportunities to:

- avoid or reduce consumption, by finding other alternatives
- identify whether there is a more sustainable alternative readily available and
- rethink and revise specifications in order to improve sustainability outcomes.

For significant procurements, it is important to articulate how sustainability may contribute to the 'value for money' proposition.

During demand analysis key stakeholders should be identified and sustainability issues introduced into discussions regarding the particular procurement arrangement and its objectives. This will facilitate an understanding of the potential for sustainability to be incorporated into the requirements specifications. Users, business analysts and technical officers are important stakeholders in this process, as they may be responsible for or have a key influence over developing the specifications.

The template shown in **Table 1** may be used to identify key stakeholders and their role in developing the business requirements.

Table 1: Stakeholder analysis template

Stakeholder name	Role	Likely support (yes/no)	Key issues	Influence/impact	Suggested action
e.g. XX	End user	Yes	<ul style="list-style-type: none"> Unaware of available options and alternatives for more sustainable products Buy/request items based on past behaviour Unaware of how usage of product may affect sustainability outcomes 	Moderate to high (through user behaviour)	<ul style="list-style-type: none"> Communicate with a focus on providing information about alternative options. Consult to fully understand real 'needs' and usage impacts. Educate and raise awareness regarding usage behaviours.
e.g. XY	Manager	No	<ul style="list-style-type: none"> Lack of understanding of sustainability issues and impacts Unaware of available options and alternatives for more sustainable products Buy/request items based on past behaviour Unaware of how usage of product may affect sustainability outcomes 	Significant influence: responsible for expenditure approval	Consult with the stakeholder at the early stage of the procurement process to explain how sustainability may be incorporated into the requirements.
	Business analyst		<ul style="list-style-type: none"> Stakeholder may not be part of procurement team and may have involvement prior to procurement's involvement May have focus on issues other than sustainability. Unaware of sustainable procurement priorities 	Significant influence through interpreting business requirements and developing specifications. Substantial influence on 'value for money' outcomes	<ul style="list-style-type: none"> Take a proactive approach, to ensure ongoing and early consultation at the early stages of business requirements analysis. Build strong working relationships between procurement team and business analysts.

In addition to the analysis above, the questions in **Table 2** may be used as a guide or a prompt when analysing the need for goods and/or services.

Table 2: Demand analysis

Questions to consider
<p>1. Do we really need to purchase this good or service, or can the need be met in another way?</p> <ul style="list-style-type: none"> • Is a suitable good/service already available within the organisation? • Can existing assets be refurbished, repaired or upgraded to meet the need? • Are there other options for meeting this need (e.g. reuse, borrow, swap)? • Can the need be met in partnership with another organisation? • What would avoid the need for this good/service?
<p>2. Can we reduce the quantity or scale of the goods or service whilst achieving the same service delivery?</p> <ul style="list-style-type: none"> • How do the goods or services contribute to service delivery? Are we automatically replacing based on past procurement patterns? • Are specifications based on actual requirements, ensuring that they are not over-specified? • Are improved technology options available? • Are there options for behaviour change in relation to consumption of this goods or service?
<p>3. Can alternative goods or service be used to meet this need?</p> <ul style="list-style-type: none"> • Is there another more sustainable good or service available that can serve the same purpose? Have there been any technology improvements? • Could a service be used to meet the need instead of a good?
<p>4. Can the goods/service be specified to have improved sustainability outcomes, including being able to serve a useful purpose after its initial use?</p> <ul style="list-style-type: none"> • Can the goods or its key components be reused, refurbished, repaired, recycled, composted? • What specifications could be included to reduce the use of resources (such as energy, water or consumables) during the useful life of the goods?
<p>5. What information is available regarding sustainably-preferable options for this purchasing requirement? Where can more information be obtained about suitable alternatives?</p> <ul style="list-style-type: none"> • Is there an environmental officer/sustainable procurement expert within the organisation? • What information is provided by suppliers? • What external sources of information are available, (e.g. other government bodies, trade organisations, NGOs, research institutes)?

Sustainability impact assessment

The sustainability impact assessment seeks to build an understanding of the whole-of-life environmental and social impacts associated with the good or service being procured. This will assist in determining the specific sustainability issues, risks and opportunities that the procurement will address and support.

In performing this assessment, consider the following broad categories of sustainability impacts.

Table 3: Key sustainability impacts to consider

Impact	Issues
Climate change	<ul style="list-style-type: none"> • Climate change impacts associated with the production, distribution, use and disposal of the goods • Specific focus on Greenhouse gases: carbon, methane (CH₄), HFCs, PFCs, SF₆, NO₂ and low level ozone
Energy	<ul style="list-style-type: none"> • Energy use and efficiency. • Use of renewable energy e.g. solar, wind, wave, tidal
Water use and quality	<ul style="list-style-type: none"> • Water use and efficiency • Water recycling • Impact on water pollution, and measures to reduce discharges
Waste	<ul style="list-style-type: none"> • Volume and type of waste created associated with the production, distribution, use and disposal of the goods • Hazardous or toxic waste • Reusability and/or recyclability • Product efficiency and longevity: options for reuse, repair, upgrade or modification to increase product life • Environmental pollution that reduces fertility and diversity of wild species
Toxic substances/pollutants/emissions	<ul style="list-style-type: none"> • Substances that adversely affect human health or the environments associated with the production, distribution use and disposal of the goods. Such substances include: <ul style="list-style-type: none"> – heavy metals, (e.g. lead, mercury, cadmium) – ozone-depleting chlorinated compounds such as CFCs – Organic solvents, (e.g. chlorinated and aromatic hydrocarbons) – carcinogens, mutagens, teratogens – volatile organic compounds (VOCs) – phosphorous – phthalates (additives in PVC) – substances that can bio accumulate – substances that result in acute or chronic toxicity • Consider reactivity, corrosiveness, flammability, irritation potential of toxic substances and pollutants
Resource use and intensity (incl. natural landscapes, habitats)	<ul style="list-style-type: none"> • Volume and type of raw material and consumables associated with the goods • Sustainability of utilising the resources (renewability of resources) • Product efficiency and longevity: options for reuse, repair, upgrade or modification, to increase product life • Impacts on land use e.g. land clearance for farms, factories, mines, plantations causing habitat degradation and modification (linked to climate change impacts) • Impacts on important habitats • Recycled content of goods (reduces demand for virgin resources)
Social responsibility and ethical practices	<ul style="list-style-type: none"> • Impact on human health • Impact on fair working conditions • Promotion of social enterprise • Abolition of compulsory labour and child labour • Impact on local communities • Other social priorities

The Sustainability Impact Assessment Framework in **Appendix 1** can be used to assist in identifying the sustainability impacts that occur at key stages of the life cycle of the good and/or service. By using a simplified life cycle framework, the Sustainability Impact Assessment Framework promotes and encourages life cycle thinking. However, it does not represent a complete life cycle assessment (LCA). A LCA consists of a detailed and rigorous scientific assessment which requires a substantial amount of time and very specific environmental expertise to complete. There may be instances where a LCA has been performed and is available; the results may be useful for this analysis. Where this is the case, ensure that the LCA has been performed by a credible expert and that the assumptions underpinning the LCA are appropriate to the specific procurement circumstance. There may also be situations where the sustainability impacts and significance of the procurement could warrant a LCA being performed. In this case, the results of the LCA would inform this stage of the analysis.

Research should identify the key sustainability issues, risks and opportunities, as well as associated benchmark 'good and best practice', which will assist in defining the desired level of sustainability performance. This may be identified by reviewing eco-labels, industry standards and guidance from other jurisdictions, within Australia and internationally.

There are significant variations in the sustainability impacts associated with different commodities. The objective is to determine the impacts that are most significant for a particular commodity. These impacts are the ones that will be researched further and can be addressed as part of the sustainable procurement strategy.

Once sustainability impacts have been identified they should be analysed as to the opportunity for improvement. The sustainability strategy will focus on those sustainability issues that are important for the particular procurement, and for which improvement is possible. Supply market analysis will assist in identifying the impacts for which there is opportunity and scope for improvement.

Supply market analysis

The purpose of conducting a supply market analysis in regard to sustainable procurement is to:

- develop an understanding of the current level of capability and performance in the market with regard to sustainability, and the capacity and potential of the supply base to move towards, and advance, best practice
- determine the degree of influence the agency has within the supply market to drive sustainable procurement objectives.

Sustainability capability and performance of the supply market

This analysis examines the current and potential performance of the supply market to respond to the sustainability impacts identified in the sustainability impact assessment.

The research considers two aspects:

1. Specific sustainability performance of goods/service.

This research considers the supply market's performance in relation to the sustainability issues associated with the good or service itself, such as actions to reduce the level of hazardous materials contained within the goods, or improved energy or water efficiency of the goods.

The issues to consider will have been identified within the sustainability impact assessment, and this stage considers the scope for improvement that can be offered by the supply market.

2. Supplier organisation's sustainability performance.

In addition to the issues particular to the goods, the supplier's corporate sustainability performance should be considered. These issues relate to the supplier's overall response and performance in addressing key sustainability impacts associated with their business.

See **Appendix 2** – Assessing a supplier sustainability credentials, which provides guidance on the key issues to consider.

Note that in some cases, sustainability impacts associated with particular goods are addressed by organisational-level sustainability initiatives. For example, where a product's manufacturing process results in toxic waste, a supplier may respond by specifically addressing this waste within its overall Environmental Management System (EMS). In this case, research can be performed as to how the EMS addresses the specific toxic waste, including targets set and improvements achieved.

Ongoing market awareness and constructive relationships with suppliers will assist agencies to remain informed about goods or services with improved sustainability outcomes, for example: new product models or innovative technology that delivers improved sustainability outcomes. This knowledge will also assist in a better-informed demand analysis.

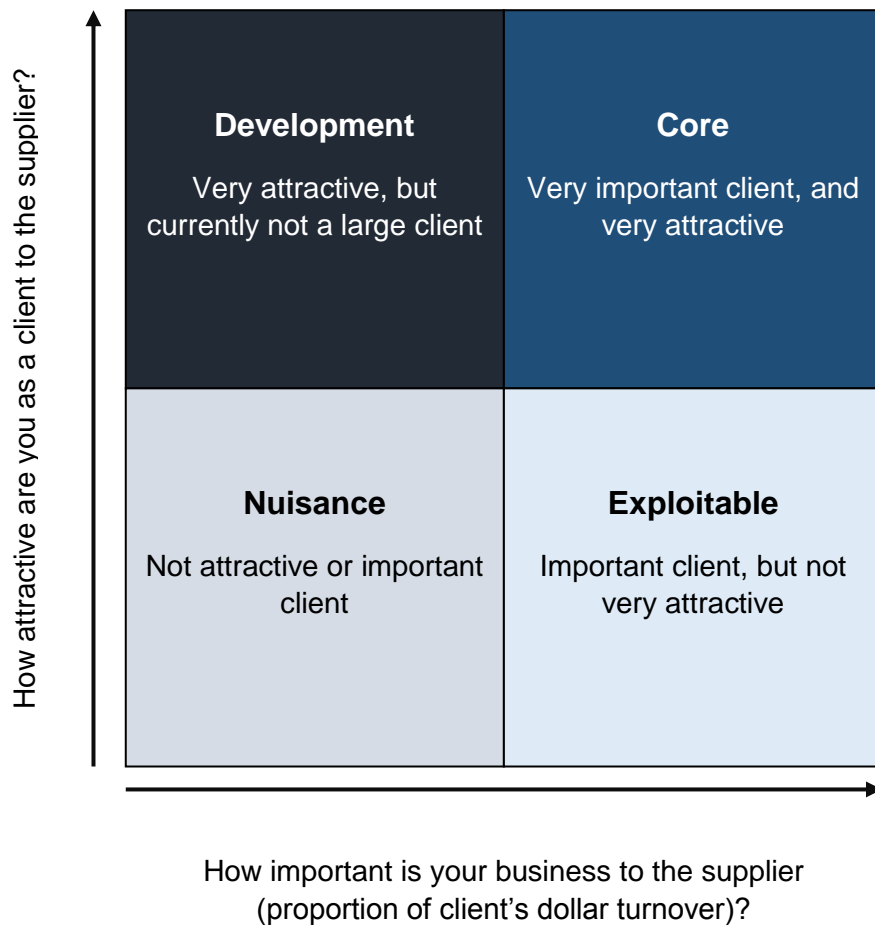
Sustainability should be addressed early in supplier discussions and in industry briefings, to indicate that sustainability will be important in the particular contract/arrangement, and also to ensure both the supplier and the agency remain informed about the sustainability impacts and opportunities associated with the commodity.

Degree of influence

This analysis considers the degree of influence the agency has over the supply market in relation to driving improved sustainability performance.

The supplier preferencing tool shown in **Figure 1** will assist with this process.

Figure 1: Supplier preferencing



The summary below provides a high level overview of the likely potential for progressing sustainable procurement, and suggested responses in terms of the four general supplier preferencing quadrants:

Development

- Supplier seeking to grow their business with the agency/government so they will be more receptive to sustainability requests.
 - Good opportunity for supplier development in terms of progressing sustainability and innovation.

Core

- Very open to change and to sustainability requests.
 - Focus on driving sustainability objectives and influencing the supply market.

Nuisance

- Low potential to drive sustainability issues.
 - If possible consider changing the supply base.

Exploitable

- Potential exists to increase power in pushing sustainability agenda through building attractiveness as a client
 - Focus on improving your relationship with the supplier

In addition to the model above, it is important to consider the benchmark sustainability performance that is being demanded by other customers (both within Queensland and in other relevant markets). Where a supplier regularly meets sustainability requirements of other customers, or where there a sustainability precedent has been set in a market, this may indicate an opportunity to take a stronger position.

Developing sustainability strategy

The combined results from the demand analysis, the sustainability impact assessment and the supply market analysis should be used to develop the overall sustainability strategy for the procurement arrangement.

The sustainable procurement strategy for the arrangement should address the following issues:

- the sustainability priorities and objectives for the procurement
- potential sustainable procurement responses for addressing the prioritised sustainability objectives, including consideration of the stage of the procurement process at which the identified sustainability impacts will be addressed
- the overall approach to market with regard to sustainability for the goods or service.

Sustainability priorities and objectives

The information sourced within the sustainability impact assessment and the supply market analysis will assist in prioritizing certain aspects of sustainability over others. If there is little scope to improve a sustainability issue at present due to market conditions, then resources may be better invested prioritising another issue or sustainability opportunity for which there are alternative supply market options. Similarly, efforts should be focused on those areas where there will be scope to influence the market, or where there is precedent to improve sustainability outcomes.

The sustainability priorities and objectives template below can be used to prioritise sustainability impacts and to provide a high level outline of the sustainability objectives associated with the impacts.

Opportunity to influence the market will be determined by the degree of influence the agency has in the market, while the scope to improve will depend on the sustainability performance and capability of the supply market.

Table 4: Sustainability priorities and objectives template

Sustainability impact identified	Opportunity to influence markets (high/medium/low)	Scope to improve (high, medium, low)	Priority	Sustainability objective
e.g. Energy use	Medium	High	High	Reduce energy consumption during use
e.g. Toxic waste	Medium	Low	Low - medium	Decrease content of identified toxic substances within product

The sustainability objectives provide the high level response to the identified and prioritised sustainability impacts. It is essential to document how these objectives were determined and the reasons for choosing to focus on certain sustainability impacts rather than others. There is no exact science to this and the recommended approach is to prioritise those impacts for which there is a higher risk, a higher scope for improvement and greater potential to influence the market. This prioritisation and setting of sustainability objectives will also depend on the agency's priorities and requirements.

Sustainable procurement responses

Potential procurement responses to the sustainability objectives will need to be determined. These will facilitate the development of sustainability specifications and evaluation criteria, contract terms and conditions and performance measures.

The sustainable procurement response template in **Table 5** may be used to assist with the identification of procurement responses. Procurement responses will differ for every good/service, and may be affected by factors including market readiness, availability of supply, product complexity and maturity, and organisational needs as identified through market research.

Table 5: Sustainable procurement response template

Sustainability objective	Procurement response (how can the objective be achieved?)
Reduce energy consumption during product use	e.g. <ul style="list-style-type: none"> Specify energy efficiency criteria endorsed by the Government (e.g. Energy Star) Ask supplier to provide proposals to improve energy efficiency Require supplier to factor energy usage and cost into award decision
Decrease content of identified toxic substances within product	e.g. <ul style="list-style-type: none"> Require suppliers to provide evidence of programs aimed at eliminating the use of identified hazardous substances, as well as evidence of progress against these programs

If sustainability issues are to be considered for the final selection of the supplier, then it is essential that the sustainability objectives and responses are described in the procurement strategy for the arrangement. This will then inform the development of the specifications.

Determining stage in which sustainability impacts will be managed

When determining the possible procurement responses to the identified sustainability objectives, a decision should be made as to the stage of the procurement process at which the specific sustainability impacts may best be addressed. Thorough consideration must be given to which stage is most appropriate as there are number of options, each of which achieves different outcomes.

Sustainability responses can be incorporated in one or more of the following procurement stages: prequalification, specification, evaluation, negotiation, and contract management.

- **Prequalification stage:** Invite only those suppliers to offer who meet a specific sustainability requirement; (e.g. supplier must have an EMS with CO2 reduction targets).
- **Specification (mandatory requirement):** Offerors must be able to meet the sustainability requirement specification contained in the Invitation to Offer. If this is not met — for example if all offered goods must be Energy Star rated — they will not be included in the evaluation. Desirable sustainability requirements must also be included in the specification so offerors' responses can be evaluated.
- **Evaluation:** Offerors must respond to the desirable sustainability requirements and the responses contained in the offers will be considered in evaluating and selecting the successful offeror — for example, ask suppliers to propose the most energy efficient products within their offer and these will be scored as part of the evaluation process.
- **Negotiation:** During negotiation, discuss how the arrangement can move to provision of more sustainable goods over time — for example suppliers must gradually increase the proportion of 'sustainable' products supplied under the arrangement.
- **Contract management:** Utilise contract clauses to ensure a specified level of sustainability performance. Alternatively, work with suppliers during the term of the arrangement/contract to cooperatively and progressively improve the sustainability performance of offered goods and/or services.

A response may be appropriate in more than one stage of the procurement cycle. The appropriate stage of the procurement process to manage the identified sustainability impact will be influenced by the level of market capability, as well as the level of influence in the market.

Prequalification and mandatory specification requirements are more restrictive for suppliers, as those suppliers who do not meet the requirements will not be able to submit a conforming offer. This level of sustainability conformance will generally be used where the sustainability issue is regarded as essential to address, and it is clear that there are a sufficient number of suppliers in the market that will be able and willing to meet the requirement.

Considering sustainability during the evaluation process provides greater opportunity for suppliers to demonstrate innovation: this may therefore be an appropriate approach for seeking out best practice options and solutions that go beyond the desirable requirements of the specification.

Contract clauses may be used to ensure the delivery of sustainability requirements detailed in the specification. These could be included as contract conditions with specific targets or alternatively may be set as Key Performance Indicators (KPIs), against which the sustainability performance over the term of the arrangement will be measured.

Identifying the overall sustainability approach for the commodity

The results of the supply positioning will assist in determining the overall sustainable procurement approach for the commodity while addressing sustainability impacts for goods or services in terms of the four supply categories are outlined below:

Figure 2: Suggested sustainability approaches for supply categories

<p>Specialised category</p> <ul style="list-style-type: none"> • Detailed sustainability specifications should be developed, or alternatively (as there are typically only a few suppliers of this good/service) suppliers may be asked for proposals to improve their sustainability performance. • It is important that alternative sources of supply are identified and their sustainability impact assessed. • A cost premium may need to be paid to minimise the sustainability risks and ensure that the most sustainable supplier is selected. 	<p>Critical category</p> <ul style="list-style-type: none"> • Some mandatory sustainability criteria should be included in the specification. • A close relationship should be developed with the supplier; suppliers must be challenged to improve both sustainability and cost of goods/services. • Sustainability objectives should be a point for negotiation. • Sustainability KPIs should be set and the supplier challenged to gradually improve their sustainability over the term of the contract/arrangement. • A cost premium should be paid only if this is necessary to ensure the sustainability risk is reduced and the most sustainable supplier is selected. • It is important that alternative sources of supply are identified and their sustainability impact assessed.
<p>Routine category</p> <ul style="list-style-type: none"> • Simple sustainability criteria should be included in the specification. • Contract/arrangement term should be shorter and suppliers should be regularly changed to achieve value for money and better sustainability outcomes. • A cost premium should not need to be paid for products with improved sustainability performance. 	<p>Volume category</p> <ul style="list-style-type: none"> • Sustainability specifications should be included in the Invitation to Offer documents. • As there are a number of suppliers of products/services in this category, suppliers with the best sustainability performance should be selected. • Supplier’s organisational sustainability performance should be evaluated, in addition to the performance of the goods/service. • Focus should be on driving sustainability in addition to cost reduction, and cost premium should not necessarily need to be paid to reduce sustainability risk. • Supplier performance should be regularly reviewed and suppliers may need to be changed to achieve value for money and ensure the organisation is up to date with the latest sustainability innovations/improvements.

Determining if a cost premium should be paid to achieve a sustainably preferred outcome

Depending on the sustainability approach chosen, the outcomes of a procurement process may result in a purchase that costs more than less-sustainable goods/services, even when a whole-of-life cost is considered. Cost premiums should be considered for high sustainability risk products/services which have a high focus on risk reduction or which can demonstrate substantial or important sustainability benefits or opportunities.

When deciding if a cost premium should be paid to achieve a sustainably preferred outcome, the decision may be justifiable on sustainability grounds. A justification of higher up-front costs can be made through longer-term paybacks or because of a particular sustainability outcome that is specifically desired: for example, reduction of Greenhouse Gas emissions, or acquisition of equipment that takes into account future expected changes. Additional initiatives which can be taken into account to justify a cost premium associated with a sustainably preferred product may include better demand management practices (such as reduced volume to offset higher costs) or considering life extension options.

Market sounding should be undertaken through communication with multiple suppliers to ascertain market readiness for the proposed requirements and strategy.

Significant procurement planning

Sustainability considerations should be incorporated into significant procurement plans. The time frames set for the procurement process should include sufficient time for further sustainability research and sustainability requirement development.

The plan should document each element of the procurement planning process, including the demand and supply market analyses and the likely impact on the supply market. An evaluation of potential sustainability options and the preferred strategy should be incorporated into the plan.

Sustainability issues that will be managed throughout the term of the arrangement and addressed in the KPIs should be identified in the plan. Measures for assessing compliance with the KPIs and consequences for not meeting the set KPIs should be specified. These will be included in the contract management plan once agreed to by both parties.

Using pre-qualification of suppliers

If pre-qualification of suppliers is identified in the significant procurement plan as the most appropriate procurement strategy, then it is essential that sustainability criteria which suppliers need to satisfy in order to successfully supply the goods/services are documented. Prequalification of suppliers may provide the agency with an enhanced confidence in the ability of the suppliers to deliver more sustainable goods/services and ensure the agency sets clear minimum standards for sustainability performance required from suppliers.

Supplier engagement

The use of specifications within the tender process is an important avenue for defining sustainability requirements, as it sends a clear message that sustainability is important to the procurement.

This involves translating the identified sustainability objectives and responses into specifications and developing evaluation criteria to assess supplier compliance with the sustainability specifications.

Developing sustainability requirements

The sustainability specifications will be informed by the key sustainability objectives and procurement responses that were determined during the development of the sustainability strategy. The sustainability criteria will address the prioritised impacts and transform them into specific requirements that can be asked of the supplier.

Specification must state exactly what sustainability aspects are required from a supplier and how performance against these requirements will be assessed.

Consulting with other government departments and jurisdictions regarding relevant sustainability specifications they may have developed can assist with the specification development process.

Deciding on the type of specifications to be used

Specifications can be categorised as follows:

Mandatory

Failure to comply with the specified requirements will see an offer excluded from further consideration. Therefore, prior to setting any mandatory criteria, it is essential that the supply market is thoroughly researched to be certain that there are sufficient suitable suppliers in the market that can meet the mandatory criteria.

Preferred

Preferred or desirable specifications can be used if there is uncertainty as to how the market or suppliers are able to respond to the sustainability requirements. Before any preferred criteria are set it is essential to determine how suppliers who either offer more sustainable alternatives or meet the preferred criteria will be evaluated, as the offers will be ranked competitively.

In certain situations it may be preferable to ask the suppliers to propose more sustainable goods or services than those detailed in the specifications - thus encouraging innovation. However, this approach should only be taken when the organisation is open to accepting an alternative solution. This approach may also be more suitable where there is a multi-staged procurement process.

Technical, functional and performance specifications

Some specifications do not adequately consider the intended function of the product and could unintentionally discriminate against sustainably preferable products. Specifications may require a move away from a strict technical specification towards the use of a functional or performance specification.

For example, recycled content products are sometimes judged to have an inferior appearance, although the appearance of the product may not be material to its performance: for example, recycled paper products. Therefore, when developing a specification, it is essential to ensure that these emphasise performance over design or appearance. Existing specifications and Invitation to Offer documents should be reviewed to ensure that they do not contain unnecessary obstacles to sustainable procurement, such as:

- (obviously) phrases such as ‘virgin paper only’ or ‘no recycled material’
- requiring a certain colour
- awarding bids on an all-or-none basis (vendors with more sustainable products may be able to supply some, but not all, of the requested products)
- unreasonable quantity requests and
- unrealistic response and delivery times.

Specifications and tender evaluation criteria which will position the sustainably preferable product as the benchmark and traditional products as the alternative should be considered.

Eco-labels in specifications

Eco-label criteria can be useful when researching and developing specifications. However generally, wherever the holding of an eco-label is included as a requirement, the words ‘or equivalent’ should be added. This will ensure that products that possess the relevant sustainability requirements (but that do not have the specific eco-label) are able to be considered. An alternative approach is for the specification to request that the product meets the underlying criteria contained within the eco-label — in which case the eco-label may be accepted as a non-exclusive proof of compliance.

Thus, an eco-label certificate can be used as proof of compliance with specific sustainability criteria, although other means of proof should be accepted, such as documentation and alternative evidence.

Care must be taken to ensure there are suppliers who can meet these standards and to encourage local industry participation wherever possible, as some eco-labels may have relatively few products certified against them. This may be because eco-labels set their specifications beyond a level that most mainstream suppliers are able to meet, or because the cost of certification may be a deterrent for suppliers.

Product specific criteria and supplier criteria

Sustainability specifications may be specific to the goods or service, or may relate more broadly to the sustainability performance of the supplier organisation.

Product specific criteria

It is essential to recognise that some products are ‘over-engineered’ relative to the actual requirement and others may be insufficiently robust, leading to high replacement and repair costs. Neither choice represents a sustainable use of resources. Thus, ensuring that the technical specifications are focused on the actual requirements will in itself achieve improved sustainability outcomes.

In addition, sustainability specifications can be used to include more sustainable attributes of a product and to exclude unsustainable features. Sustainability impacts and opportunities for improvement identified in the planning stage of the procurement process will form the basis for the development of product-specific sustainability specifications. In doing so, the product's 'fitness for purpose' should be considered and specifications used to establish the minimum sustainability performance that will be acceptable to the buyer. Sustainability specifications will vary considerably depending on the different products and their lifecycle impacts.

Product specific criteria must be precise and clearly defined, to allow potential offerors to understand exactly what is required. Simply specifying that the offered products must be 'sustainable', 'environmentally preferable' or have a 'lower environmental impact' is not sufficient. It is essential to define what constitutes 'a sustainable or an environmentally preferable product' or 'lower environmental impact'.

See **Appendix 3 - Product Sustainability Criteria** for examples of possible specifications.

Supplier criteria

A supplier's own sustainability performance and capacity to manage the key sustainability impacts of their business should be assessed as part of every procurement decision, in addition to the product specific criteria.

Areas that should be assessed as part of the supplier criteria include:

- **Supplier's environmental performance:** Has the supplier identified their key environmental impacts or undertaken a carbon footprint measurement?
- **Supplier's social impacts,** such as impacts on developing countries or local community through its sourcing of raw materials or manufactured components — has the supplier identified their key social impacts or developed a social impact plan?
- **Sustainability capacity of the entire supply chain** — does the supplier have any initiatives to address sustainability impacts across the supply chain?

The questions in **Appendix 2 - Assessing a Supplier's Sustainability Credentials** should be used to assess the supplier performance.

In some cases, sustainability issues that are specific to a product can be addressed through supplier criteria. For example, if it is determined that the production process for a product is water- and energy- intensive, the supplier level question regarding the EMS could be refined to request that the supplier have an EMS that specifically addresses water and energy impacts of production.

Specifications for a service

Sustainability criteria must also be incorporated into specifications for service arrangements. The criteria in **Appendix 2 - Assessing a Supplier's Sustainability Credentials** provide a good starting point. Additional issues to consider in specifications for a service include:

- sustainability-related legislation that may affect the service
- social issues that may affect the service provider's employees and any subcontractors
- whether the service provider is aware of the organisation's sustainability targets, objectives and policies
- whether the service provider will use large amounts of consumable items, and measures implemented to manage the sustainability impacts of these

- whether the service provider working on site is adequately trained and briefed in the sustainability issues associated with the service.

Going to market

Conditions of Offer and the intended Conditions of Contract or Standing Offer Arrangement should be reviewed to ensure that relevant sustainability requirements are reflected. Additional clauses may need to be added. These can be used to make supplier commitments binding within the contract or to detail penalties and consequences incurred by suppliers who fail to meet these sustainability requirements.

Contract clauses can be used to manage risks by requiring the supplier to commit to sustainability requirements over the term of the contract/arrangement, such as:

- preventing suppliers from making changes to their products or service without consultation with the customer
- requiring that the supplier take back all packaging
- requiring that products be delivered outside of peak traffic times to reduce the contribution of deliveries to traffic congestion and
- requiring that the products be delivered in bulk quantities to minimise the environmental impacts of transportation.

Evaluation and selection

Developing evaluation criteria

From a sustainability perspective, evaluation allows the selection of the offers that achieve the best sustainability performance.

Evaluation criteria do not need to be developed for the mandatory requirements because those offers which do not comply with the mandatory requirements, including mandatory sustainability requirements, will be excluded from further consideration. Evaluation criteria should be determined prior to going to the market and included in the evaluation plan — as the evaluation of supplier responses against the specifications will need to be conducted by applying these criteria.

Determining sustainability weighting

The overall weighting allocated to the sustainability criteria in the evaluation should reflect sustainability's contribution to value for money, and will also reflect the scope for improvement and potential to influence the market (for example for procurements with high sustainability risk or opportunity, and with high scope for improvement, consider assigning a higher overall sustainability weighting).

Once having decided on the overall sustainability weighting relative to other key evaluation criteria such as price and quality, a decision should be made as to the relative weightings of the individual sustainability criteria. Sustainability criteria that have been identified as high priority may be assigned a greater weight. Alternatively, if it is not possible to determine which criteria are more important or relevant then equal points could be allocated to each of the criteria.

One approach to the evaluation may be to set a minimum overall sustainability score (a sustainability threshold) that a supplier is required to achieve in order to win the tender. Where a supplier falls below the set required sustainability score, they would automatically be disqualified, regardless of their performance in other criteria such as price competitiveness and quality.

Alternatively, sustainability factors can be included as a score alongside all the other criteria (such as price and quality), with the supplier who scores the highest overall score being awarded the tender.

Evaluation methods

The evaluation method used will depend upon the level of risk and the agency's approach to the value for money evaluation. Development of an evaluation plan will provide detail on all aspects of the evaluation process. Possible ways to support sustainable procurement at the tender evaluation stage include:

1. Rewarding more sustainable performance

If there is some uncertainty regarding market capability or how challenging the sustainability specifications should be, evaluation criteria can be used to reward exceptional performance. This evaluation method can also be used where one supplier clearly stands out above the rest of the supply market, but there is reluctance to narrow down the competition.

A supplier performing above the minimum sustainability criteria is rewarded extra points, for example specify a minimum standard carbon emission from vehicles and award one point for every 10g carbon dioxide/km below the set threshold. A scoring system is used to evaluate supplier performance and the evaluation criterion clearly defines what result is required to achieve each point.

Suppliers should be asked to provide information, evidence and method statements that support delivery of the sustainability proposals.

2. Whole-of-life costing

This approach recognises that procurement decisions should not be based on purchase price alone, but should consider whole-of-life costs. As part of whole-of-life costing it is important to consider that the duration of the costing model should reflect the life of the product being compared: for example, disposable items versus reusable items which are guaranteed for a longer life span. It is also essential to incorporate the likely obsolescence of rapidly changing technology into the asset life calculations.

In some situations the sustainably preferable good/s or service/s may be more expensive to purchase, but will generate savings throughout their life through reduced requirement for maintenance/repair, reduced running or energy costs, improved end-of-life value or reduced social costs (for example reduced pollution or reduced waste to landfill).

Whole-of-life costing can be applied to demonstrate value for money outcomes where the:

- product with lower sustainability impact costs the same as, or less than, the original product that was bought
- lower impact product costs more than the original but results in savings over time which offset its greater upfront cost (often the case for energy-saving devices such as low energy light bulbs or more efficient refrigerators)
- lower impact product costs more, but the cost can be offset from savings made elsewhere within the business unit.

In addition, value for money includes consideration of the benefits to be derived from the procurement, relative to the whole-of-life costs. Thus, when evaluating the procurement, it is important to consider other (non-financial) whole-of-life benefits, such as contribution to government priorities. These may be regarded as having value equivalent to the extra cost of the product.

3. Qualitative assessments

While evaluation of qualitative statements can be subjective and is not recommended for product specific criteria, it may be appropriate where suppliers are asked to detail or demonstrate their organisational sustainability performance. As part of this qualitative assessment those suppliers that identify the main social and environmental impacts associated with their business — and who identify adequate measures to manage these impacts — would achieve a higher score. Similarly, suppliers should be rewarded where they have initiatives and programs that support wider social or environmental objectives.

Negotiating agreements

In situations where a specific sustainability requirement cannot be sourced through the tender process, additional sustainability outcomes may be negotiated: for example, improvements in sustainability performance that are to be achieved progressively during the term of the arrangement. The sustainability performance can then be monitored over the term of the arrangement against the nominated KPIs.

It is preferable that targets and KPIs are established and agreed to by both parties during the implementation of the contract and prior to commencement of delivery under the contract. Any unforeseen improvements to sustainability performance which occur during the term of the contract may need to be formally agreed to under relevant contract conditions.

Negotiating sustainability requirements may require a combination of incentives that will realign cost savings with sustainability. Negotiating a fixed price contract with the waste industry, for example (where the supplier is paid a fixed price regardless of changing waste volumes) provides an incentive for the supplier to reduce waste volumes, as this will result in higher profits.

Managing supply arrangements

Effective management of supply arrangements of the procurement process is used to ensure that supplier meets the agreed sustainability commitments and also provides another opportunity to improve sustainability performance. Further, it creates a mechanism to demonstrate successful delivery of sustainable procurement.

Performance monitoring

Performance monitoring is essential throughout the life of the supply arrangement to ensure the supplier continues to perform according to the agreed terms and conditions of contract. As part of the arrangement/contract management process, sustainability can be monitored and assessed alongside quality, delivery, service and price. In addition, management of supply arrangements can enable sustainability outcomes that couldn't be delivered through the specifications and tender evaluation process to be achieved.

This requires sustainability considerations to be built into the KPIs and contract reporting requirements, as well as discussed in regular meetings with suppliers. The sustainability considerations that will be addressed during the contract management stage are those that have

been identified earlier in the procurement planning stage. KPIs should be measurable and clearly defined; actions that will result if there is a downward trend or fall in performance below an agreed threshold must be understood by both parties.

Potential approaches to addressing sustainability through KPIs may include:

- setting specific targets that the supplier is required to meet — for example, must implement an Environmental Management System
- requiring a supplier to progressively increase the sustainability performance of their products — for example, increase the number of products that meet strict criteria or an eco-label standard
- requiring supply chain initiatives — for example, carbon foot-printing
- may be more broad or general — to encourage sustainability innovation and improvements throughout the term of the arrangement.

Establishment of a good buyer-supplier relationship can facilitate sustainability improvements during the term of the arrangement and assists in correction of shortcomings before the relationship is adversely affected. With this in place, the supplier is likely to be more eager to approach the contract manager and inform them about any new more sustainable products as they become available; inform about any company sustainability initiatives; or be interested in working together to further progress sustainability.

Regular feedback from the end user is necessary to ensure that the goods or service quality remains adequate and that there are no changes to design or specifications. Inspection may also be necessary to ensure that the goods or services conform to the contract/arrangement terms and conditions.

Reporting and measurement

Arrangement/contract reporting requirements should specifically demonstrate the environmental and social benefits achieved by procuring sustainable products (in preference to those of the standard product). Examples include reduced procurement costs through effective demand analysis and management; reduced consumption of raw materials; energy reductions throughout the life of the product; or proportion of packaging recycled.

Reporting and measurement should be considered from an early stage in the procurement, as the specific reporting requirements will be informed by the sustainability requirements determined in the sustainable procurement strategy. It is recommended that reporting requirements be built into specifications and contract/arrangement term and conditions. This will ensure that information is available to measure the benefits associated with sustainable procurement.

Purchasing activity

Note: This section will only be applicable to supply arrangements where products or services are procured on an ongoing basis: for example, through Standing Offer Arrangements, Preferred Supplier Arrangements.

Procurement staff should develop and provide a guide for end-users/internal clients, which specifies the most sustainable goods or services available under the arrangement and highlights the key sustainability issues associated with the goods or service.

The guide must also detail demand management strategies for the goods or service. For example, a buyer's/user guide for an arrangement for office consumables may outline actions that will reduce copy paper and toner cartridge use, and also end-of-life management procedures for a sustainable disposal of the goods.

Reviewing a contract

At the end of the contract, sustainability performance must be included as part of the overall contract review process. The information gathered as part of the contract review will assist in identifying areas for improvement and will form the basis for the decision as to whether the contract should be renewed or extended.

Before deciding if the contract (arrangement) should be renewed or extended it is important to:

- review performance against the agreed sustainability KPIs
- determine whether the desired sustainability objectives have been met
- find out whether the organisation's sustainable procurement strategy has changed
- carry out analysis to assess whether the agency's value as a client has changed or whether the market structure has changed — for example whether there are new suppliers on the market or new, more sustainable products on the market
- document findings and lessons learned, as this information will be used in the planning stage for a future arrangement for the product or service.

If the contract/arrangement is complete or the decision has been made not to renew or extend, procurement staff may need to consider end-of-life management of the product. For large, significant or 'one-off' products a sustainability impact assessment should be carried out to establish the best disposal strategy for the product.

If a new arrangement is to be established the procurement planning stage will need to be revisited and a sustainability assessment undertaken.

References

This guidance material is modelled on the documents listed below:

- Brisbane City Council, 'Sustainable Procurement Project, Tender and Assessment Template Development', 2009 - not published.
- European Commission "Buying Green! A handbook on environmental public procurement", 2004.
- Forum for the future, 'Buying a Better World: Sustainable Public Procurement', December 2007.
- New Zealand Ministry of Economic Development, Identifying sustainability impacts, 2008- not published.
- Sustainable Procurement Limited and Marrakech Sustainable Procurement Task Force of the United Nations, 'Overview of Procurement Process', 2007- not published.

Appendices

Appendix 1: Sustainability impact assessment

This table has been developed to assist the procurement officers in identifying the key sustainability impacts that may occur at various product lifecycle stages.

Procurement officers may use this table when researching the sustainability impacts of a good or service. Particular sustainability impacts may not be applicable to some goods or services, while other impacts may need to be addressed at more than one lifecycle stage. The intention is that by conducting research procurement officers will identify those impacts relevant for their particular procurement.

Sustainability impacts	Life cycle stage					
	Raw materials	Product design	Manufacture and packaging	Storage and distribution	Use/maintenance	End-of-life management
Climate						
Energy						
Water use and quality						
Waste						
Toxic substances/pollutants/emissions						
Resource use and intensity, including protecting natural habitats						
Social responsibility and ethical practices						

Appendix 2: Assessing supplier sustainability credentials

The criteria that follow are designed to provide guidance on how a procurement officer might assess the level of commitment and performance of a supplier in relation to environmental and social sustainability.

Particular criteria or questions may not be applicable to some goods or services, nor to some suppliers or contract types. The intention is that officers select those criteria or questions most appropriate for their procurement requirements.

Questions have been grouped into the following categories of sustainability commitment and performance:

- systems for environmental management
- employment practices
- corporate social responsibility
- greenhouse gas emissions
- commitment to sustainability and demonstrated sustainability improvements
- packaging
- transport and logistics
- 'green' product reporting.

Category	Examples of questions for suppliers
Systems for environmental management	<p>Part A Describe the system, processes and practices that enable your organisation to reduce your environmental impacts, meet your legal environmental requirements and achieve continual improvement of your environmental performance.</p> <p>Criteria that are to be commented on in responding to this requirement include the:</p> <ul style="list-style-type: none"> • Existence of an operational EMS. Please indicate whether this meets a recognised standard, such as ISO 14001, European EMAS, or equivalent. Please provide evidence of certification. • Organisation's environmental policy, which commits the organisation to a program of environmental improvement. please provide a copy of the policy. • Organisation's environmental strategy, objectives and targets, as well as KPIs for these targets. Please provide examples. • Manner in which the environmental policy, strategy and targets are communicated to all staff, including any training provided on sustainability. <p>Part B In the last two years has your organisation been subject to any court proceedings related to breaches of environmental legislation? If so, what was the outcome?</p> <p>Part C Does your organisation maintain records of potential environmental hazards and have mitigation strategies and systems in place to reduce environmental hazards such as carcinogens, irritants? Please provide examples.</p>
Employment practices	<p>Part A What does your organisation do to apply fair employment practices to your workforce employees and sub-contractors?</p>

	<p>Criteria to be commented on in responding to this requirement include:</p> <ul style="list-style-type: none"> • The organisation’s documented policy for workforce and labour practices aligned to international standards, for example UN Global Compact International Labour Organisation (ILO) Certification of employment practices to SA 8000. • Requirements for the organisation’s suppliers to have workplace practices based on ILO core conventions, certified to SA8000 or similar. • Other certifications relevant to employment practices, for example ‘Fairtrade certified’. Please provide evidence of certification and provide details of the products certified. <p>Part B</p> <p>Has your organisation had any employment-related convictions in the past two years? If so, what was the outcome?</p>
<p>Corporate Social Responsibility (CSR)</p>	<p>Describe the formalised programs or initiatives that the organisation has in place that are directed towards meeting social and ethical responsibilities and objectives.</p> <p>Criteria that are to be commented on in responding to this requirement include:</p> <ul style="list-style-type: none"> • Corporate reporting that describes the organisation’s approach to CSR, preferably with such reporting meeting external publicly available reporting guidelines, e.g. the Global Reporting Initiative’s (GRI) Sustainability Reporting Guidelines. • Any other formal CSR commitments made or CSR initiatives in which the organisation is involved. • Awards or nominations that the organisation has received for its CSR activities. Please provide evidence.
<p>Greenhouse Gas (GHG) emissions</p>	<p>What steps does your organisation take to reduce its greenhouse gas emissions?</p> <p>Criteria to be commented on in responding to this requirement include:</p> <ul style="list-style-type: none"> • Initiatives that the organisation has undertaken to calculate its GHG emissions — indicating whether these calculations are based on recognised guidelines. • An endorsed policy with respect to reduction of GHGs indicating the management systems and processes in place to support the endorsed policy. • GHG reduction targets and proposed actions to achieve GHG reductions. • Demonstrated GHG emissions reductions achieved • Public reporting of GHG emissions, and/or targets and actions for reduction.
<p>Commitment to sustainability and demonstrated sustainability improvements</p>	<p>Part A</p> <p>Describe the processes and practices that demonstrate your organisation’s commitment to and delivery of sustainability principles, including improving the sustainability performance of your organisation.</p> <p>Criteria that are to be commented on in responding to this requirement include:</p> <ul style="list-style-type: none"> • initiatives that the organisation has undertaken to identify and analyse the sustainability impacts associated with its business, including any waste streams. This could include audits of energy and/or water usage and waste generation. Please provide sample audits. • Initiatives that have been implemented to achieve improved environmental or sustainability outcomes within the organisation’s operations. This could include, as examples; initiatives to reduce or recycle waste, eco-design initiatives, energy saving and energy efficiency initiatives, generation or use of renewable energy, water saving or water reuse/recycling initiatives, waste reducing initiatives, or use of eco-labelled products.

	<ul style="list-style-type: none"> • Demonstrated achieved eco-efficiency improvements in your production/manufacturing process. • Awards or recognition that the organisation has achieved or been nominated for, in relation to its sustainability or environmental performance. Please provide evidence of award or nomination. • (Queensland only) whether the organisation is an ecoBiz Partner. If it is, describe the eco-efficiency actions/projects that the organisation has undertaken as part of participating in the ecoBiz program. <p>Part B Describe programs or initiatives that your organisation has implemented across the supply chain that are directed towards becoming aware of— and improving — the sustainability performance of its products and/or services (including from a whole-of-life perspective and ethical sourcing).</p>
Packaging	<p>Describe any initiatives that your organisation has in place to minimise/reduce the amount of packaging used.</p> <p>Criteria that are to be commented on in responding to this requirement include:</p> <ul style="list-style-type: none"> • Whether the organisation is a signatory to the National Packaging Covenant (NPC). • Demonstrated reductions in packaging volumes and targets for further packaging reduction and recycling. • Any ‘take-back’ of packaging supplied with products and evidence that the collected packaging is recycled and/or reused. Include a description of how packaging is managed after delivery of products and whether the packaging can be recycled locally.
Transport and logistics	<p>Describe initiatives that the organisation has implemented to reduce the environmental impacts directly associated with the transportation of raw materials/component parts and/or finished products.</p> <p>Criteria that are to be commented on in responding to this requirement include:</p> <ul style="list-style-type: none"> • Initiatives in place to improve efficiencies in delivery, such as reduced travel distances and/or frequency of travel associated with distribution of products, or transport logistics software that incorporates sustainability considerations. • Initiatives in place to reduce the environmental impacts of travel, such as fuel efficiency, reduced air and noise pollution, or reduced carbon emissions. This could be demonstrated (for example) by utilising vehicles that rate 4 stars or more in the Australian Government’s Green Vehicle Guide. Please provide evidence. • Compliance with or working towards an eco-label or other credible sustainability credential relevant to transport and logistics.
‘Green’ product reporting	<p>Does your organisation provide a ‘green’ product range? If so, please describe the criteria used to determine that a product can be classified as ‘green’.</p> <p>What data or information can you provide for your ‘green’ product range?</p>

Appendix 3: Product sustainability criteria

Answers to the questions that follow will provide criteria to guide an officer in assessing the sustainability performance of a product. Particular questions may not be applicable to some products. Officers should select those questions most appropriate for their procurement requirements.

Questions have been grouped into the categories presented in the sustainability impact assessment, encompassing the following broad impacts:

- climate change
- energy
- water use and quality
- waste
- toxic substances/pollutants/emissions
- resource use and intensity, including protecting natural habitats
- social responsibility and ethical practices.

Sustainability issue/impact	Sustainability criteria questions
Climate change	<ul style="list-style-type: none"> • Have you measured the GHG impact associated with production of the product? • What actions have been taken to reduce the greenhouse gas emissions during the product manufacture? • Are any of the offered products carbon neutral? Provide evidence of any carbon neutral certification. • What actions/initiatives have been taken to reduce the greenhouse gas emissions during product use?
Energy	<ul style="list-style-type: none"> • What actions/initiatives have been taken to address energy use during product manufacturing? • What actions/initiatives have been taken to improve product water efficiency during use? • Do the offered products qualify for energy efficiency rating labels (e.g. Energy Star label) or are they rated by the Energy Rating Scheme? Please provide details of the Energy Rating. • Do the offered products meet the specifications provided by any independent labelling association? • Please specify any energy consumption in the following three modes: <ul style="list-style-type: none"> – on (normal/operating use) – standby (sleep) – off. • Will the offered products be delivered with the Energy Star capability activated? • What are the time options for the products to be move to low power, sleep and off modes? • Are there any other energy-saving features associated with the offered products?

<p>Water use and quality</p>	<ul style="list-style-type: none"> • What actions/initiatives have been taken to address water use during product manufacture? • What actions/initiatives have been taken to improve product water efficiency during use? • What actions/initiates have been taken to address water pollution during manufacture and at the end of product life? • Do the offered products qualify for a water efficiency scheme (e.g. Water Efficiency Labelling and Standards Scheme [WELS])? Please provide details of the Water Rating.
<p>Waste</p>	<ul style="list-style-type: none"> • What actions/initiatives have been implemented to reduce waste during manufacture of the offered products? • Can the offered products be recycled at the end-of-life? • Are the offered products manufactured to facilitate reuse or repair/replacement of components? • Provide details on the dismantling and/or disassembling of the products (e.g. are plastic parts separable by hand, no mixed plastics, metals not mixed, etc.) • Do you offer a take back service/scheme at the end of product life? Are there any special provisions/conditions/exclusions in this scheme? • How does the offered scheme achieve highest and best value for its clients? For example, does it benchmark used market prices and return (trade-in) value to the client? • What happens to the products once they are returned? Is there an auditable process over the treatment of the returned products? Please provide evidence. • Can the offered products be multi-packed (for example packed with up to six units in a single box, rather than each item being individually packaged)? • Please list the types of packaging used in delivering the product and specify the following: <ul style="list-style-type: none"> – the type of packaging (content) – the proportion of recycled material used in the packaging – whether the packaging can be reused or recycled locally – whether the packaging includes any loose fill material.
<p>Toxic substances/pollutants /emissions</p>	<ul style="list-style-type: none"> • Specify the toxic content of your product. • What targets are in place to reduce the hazardous substances in the offered products? What actions have you successfully implemented to achieve these targets? • Do the offered products comply with comparable industry standards? Specify which industry standards are applicable and provide details of each aspect of these standards that the products comply with. • Does your organisation have a program in place that enables your products to meet industry standards in the future? Specify how this will be achieved. • What actions are taken to reduce emissions to atmosphere during the product manufacture and during product use?
<p>Resource use and intensity, including protecting natural habitats</p>	<ul style="list-style-type: none"> • Are raw materials used in the product or production sourced from legal and sustainably-managed sources? Please provide details/evidence including any certification schemes of the full chain of custody.

	<ul style="list-style-type: none"> • Provide details of any environmentally-conscious design considerations that are incorporated into the offered products? (Considerations could include ‘design for life’, modular design with exchangeable parts, life extension considerations, recycle-ability of the materials in all component parts.) • Do the offered products contain recycled content? Please specify the percentage of recycled content and specify the percentage of post-consumer recycled content. • What types of post-consumer materials are used in the manufacture of the offered product? • Provide details of the warranty provisions and how they contribute to life extension. Does the offered warranty incorporate a warranty for the spare parts? Provide details of the additional warranty provisions.
<p>Social responsibility and ethical practices</p>	<ul style="list-style-type: none"> • Provide evidence that animals used for materials in the production of the offered products are not listed as endangered, threatened with extinction or subject to controlled trade in the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) appendices I or II.