

Sustainable Procurement

ISO 20400



Director and 50% part owner of a company specialising in sustainable supply chains in London and Sydney. 2006-present



Sustainability advisor to Board chaired by the Mayor of London. 2008-16



Chair of the School with 80 industry partners and over 30,000 users, a virtual learning environment for sustainability since 2012 and offsite management in the construction sector since 2015



Chair of the official assurance body for the London 2012 sustainability programme, reporting to the Mayor of London and Olympics Minister. 2006-13



Chair Professional Standards Committee and non-exec director 2017-present



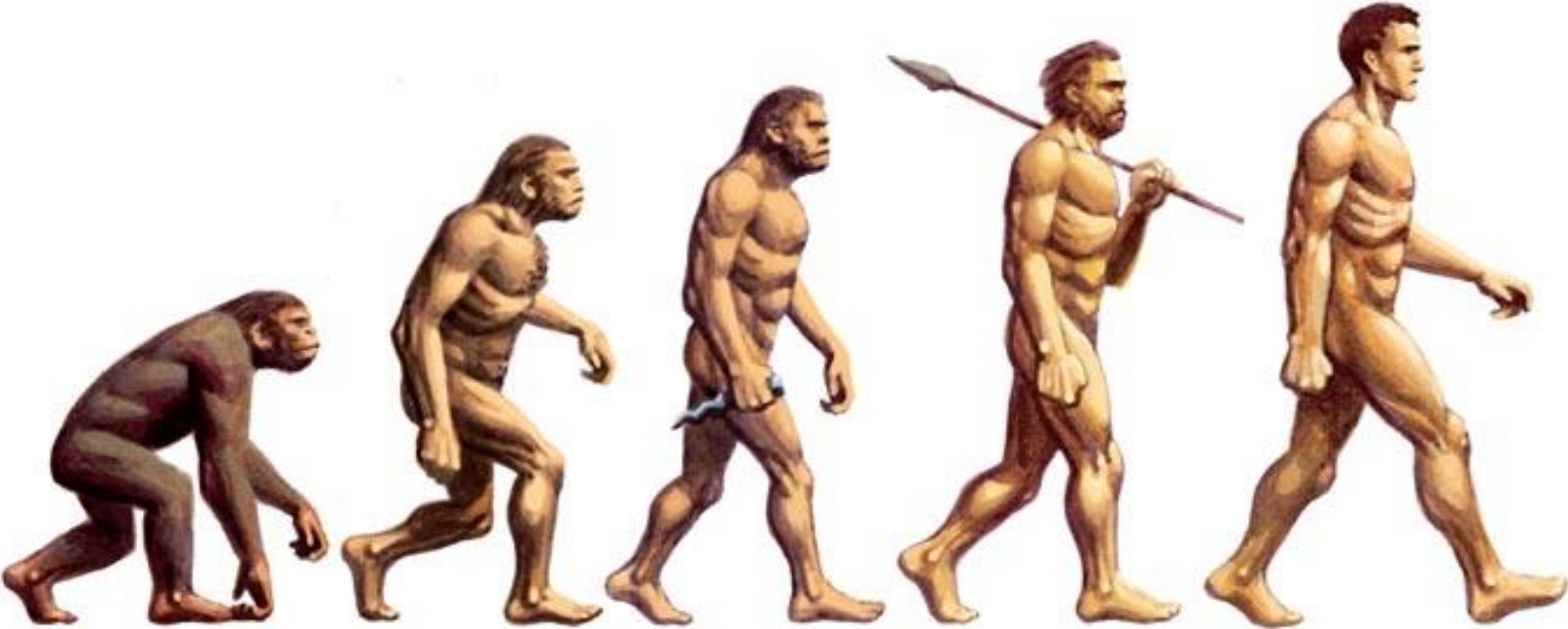
Advisor to executive board 2013-present



Shaun McCarthy OBE

The Evolution of Sustainable Procurement





2005
Securing
the Future

2006
Procuring
the Future

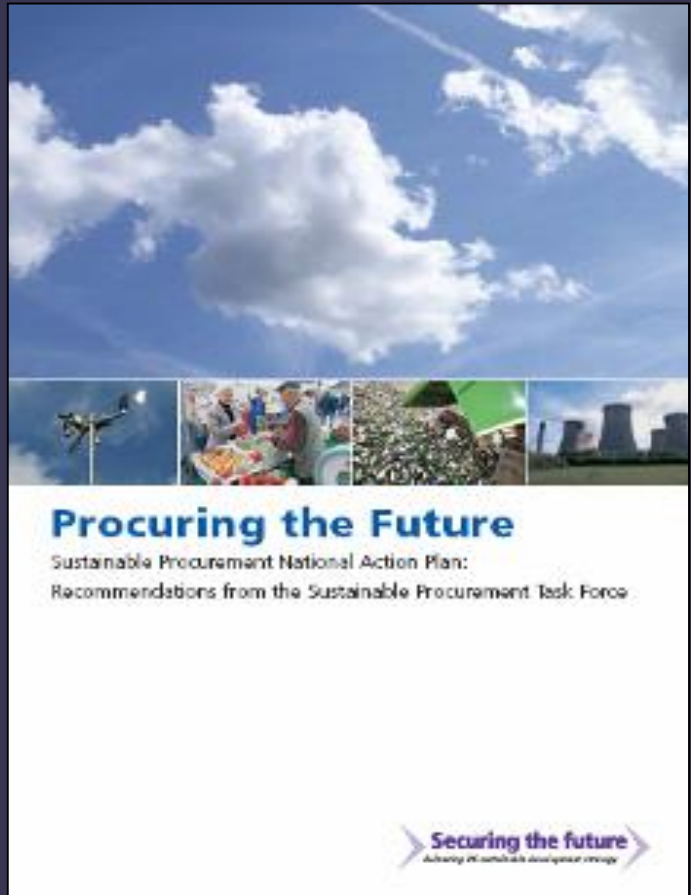
2010
BS 8903

2013
ISO
committee

2017
ISO 20400

Flexible
Framework

2011
French
standard



What is Sustainable Procurement?

2006 version

“Using procurement to support wider social, economic and environmental objectives, in ways that offer real long-term benefits”.



Sir Neville Simms
Chairman
Sustainable Procurement Task Force

SOCIAL PROCUREMENT

Responsible Sourcing

Ethical and Sustainable Procurement

SUPPLY CHAIN SUSTAINABILITY

Green Procurement

Buying Social

GREEN PURCHASING

SUSTAINABLE PROCUREMENT

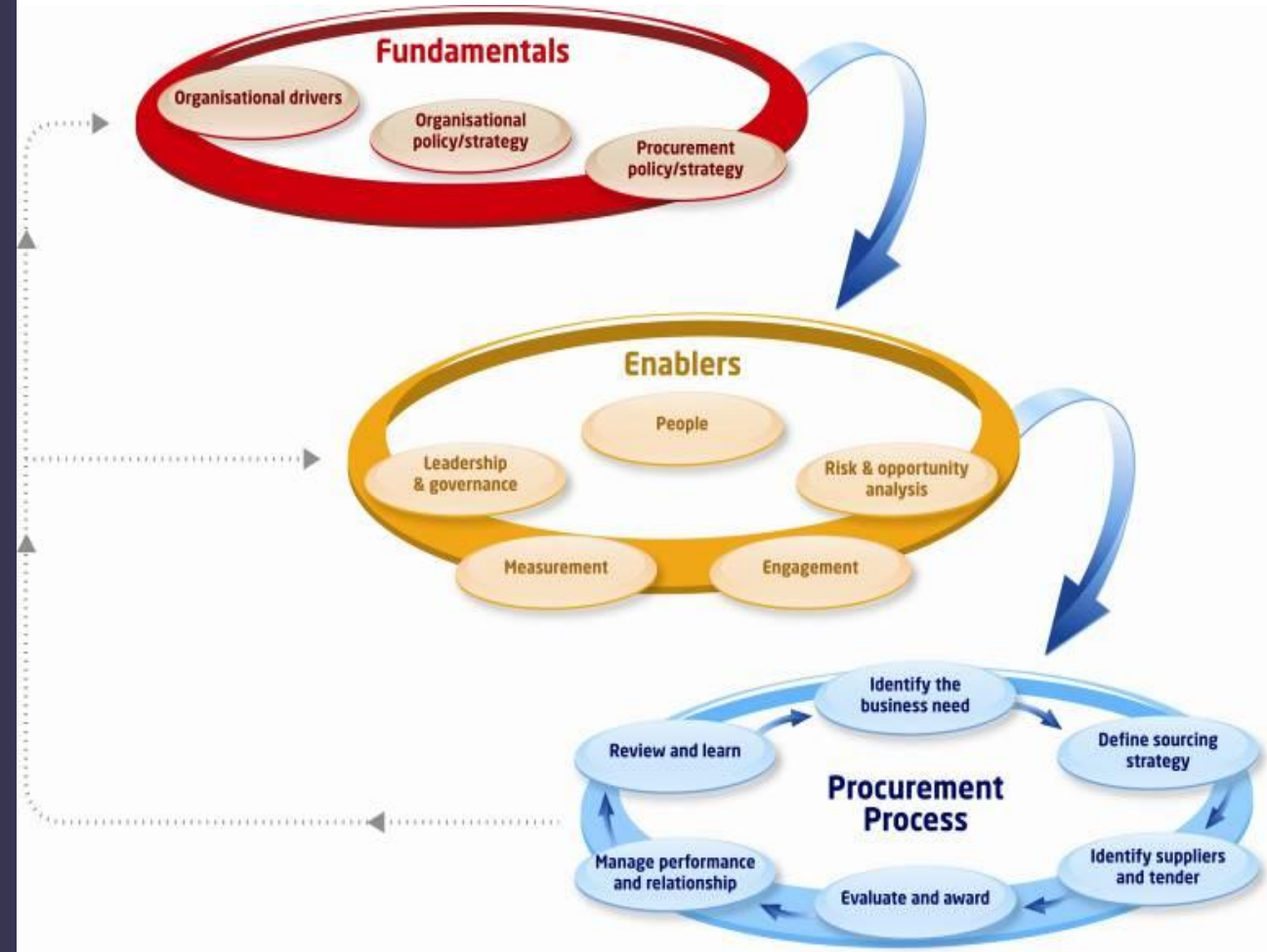
Sustainable Purchasing

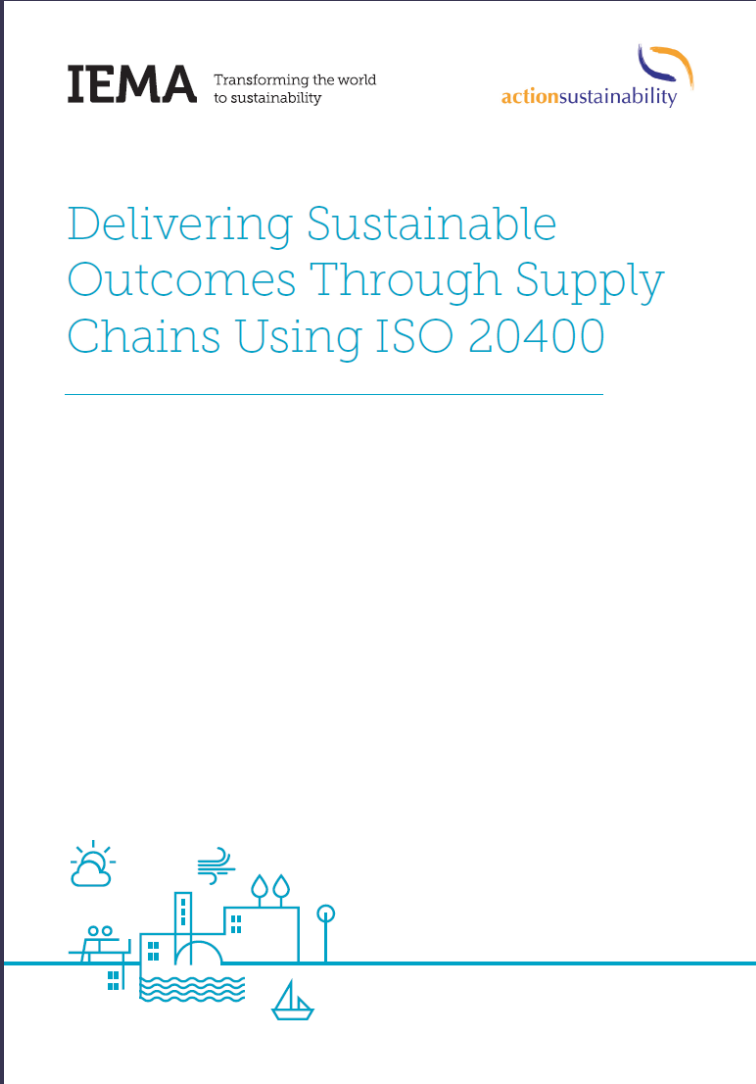
Buying green

Ethical procurement and supply

Strategic Framework 2010

BS 8903



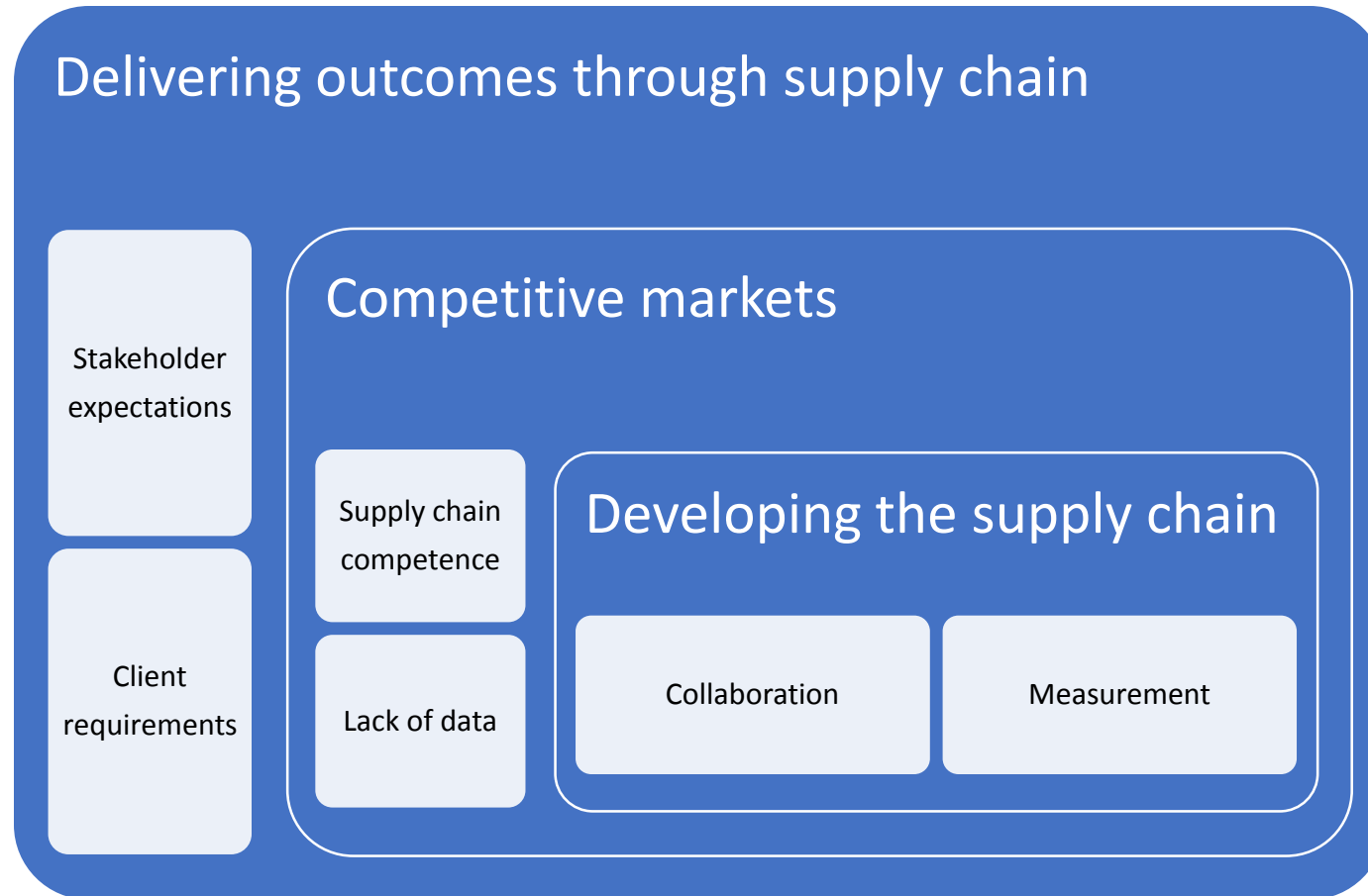


What is Sustainable Procurement?

2017 version

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

What's changed in 10 years?



See video: <http://www.actionsustainability.com/resources/videos/48/A-strategic-overview-of-sustainable-procurement-and-the-Supply-Chain-School/>

Engaging your supply chain





IMPACT ON SUSTAINABILITY

37%



reduced carbon emissions

48% agree the School helped achieve this

40%



reduced waste

56% agree the School helped achieve this

63%



increased modern slavery understanding

82% agree the School helped achieve this

37%



increased understanding of fairness, inclusion & respect

85% agree the School helped achieve this



45%

increased community engagement

66%

agree the School helped achieve this

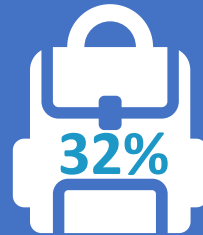


49%

increased understanding of responsible sourcing

81%

agree the School helped achieve this



32%

increased apprentice numbers

44%

agree the School helped achieve this

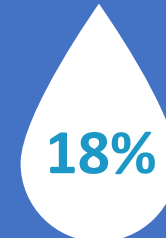


15%

improved air quality

54%

agree the School helped achieve this



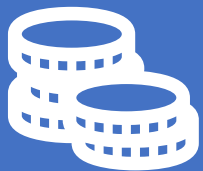
18%

reduced water consumption

50%

agree the School helped achieve this

SCHOOL IMPACT ON BUSINESS PERFORMANCE



45%
REDUCED
COSTS



43%
WIN NEW
BUSINESS



58%
MORE
COLLABORATIVE



73%
BETTER
UNDERSTANDING OF
SUSTAINABILITY



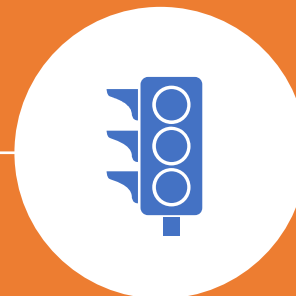
25%
RETAINED
TALENT



56%
BETTER
RELATIONSHIPS
WITH SUPPLIERS

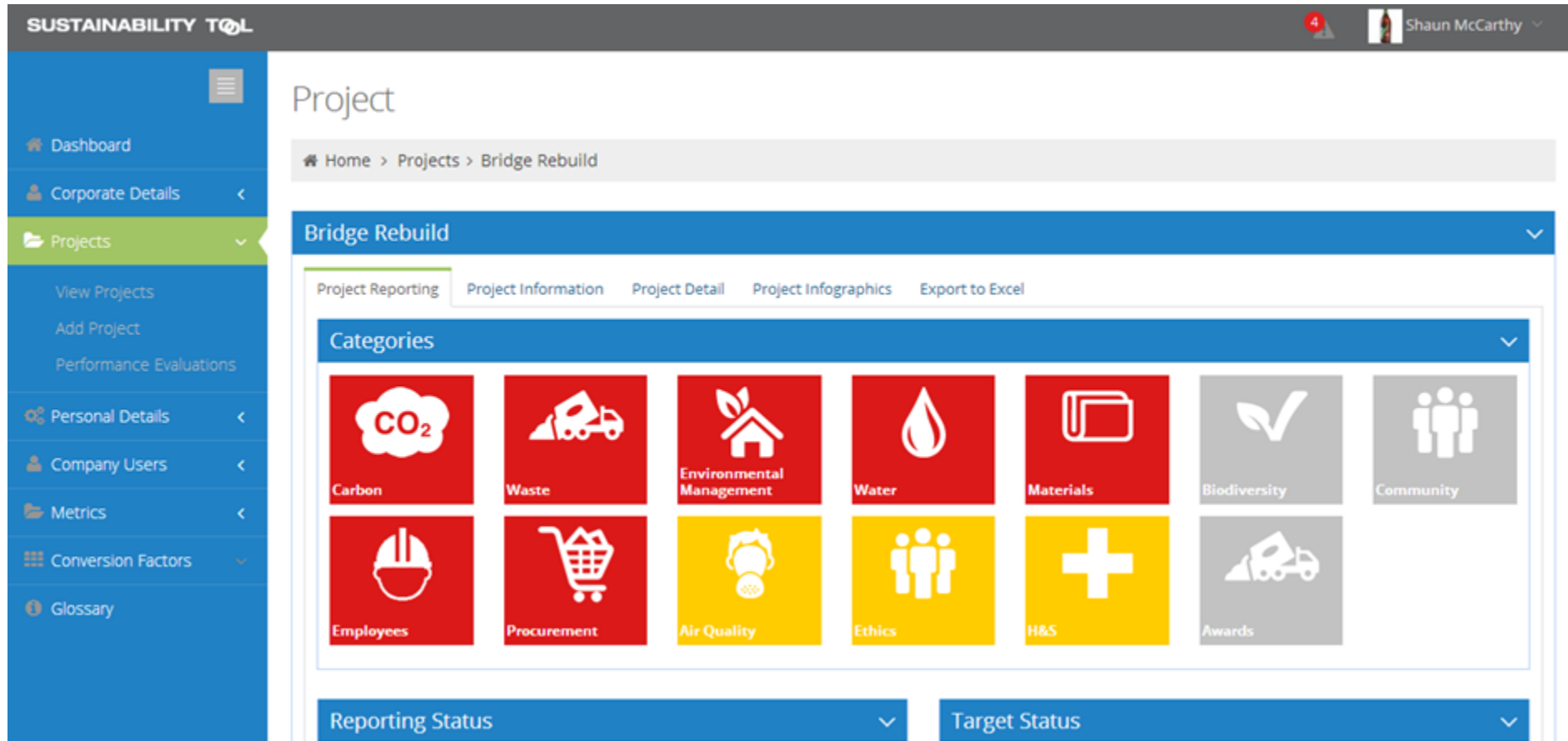


52%
IMPROVED QUALITY
OF BIDS



53%
REDUCED
REPUTATIONAL RISKS

Measuring performance



The screenshot displays the 'SUSTAINABILITY TOOL' interface. The top navigation bar includes the user name 'Shaun McCarthy' and a notification icon. The left sidebar contains a menu with items: Dashboard, Corporate Details, Projects (highlighted), View Projects, Add Project, Performance Evaluations, Personal Details, Company Users, Metrics, Conversion Factors, and Glossary. The main content area is titled 'Project' and shows a breadcrumb trail: Home > Projects > Bridge Rebuild. Below this, a blue header for 'Bridge Rebuild' contains tabs for Project Reporting (selected), Project Information, Project Detail, Project Infographics, and Export to Excel. A 'Categories' section follows, featuring a grid of 12 icons: Carbon (CO2), Waste, Environmental Management, Water, Materials, Biodiversity, Community, Employees, Procurement, Air Quality, Ethics, H&S, and Awards. At the bottom, there are two dropdown menus for 'Reporting Status' and 'Target Status'.

www.sustainabilitytool.co.uk

Anglian Water

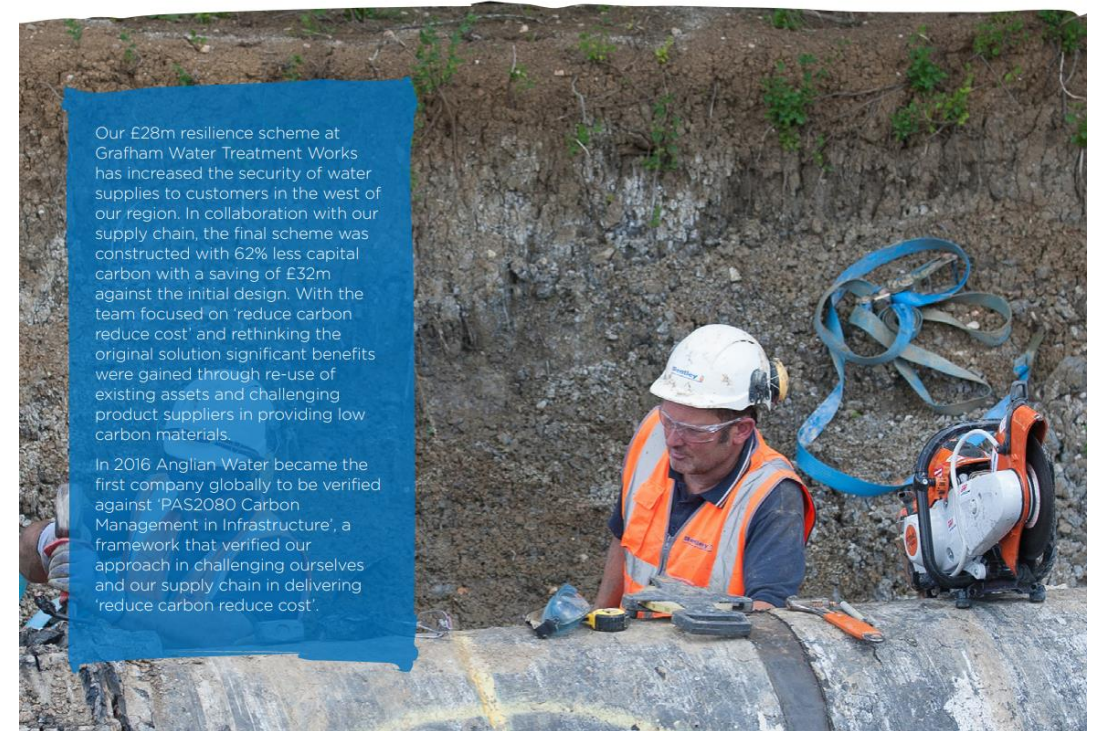
Set objective to reduce capital carbon by 50% by 2015 against a 2010 baseline.

Achieved 54% and have raised the bar to go to 65%.

Significant cost savings achieved. This one project alone saved £32M.



GREENHOUSE GAS EMISSIONS ANNUAL REPORT 2017



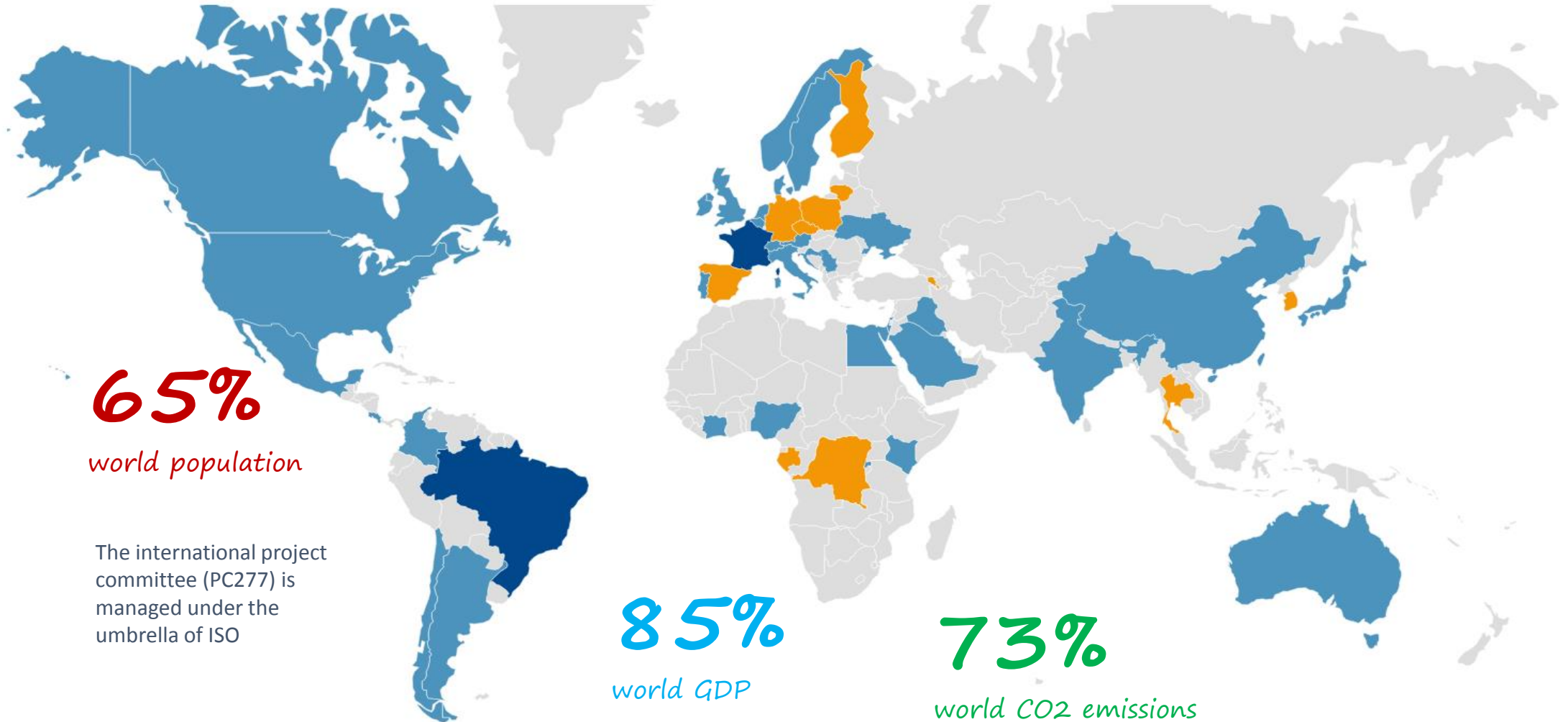
A new paradigm

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



Organisations spend between **40 and 80%**
of their revenues with their supply chains





● Secretariat ● Participating Countries (37) ● Observing Countries (12)

International organisations and ISO standards

International organisations



United Nations Global Compact

Other ISO standards

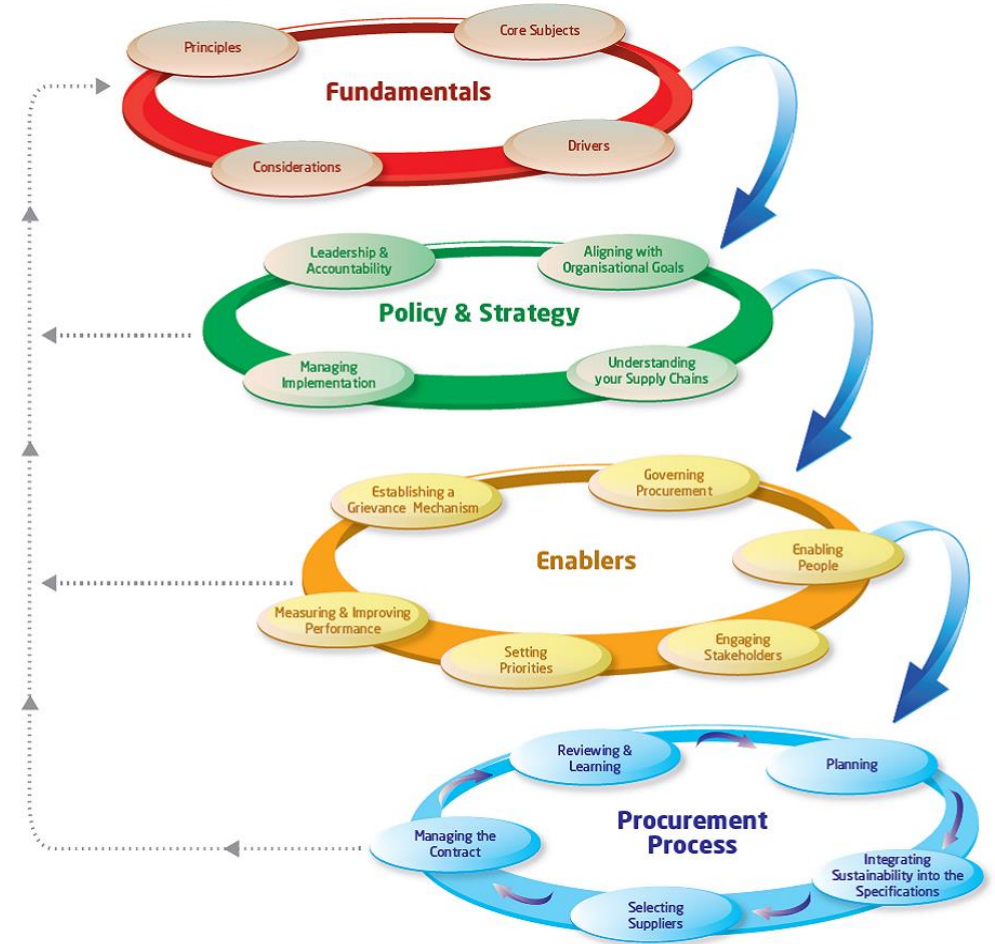
- ISO 26000 Social Responsibility (published in 2010)
- ISO/TC 207 Environmental Management
- ISO/PC 278 Anti-bribery Management System
- ISO/TC 262 Risk Management

What is ISO20400?

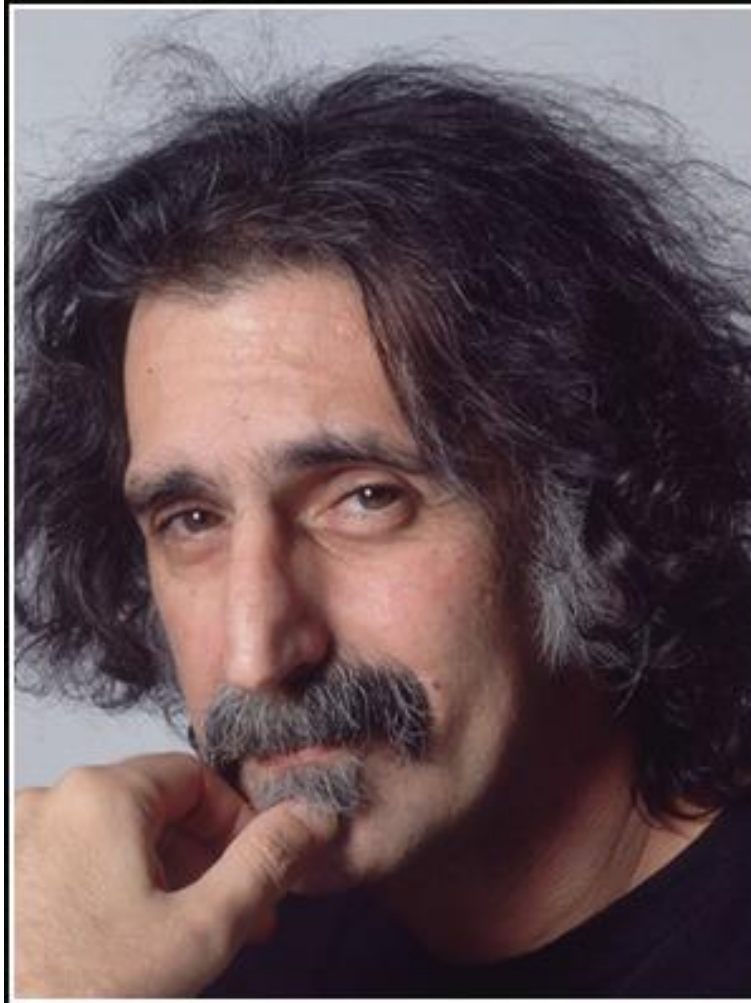
- ISO guidance standard on sustainable procurement, to be published in March 2017
- Provides an understanding of:
 - what sustainable procurement is;
 - what the sustainability impacts and considerations are across the different aspects of the procurement activity: policy, strategy, organisation, process; and
 - how to implement sustainable procurement practically.
- Applies to:
 - any organisation, regardless of its sector, size and location.
 - any stakeholder involved in or impacted by procurement decisions and processes.
- Does not replace legislation, policy and ethical frameworks that regulate procurement activities.

Strategic Framework 2017

ISO 20400







One size does not fit all.

— *Frank Zappa* —

AZ QUOTES





London Organising Committee of the Olympic Games and Paralympic Games
 LOCOG Sustainable Sourcing Code
 Second Edition
 December 2009



SKANSKA

Source

Sustainable procurement policy

Incorporating policies for:

- Supply chain Health and Safety
- Ethical sourcing
- Supply chain equality, diversity and inclusion
- Environmental and green sourcing
- Best Value procurement

Sustainable Procurement Policy v1.6 19.05.09

Sustainable Supply Chain Charter
 VERSION 3 (July 2011)

Intention

Signatories to this charter have agreed to support us in delivering wider social, economic, and environmental benefits from our supply chain, whilst continuing to deliver real, long-term value. The purpose of this document is to set out our joint commitment to the broad principles and expectations detailed in this charter.

We do not expect a "one size fits all" approach and we will enter into dialogue with signatories to understand which areas of the charter apply most prominently to them. Whilst specifics may vary for signatories the fundamental principles will be consistent throughout.

We will work with signatories to set challenging but realistic objectives to reflect the principles of this charter.

For the purpose of this charter, the term "Supplier" refers to all organisations providing goods, services, works or utilities in return for payment. We expect our suppliers to adopt the scheme standards with their supply chain.

ETHICS

We expect our suppliers to join us in embracing an ethical approach. We will not tolerate corruption, bribery and unfair anti-competitive actions and expect our suppliers to adopt the following principles as a minimum standard:

- We will comply with applicable competition or procurement laws
- We will not, directly or indirectly offer or accept any undue payment or other consideration for the purpose of inducing any person or entity to act contrary to their prescribed duties.
- We will record the correct nature, financial transactions in accordance with accepted accounting principles
- We have controls in place in our procedures to ensure adequate level of due diligence for our clients employees and supply chain
- We will carry out ethical audits of suppliers where appropriate.

PAYMENT

We will pay our suppliers in accordance with the correct conditions and all businesses in our supply chain transact in the same way.

We have demonstrated our commitment to payment on time by signing up to the Prompt Payment Code and will do so to make positive contributions to the environment, for example by providing appropriate local employment opportunities, workforce volume and charity activities.

COMMUNITY

We expect suppliers to have an understanding of how their actions impact their local area and wider community, and encourage us to make positive contributions to the environment, for example by providing appropriate local employment opportunities, workforce volume and charity activities.

We expect our suppliers to maintain dialogue to committees, using principles of standards such as in Considerate Constructors Scheme appropriate.

EMPLOYMENT

We expect all businesses in our supply chain to respect the people they employ and to offer a safe workplace that is free from harassment, discrimination, harassment or fear. The Ethical Trade Initiative Base Code, and the UN Global Compact Principles alongside any local employment health and safety legislation, will be considered to be the minimum standard.

We are committed to promoting equal opportunities for all.



The most important thing we build is trust

Responsible Supply Chain Management

Corporate Responsibility at Cobham PLC supports wider social, economic and environmental objectives in ways that offer real long-term benefits to our customers, shareholders, suppliers and employees. We see this as an essential and efficient business practice which is integral to the way we work.

Our vision

Our vision is for our entire supply chain to share our commitment to being economically, socially and environmentally responsible and sustainable.

The business case

We believe there is a strong business case for corporate responsibility and sustainability and that this supply chain management policy will make us a better business.

The environment

We expect all our suppliers to have in place effective environmental management systems that are appropriate for the nature and scale of their business and services provided that they identify and mitigate significant environmental risks relating to pollution of land, air or water. Whenever practicable we will operate our business and supply chain in a way that minimises negative impact on the local and global environment.

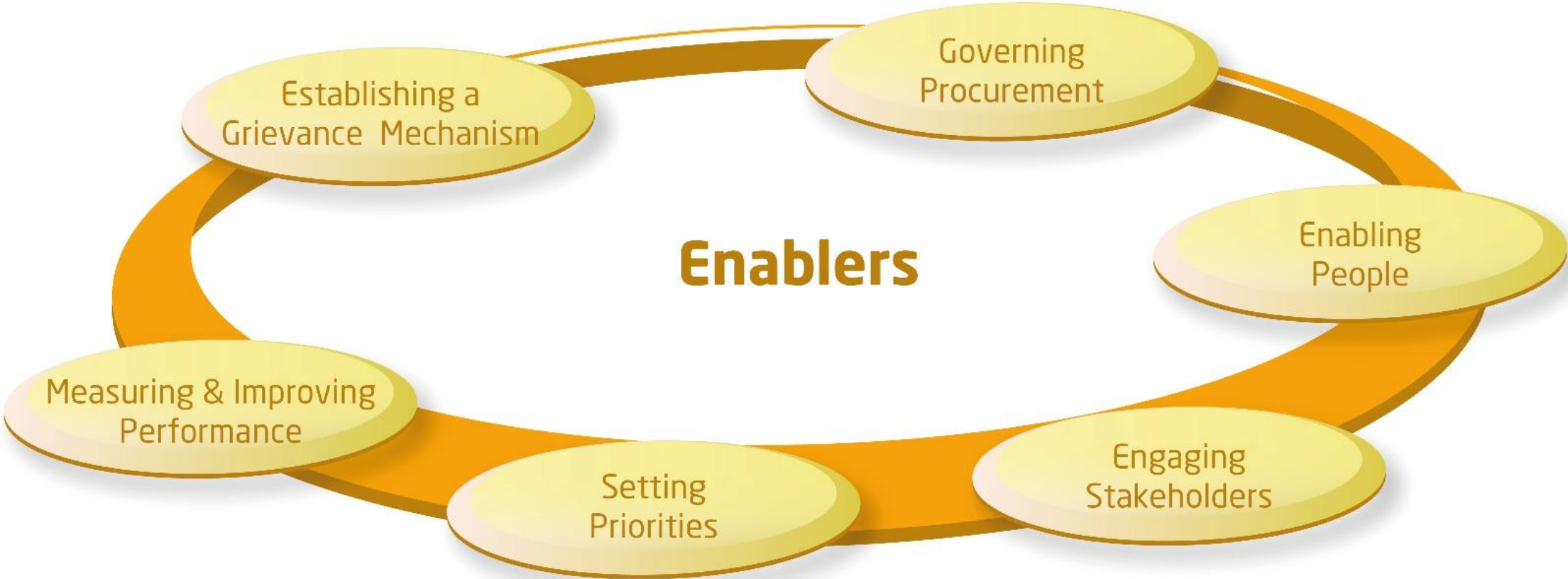
- 1. Environmental protection**
 - All suppliers to have appropriate programmes to limit environmental damage.
- 2. Energy efficiency and carbon management**
 - We expect suppliers to understand their carbon footprint and reduce their GHG emissions at the organisational and product level.
 - Adapt their business to be resilient to the adverse effects of climate change.
 - Our product designs will reflect our low energy, low weight objectives.
- 3. Hazardous materials**
 - We expect suppliers whose processes or products involves the use of hazardous materials to and demonstrate compliance with local and international regulations (such as REACH) and in the supply chain.
- 4. Resource efficiency**
 - Our product designs will be resource efficient, reducing the amounts of materials we use and
 - We expect our suppliers to understand the resource efficiency hierarchy and to:
 - avoid use of scarce natural resources,
 - where possible use secondary materials
 - suppliers in areas of water stress to have risk assessment and mitigation plans in place.
- 5. Consideration**
 - We have a corporate aspiration to align to the most appropriate standard such as LEED or BREEAM to reduce operating costs of our facilities and improve the working conditions of our people.

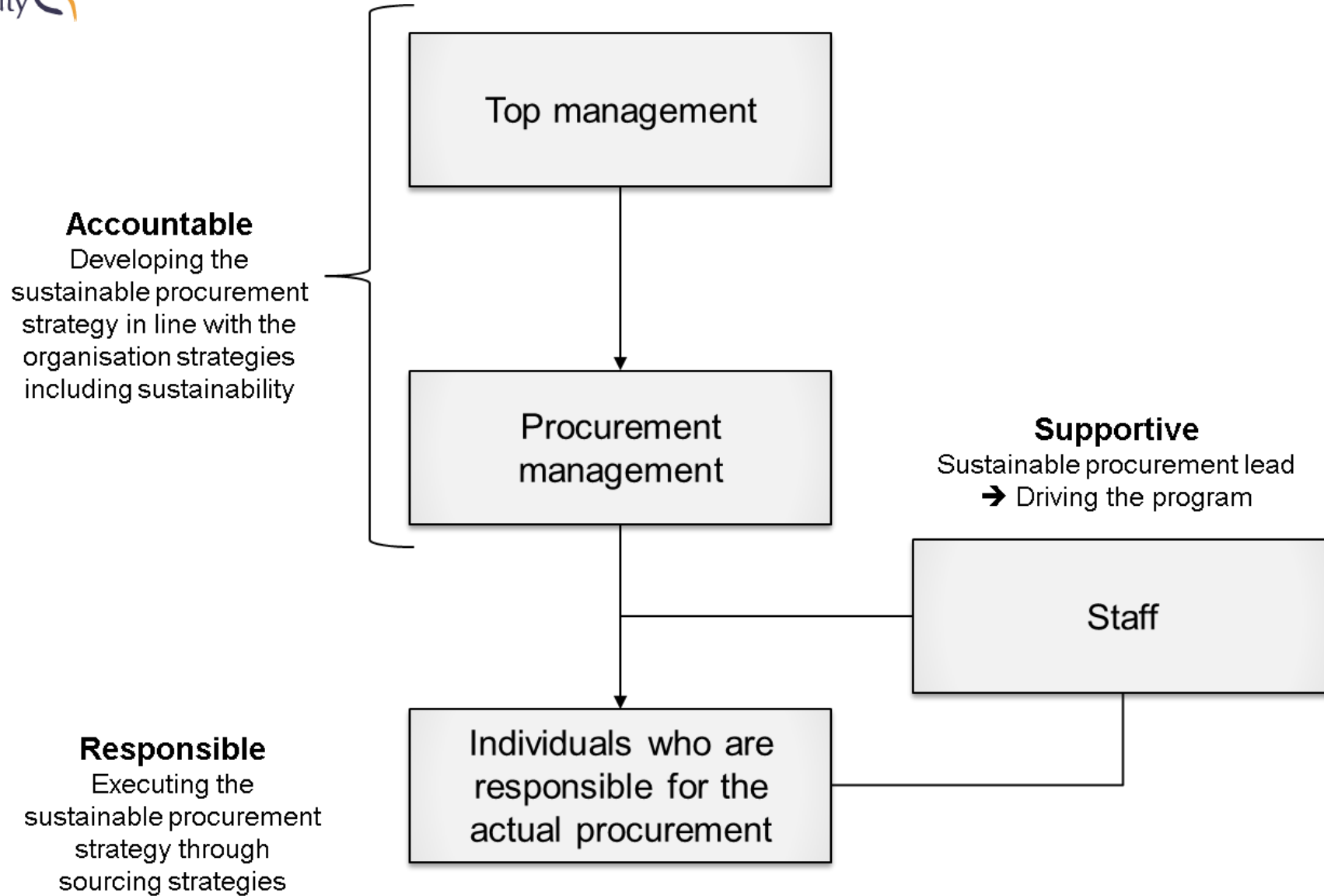



PROUREMENT. THE MOLSON COORS WAY



- **Corporate objective:**
 - “To deliver a legacy of social and economic benefits for Londoners”
- **Procurement SMART objective:**
 - “By December 2018, our combined portfolio of projects will achieve these goals annually:
 - **20% of our total supply chain expenditure will be sourced from businesses operating (i.e. 25% of the contract value) within London boroughs**
 - **25% of the supply chain workforce on our sites will be resident in London boroughs**
 - **6% of the supply chain workforce on our sites will be apprentices or trainees”**









AVIONICS AND SURVEILLANCE DIVISION
End-to-end avionics and covert surveillance solutions



DEFENCE SYSTEMS DIVISION
Critical technology for network centric operators



MISSION SYSTEMS DIVISION
Complete 'nose to tail' refuelling and 'wingtip to wingtip' mission systems capability



AVIATION SERVICES DIVISION
Operates, modifies and maintains more than 150 fixed and rotary wing aircraft around the world

SOF Strategic Supply Chain Design 05 Responsible supply chain management – a prioritised approach

Cobham Operations Transformation Program
April 2011

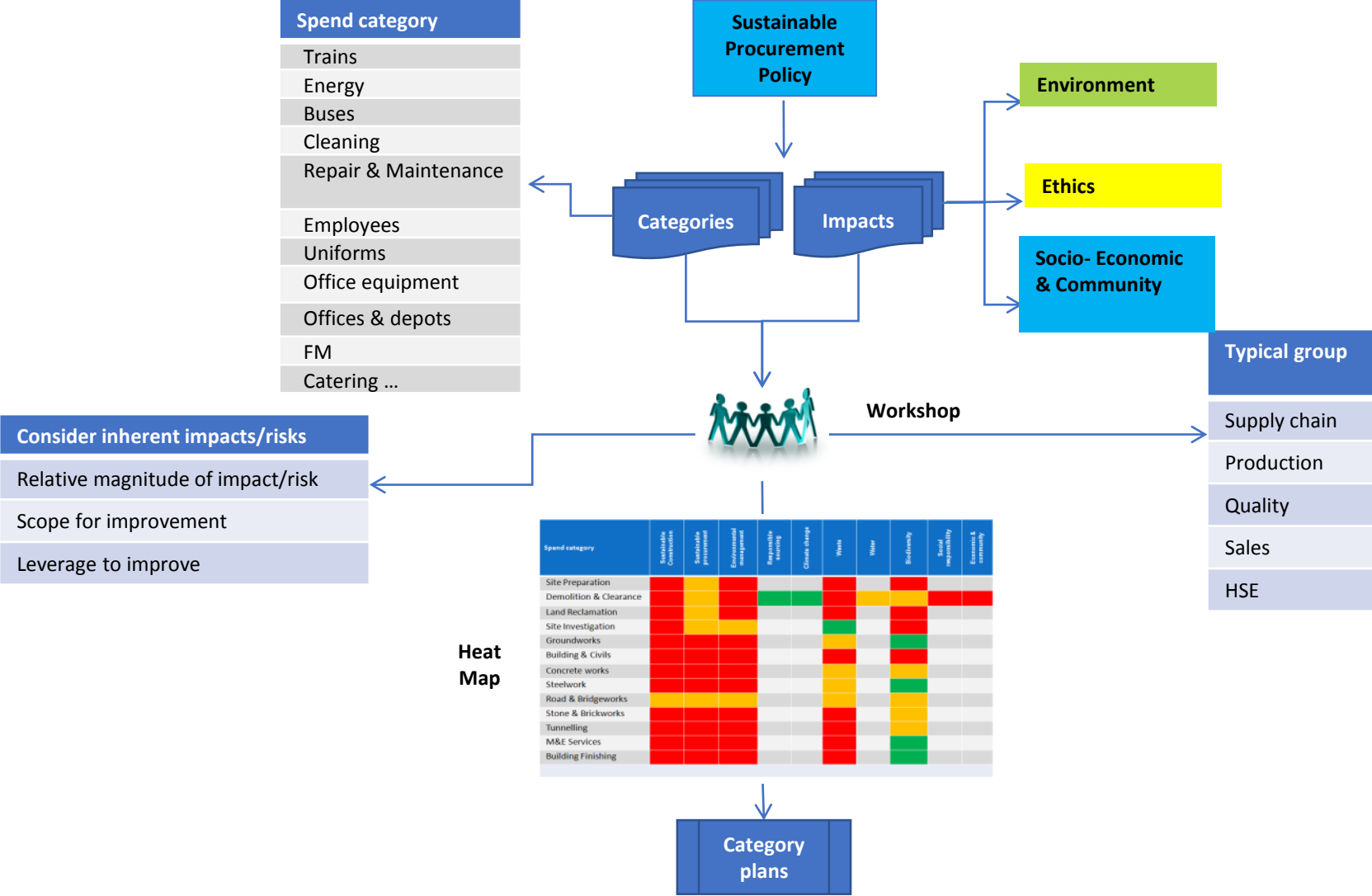
Sustainable Procurement: An Introduction



Procurement Beer Print Training

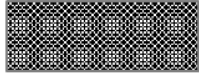


April 2012

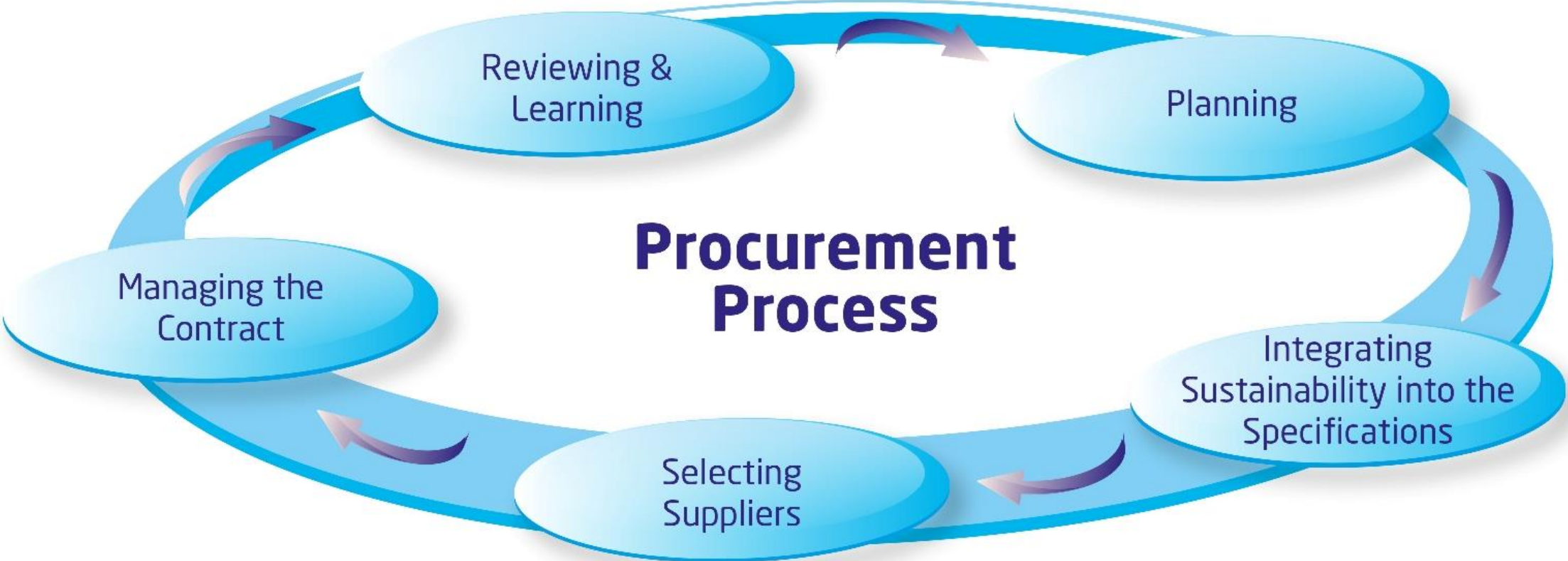


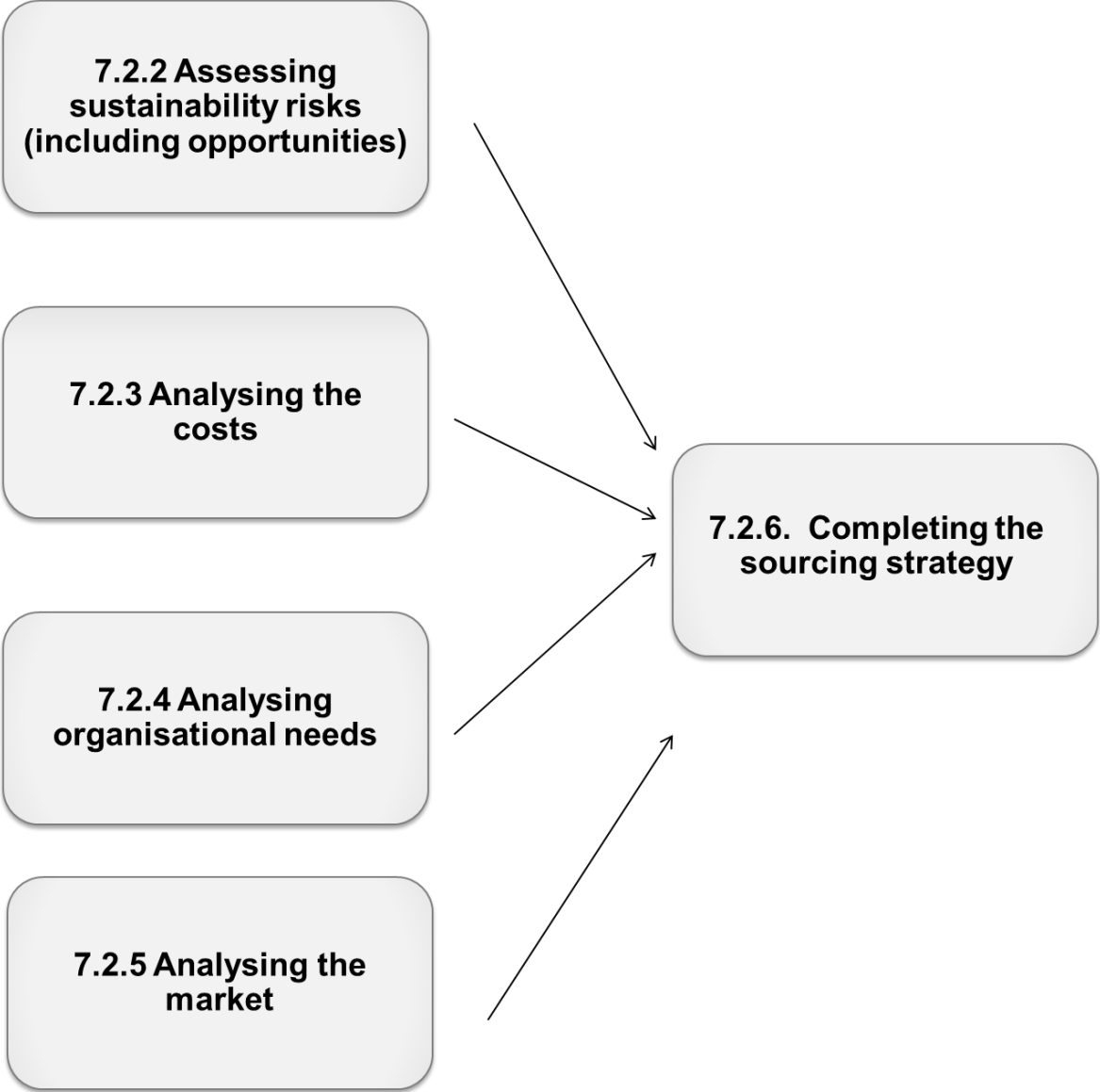


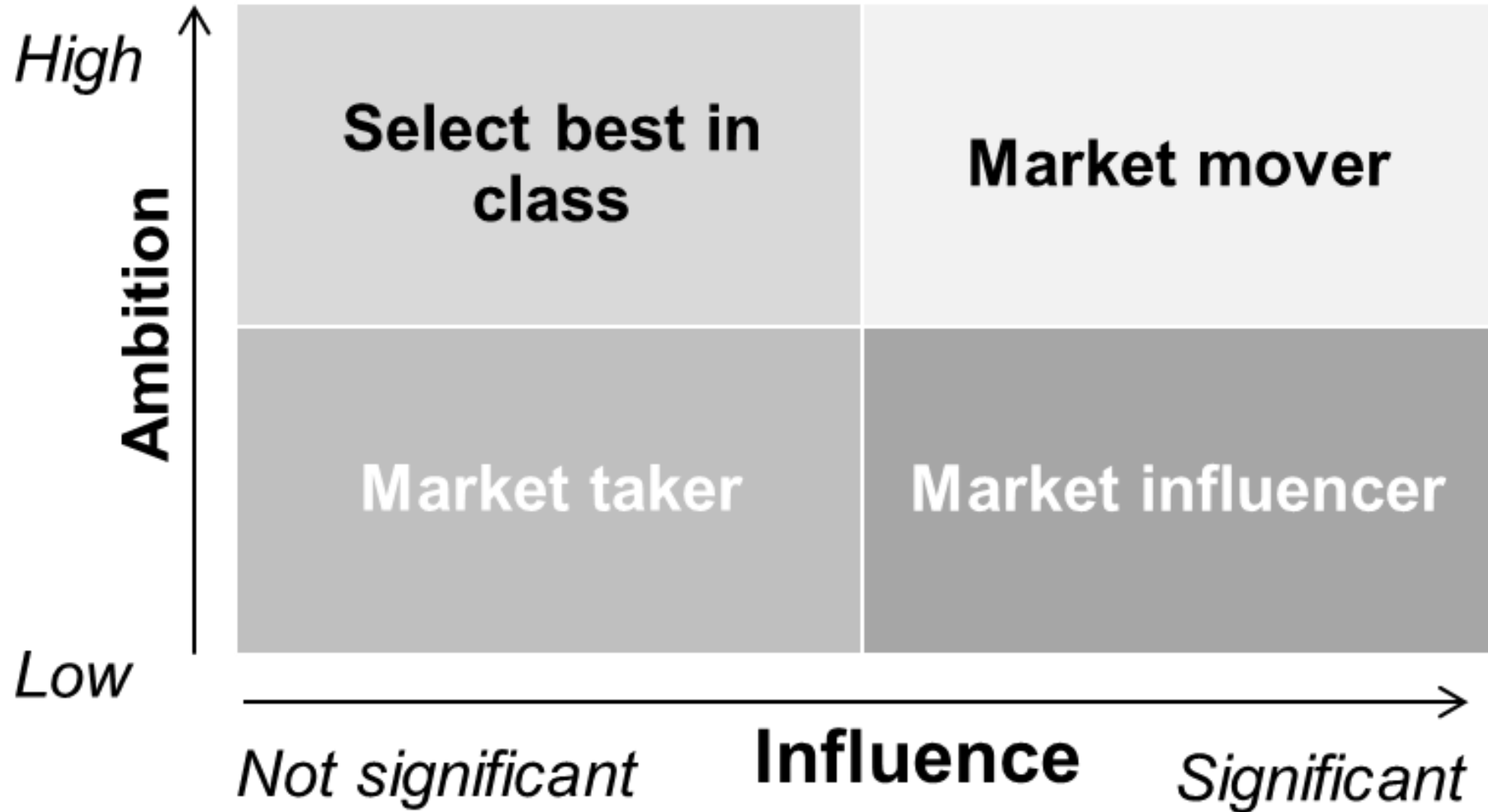
Description	Focus Areas								
	Energy	Air emissions	Natural resources	Biodiversity	Water	Waste	Pollution	Labour & Ethics	
SMALL PACK MATERIALS									
BOTTLES	Red	Red	Green	Green	Green	Orange	Orange	Green	Green
LABELS	Green	Green	Orange	Green	Green	Orange	Green	Green	Green
CORRUGATED	Orange	Green	Green	Green	Red	Green	Green	Green	Green
CROWNS	Green	Orange	Green	Green	Green	Green	Green	Green	Green
GLUE	Green	Green	Green	Green	Green	Green	Orange	Green	Green
CANS & CAN ENDS	Red	Orange	Orange	Green	Green	Green	Green	Green	Green
CARTON BOARD	Orange	Green	Green	Green	Red	Green	Green	Green	Green
HICONE	Orange	Green	Orange	Green	Green	Orange	Green	Green	Green
SHRINKWRAP	Green	Green	Orange	Green	Green	Orange	Green	Green	Green
DISPENSE									
OEM EQUIPMENT	Orange	Orange	Orange	Green	Green	Green	Green	Green	Red
REPAIR EQUIPMENT	Green	Green	Green	Green	Green	Green	Green	Green	Green
SERVICE PROVIDERS	Green	Green	Green	Green	Green	Green	Green	Green	Green
FRIDGES	Green	Red	Green	Green	Green	Red	Green	Green	Red
MOBILE BARS	Green	Green	Green	Green	Green	Green	Green	Green	Green
MUST BUY, MUST SELL	Green	Green	Green	Green	Green	Green	Green	Green	Green
RAW MATERIALS									
BARLEY	Green	Orange	Green	Orange	Green	Green	Green	Green	Green
MALTS	Orange	Red	Green	Orange	Orange	Green	Orange	Green	Orange
HOPS	Green	Green	Green	Orange	Green	Green	Green	Green	Green
SUGARS/SYRUPS	Orange	Red	Green	Orange	Orange	Green	Orange	Green	Orange
ADJUNCTS	Green	Orange	Green	Orange	Green	Green	Green	Green	Green

Sustainability issues Purchase category	Issue 1 (e.g. climate change)	Issue 2 (e.g. health and safety)	Issue 3 (e.g. local employment)	Issue n
Category 1 (e.g. cleaning services)	Low impact	High impact	Low impact	Low impact
Category 2 (e.g. building construction)	Medium impact	High impact	High impact	Medium impact
Category 3 (e.g. packages)	Medium impact	Low impact	Low impact	Medium impact
Category n	High impact	Medium impact	Medium impact	Low impact

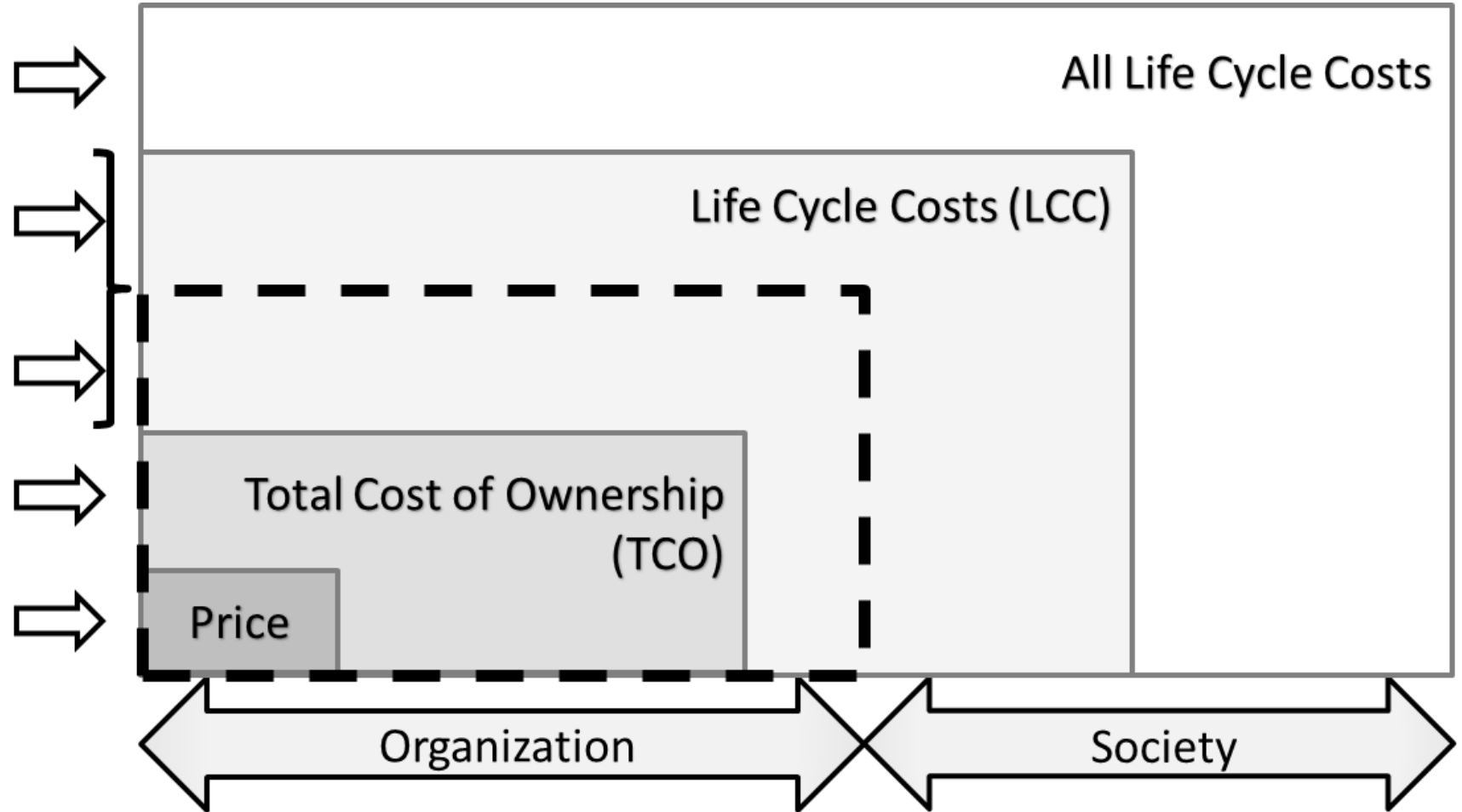
-  High impact
-  Medium impact
-  Low impact







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



Labour practices – Pre-qualification question

- Please outline your experience in delivering work through fair and ethical employment practices through your workforce and supply chain.
- Please advise your employment policy with respect to: living wages, equality and diversity, freedom of association, grievance procedures, working hours including split shifts, exclusive zero hour contracts, unpaid work and child labour.

DISTINCTIVE

- Has extensive experience of resource ethical employment directly and through the supply chain for projects of multiple sizes and complexity. This is supported by case study evidence and risk analysis
- Can demonstrate that the policy is being complied with and delivered against
- Can demonstrate the business case for delivering ethical employment practices and cost reductions

GOOD

- Demonstrates understanding of fair employment practices and risk management for the supply chain.
- Addresses all aspects identified in the question.
- Policy to comply with an international standard such as Ethical Trading Initiative Base Code.
- Provides evidence of past projects demonstrating high ethical standards.

BASIC

- Demonstrates an understanding of the issue but has limited experience of delivery beyond legal compliance

Employment – Invitation to tender

- We aspire to provide full and fair opportunity for competitive local suppliers and to employ suitably qualified local people. Please confirm your current levels of local workforce and procurement expenditure, your targets to improve on this and provide an action plan for doing so.

DISTINCTIVE

- Commits to a target >10% over baseline.
- Comprehensive and detailed action plan.

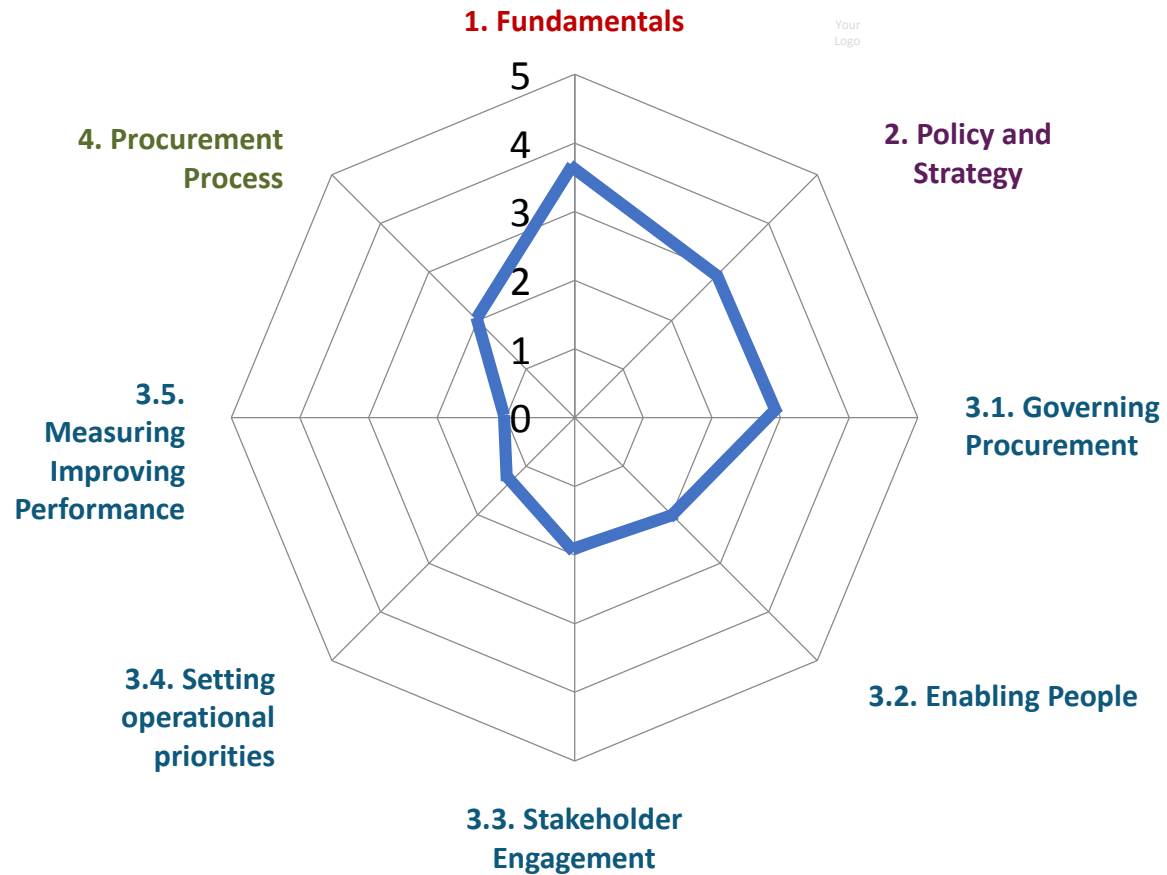
GOOD

- Commits to targets <10% over baseline and can outline how it will be delivered.
- Provides information and assurance to demonstrate competence and local relationships to deliver the target.

BASIC

- Baseline data provided, no firm commitment to targets, or an action plan.

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



What is ISO20400



ISO 20400 LATEST

How sustainability can build value in construction.

Reconciling best-value procurement and sustainability should not be a problem as the two represent a win-win.

Sustainable Choice

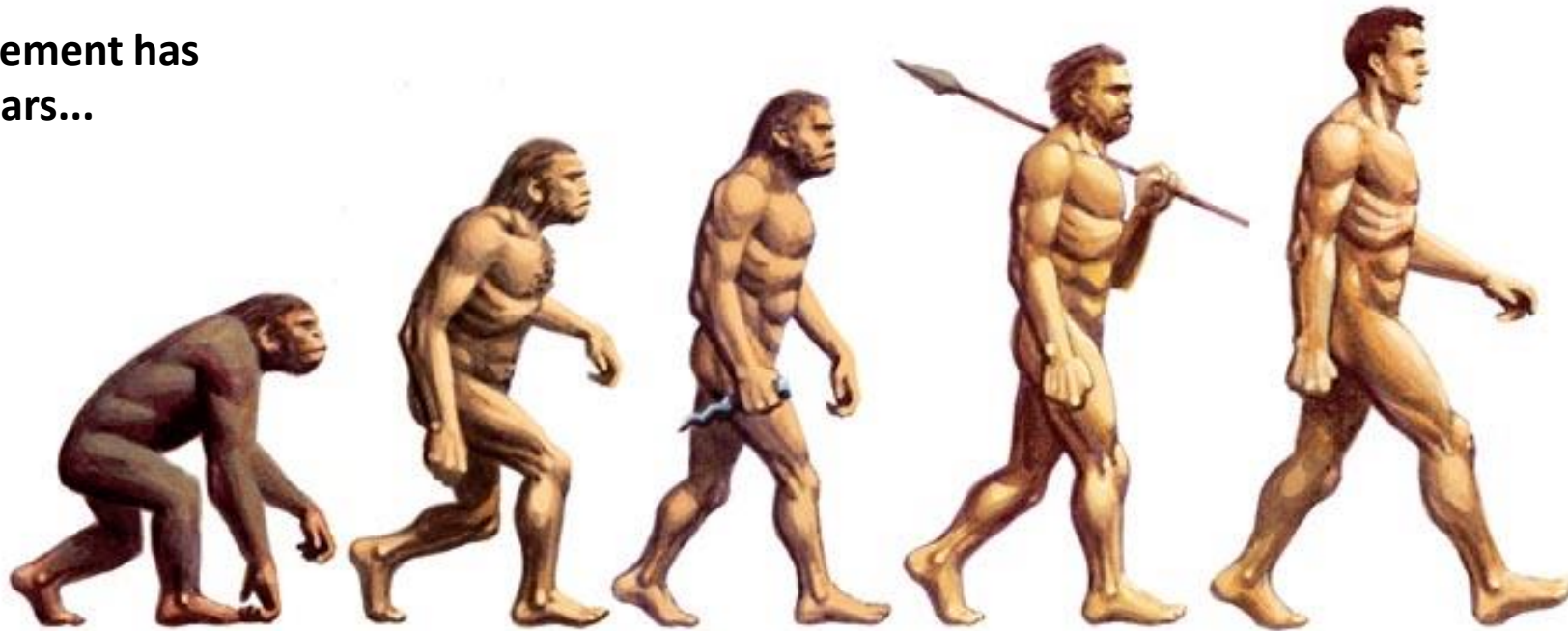
The Sustainable Approach to Procurement in Local Government

Sustainable Sourcing, Grievance Mechanisms and Human Rights

CONTRIBUTE NOW

And finally.....

Sustainable procurement has evolved over 20 years...



We don't have another 20 years to make it business as usual...

Thank you for your time

For more information, please contact

Shaun McCarthy OBE
E: shaun@actionsustainability.com
M: +44 (0) 7986 567654

www.actionsustainability.com

