Including Sustainability in Procurement Planning
OUTLINE OF SESSION

**Sustainability Office**
- What is Sustainability?
- Overview of Sustainability at UQ

**Finance & Business Services**
- State Procurement Policy
- UQ Procurement Planning
- Case Studies

**Questions**
WHAT IS SUSTAINABILITY?

One word, many definitions.

“Meet[ing] the needs of the present without compromising the ability of future generations to meet their own needs”

Source: Brundtland Report 1987

Sustainability “depends on maintaining or enhancing the wellbeing of society over time, and therefore requires that the total economic, social and natural capital is maintained or improved for future generations”

Source: Australian Government Sustainable Procurement Guide 2013
WHAT IS SUSTAINABILITY?

Source: Indiana State University
SUSTAINABILITY AT UQ

Green Star Buildings

Global Change Institute
- 6 Star Green Star & Living Building Challenge

Advanced Engineering Building
- 5 Star Green Star
SUSTAINABILITY AT UQ
Photovoltaic Installations

St Lucia Campus
Multi Story Carparks & UQ Centre

Gatton Campus Substation

UQ Heron Island Research Station
54.6 KW PV Kyosera Panels
(approximately 25% of the station’s energy load)
UQ Sustainability

SUSTAINABILITY AT UQ
Sustainability Office

To embed sustainability into university operations
Promote sustainability across all UQ campuses
SUSTAINABILITY FRAMEWORK

Sustainability Policy

1. Purpose and Objectives
This policy outlines the requirements of the executive, managers, staff and students in meeting the sustainability objectives of The University of Queensland.

2. Definitions, Terms, Acronyms
Operational Control - As defined by the National Greenhouse and Energy Reporting Act (Cwlth) (2007)
SSC - Sustainability Steering Committee

3. Policy Scope/Coverage
This policy applies to staff, students, contractors and visitors at all UQ campuses, sites and teaching, research and work areas where the University has operational control and movement to, from and between them.

This policy covers actions and activities that may impact on biodiversity, built environment, energy (and carbon), environmental risk, purchasing, recycling and waste, transport and water.
“Staff, students, contractors and visitors must adopt all applicable undertakings of this policy to ensure sustainability is embedded in The University of Queensland’s teaching, research, engagement and operational activities across all our campuses to foster a culture of sustainability that supports global priorities.”

“Managers and supervisors have overall responsibility for sustainability and are accountable for the sustainable performance and the effective implementation of sustainable systems in their works areas and work activities.”

“Staff and students have a responsibility to follow sustainable processes and procedures in their work areas and across the University as a whole where they exist.”

“The University will continually improve the sustainability of its business and activities”
SUSTAINABILITY FRAMEWORK

Environmental Management Policy

Water Management Policy

Environmental Management System (EMS)
www.uq.edu.au/sustainability/policies-and-procedures

Sustainability Steering Committee
www.uq.edu.au/sustainability/sustainability-steering-committee
sustainability@uq.edu.au

Corporate Operations Division – Administration Improvement Programme
www.uq.edu.au/operations/aip
aip@uq.edu.au
What is sustainable Procurement?

Avoid unnecessary consumption and manage demand

- Minimise environmental impacts
- Value for money
- Suppliers’ social & ethical responsibility
Everything we purchase has environmental, social and human health impacts.

Some products / services have fewer impacts than others. These are the products / services we should try to purchase where possible.

Procurement can be a tool for promoting sustainable development
UQ’s Influence on Sustainability

UQ

Supplier/service providers

Manufacturers
(products – equipment & materials)

Deliver environmentally preferable products to other existing and new clients

Deliver environmentally preferable supplies/services

Subcontractors
(services)

Deliver environmentally preferable services to other existing and new clients

Environment standards and requirements on products

Environment standards and requirements on services

Deliver environmentally preferable supplies and services

Deliver environmentally preferable supplies and services to other existing and new clients
Another definition.... (United Kingdom)

“a process whereby organisations meet their needs for goods, services, works and utilities, in a way that achieves value for money on a whole life basis, in terms of generating benefits to society and the economy, whilst minimising damage to the environment.
Considering Sustainability is a requirement of the State Procurement Policy

3.3 Value for money

Each agency must seek to obtain best value for money in its procurement. The concept of value for money is not restricted to price alone. The value for money assessment must include consideration of:

- contribution to the advancement of priorities of the Government
- non-cost factors such as fitness for purpose, quality, service and support, and sustainability considerations
- cost-related factors including whole-of-life costs and transaction costs associated with acquisition, use, holding, maintenance and disposal.
Sustainable procurement considers:

**Environmental impacts**
E.g. inputs of natural resources, energy and water in the manufacture, use and disposal of goods

**Social impacts**
E.g. labour conditions in the manufacture, use and disposal of goods or delivery of services

**Economic impacts**
E.g. costs of operation and maintenance over the life of the goods
Environmental Impacts

• **Climate change** - associated with production, distribution, use & disposal of the goods, specific focus on Greenhouse gases: carbon, methane (CH4), HFCs, PFCs, SF6, NO2.
• **Energy use and efficiency** - renewable energy e.g. solar, wind, wave.
• **Water use and quality**, efficiency, water recycling, impact on water pollution, and measures to reduce discharges.
• **Waste** - volume & type of waste created associated with the goods, toxic waste, pollution reduces fertility & diversity of wild species, packaging.
• **Toxic** substances/pollutants/emissions
Environmental management activities can minimise the ongoing environmental impacts of procurement decisions. For example:

- Ensure all computers are set to default double-sided/duplex printing, black & white only.
- Shut down computers overnight.
- Extend life of computer – reduce landfill
- One monitor not two.
PRODUCT LIFE

Before you buy

After you buy
• supporting suppliers who are socially responsible and adopt ethical practices
• considering human health impacts
• supporting socially inclusive practices, such as employment and training focused on disadvantaged groups
• assessing the impact of occupational health and safety concerns (both here and overseas)
• ensuring compliance with relevant regulatory requirements.
Social Impacts (cntd.)- Corporate Social Responsibility (CSR)

Sustainability is an essential element of mature procurement policies. Procurement is a key element of CSR policy as it deals with strategic external relationships that may represent major risks.

e.g. Nike’s child labour issues in the 90s, or Mattel’s toxic toys and Greenpeace attacks on Nestles’ palm oil sourcing.

Nike Article extract
Mattel Article
Dhaka collapse: Primark to pay victims of Bangladesh factory disaster

Clothing store chain urges other retailers who used the building to also come forward and offer help

ANDREW BUNCHEE
MONDAY 29 APRIL 2013

Primark has announced it is to compensate victims of the factory collapse in Bangladesh that has so far claimed the lives of at least 382 people.

In a statement the Irish retailer said: “We have partnered with a local NGO to address the immediate needs of victims, including the provision of emergency food aid to families. [We] will also pay compensation to the victims of this disaster ... This will include the provision of long-term aid for children who have lost parents, financial aid for those injured and payments to the families of the deceased. We are fully aware of our responsibility. We urge these other retailers to come forward and offer assistance.”
Dhaka - AP Exclusive: Disney, Sears Used Factory in Bangladesh Fire

Garments and documents left behind in the factory show it was used by a host of major American and European retailers, though at least one of them — Wal-Mart — had been aware of safety problems. Wal-Mart blames a supplier for using Tazreen Fashions without its knowledge.

The fire has elevated awareness of something labor groups, retailers and governments have known for years: Bangladesh’s fast-growing garment industry — second only to China’s in exports — is rife with dangerous workplaces. More than 300 workers there have died in fires since 2006.

An Associated Press reporter searching the factory Wednesday found these and other clothes, including sweaters from the French company Teddy Smith, among the equipment charred in the fire that killed 112 workers Saturday. He also found entries in account books indicating that the factory took orders to produce clothes for Disney, Sears and other Western brands.

Workers who survived the fire say exit doors were locked, and a fire official has said that far fewer people would have died if there had been even one emergency exit. Of the dead, 53 bodies were burned so badly they could not be identified; they were buried anonymously.

The fire started on the ground floor, where a factory worker named Nasima said stacks of yarn and clothes blocked part of the stairway.

Wal-Mart had received an audit deeming the factory “high risk.” Last year, said it had decided to stop doing business with Tazreen, but that a supplier subcontracted work to the factory anyway. Wal-Mart said it stopped working with that supplier on Monday.

On 27 November, Walmart America ended its relationship with Tuba, which Walmart stated had been contracted by a supplier without its knowledge. The corporation also said that it would be working with suppliers to improve fire safety. Walmart also said it would donate US$1.660.000 to Institute for Sustainable Communities, which will use the donation to set up an Environmental, Health and Safety Academy in Bangladesh. Scott Nova, executive director of Worker Rights Consortium, said the donation is too little to make the industry safe, particularly because many factories do not even have basic safety features such as fire escapes. On 15 May 2013, companies whose clothing was manufactured at the Tazreen Design Ltd. factory met in Geneva to discuss compensation payments for the victims of the fire; Walmart and Sears declined to send representatives to the meeting.
Economic Impacts

- supporting the use of local and emerging small businesses
- Consider the ongoing cost of consumables and maintenance
- Contract & supplier management, including transaction costs
- Installation and commissioning
- Operating costs for the on-going use of the goods, e.g. energy.
UQ Finance and Business Services

Understand your spend...
Product Life-cycle costing informs environmental considerations

Whole of Life Costing

- Purchase price
- Maintenance costs
- Operating costs
- Disposal costs
Typical whole-of-life costing elements over time

Source: British Standards Institution, *The Sustainable Procurement Guide – Procuring Sustainably Using BS 8903*
Planning strategies to incorporate sustainability

✓ Review or rethink the business need / demand, reduce demand or restate your requirements

✓ Supplier selection (only allow suppliers who meet a certain requirement to bid)

✓ Incorporate mandatory sustainability specifications

✓ Incorporate sustainability evaluation criteria during tender process (refer questionnaire)

✓ Key performance indicators during contract management/ supplier development

✓ Sustainable options within arrangements
Sustainability Assessment

Sustainability considerations should be assessed as an important component of the procurement plan.

Below is an extract from the Significant Procurement Plan Template – available for use on the FBS Webpage/online forms.

The QGCPO provides Better Purchasing Guide – Integrating sustainability into the procurement process
UQ Sustainable Procurement Guidelines

Sustainable Vendor Assessment Form

Vendor Name: insert vendor name here
Vendor Address: insert vendor address here
Vendor Number: insert vendor number here Date: insert date here

1.0 Efficient Use of Resources

1.0 Has your organisation measured and taken steps to reduce your corporate greenhouse gas emissions?

2.0 Does your organisation have systems, processes and practices in place that enables it to reduce its environmental impacts, meet its legal environmental requirements and achieve continual improvement of its environmental performance?

2.0 Corporate Social Responsibility

3.0 Does your organisation invest in community development activities in the markets it source’s from and/or operates within?

4.0 Does your organisation report publicly on its Corporate Social Responsibility?

3.0 Product Stewardship

5.0 Does your organisation have procedures in place that ensures that 100% of its supply chain have systems, processes and practices in place to reduce their environmental impacts,
Sample - Supplier Questionnaire

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Where applicable, please state target(s), including units of measure and timeframe:

| We have an action plan to reach our target(s): | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |
| We publicly report our progress: | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ | ☐ |

Where improvement targets have been set, please list 2 or 3 actions your organisation has implemented to achieve targets:
Good planning ensures that you are able to adequately and effectively evaluate the offerer’s sustainability credentials.

Let us examine the case study….

1. You have been tasked with purchasing an MFD for your area. What types of sustainability criteria would you consider as part of your plan?

2. Of these considerations; which do you think the offerer should respond to. How would you evaluate them? How would you phrase the questions in your invitation or RFQ?
Benefits of Sustainable Procurement

✓ reduces adverse environmental impacts arising from UQ’s activities
✓ improves risk management practices
✓ makes more efficient use of public resources
✓ stimulate the market to innovate & produce more sustainable products/services
✓ demonstrates the Government’s commitment to its priority of protecting the environment and lifestyles
✓ improves working conditions for all employees
When considering or Planning a purchase?

- Examine the need for the product or service, to avoid unnecessary consumption and manage demand.
- Consider alternatives, such as reusing, refurbishing or reconditioning the existing product or its components to extend its life.
- With all factors being equal, choose the product /service with the least environmental or social impact.
- Consider emissions, pollutants, energy and water required at all stages of the product’s life.
- Verify the social responsibility and ethical behaviour of suppliers (CSR).
- Reduce the hazardous material content including toxicity.
- Consider end-of-life options, including re-use, repair, recycling and disposal options.
Additional Reference Material & Guidance

UQ Sustainable Procurement Guidelines
www.uq.edu.au/sustainability/purchasing

Australasian Procurement and Construction Council, Assessing a Supplier’s Sustainability Credentials

Queensland Government, Integrating Sustainability into the Procurement Process

Questions: email: procurement@uq.edu.au