The Sustainable Procurement Guide
The Sustainable Procurement Guide

Procuring sustainably using BS 8903

Cathy Berry
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Foreword

This book, and the accompanying guidance, BS 8903, is all about trying to translate between procurement and sustainability language to make unfamiliar concepts and terms work in a way we can understand. This is quite a task. Procurement professionals tend to use quite precise language, with objective tender evaluations, precise contract clauses and regimented performance and risk management programmes. Sustainability is contextual and will vary between organizations as they take a different view of how their business interacts with the society and environment around them. For example, the world faces the universal problem of climate change. According to most scientists the world is warming at a rate that will ultimately limit the ability of the human race to survive on earth. This is coupled with an exponential rise in the population and industrialization of countries with massive populations such as India, China and Brazil, leading to more emissions and a strain on finite natural resources. There is also a constant dilemma of global or local sourcing; procurement people have spent decades chasing the money in a global search for cheaper labour and materials. On the other hand, organizations with a high level of interaction with their local community such as local authorities or businesses with a local impact such as developers or operators of public infrastructure have a desire to see more business done with the communities in which they operate. For the procurement professional it feels like they are being asked to solve world peace and hunger with no help or guidance about how to do it.

This book will not solve world peace and hunger, but makes a humble attempt to demystify sustainability for procurement professionals. It takes these global concepts, sets out how these can be translated into business objectives and delivered through a supply chain. We have also set out some case studies and examples of good practice to follow. It is inevitably a snapshot in time, dealing with issues as we see them in 2011. Having taken on board the concepts in this book, it is important for the reader to keep up to date with the issues which change rapidly, as our society changes and as we start to understand more about our impact on the environment.

As far as we are aware, this is the first book of its kind marking a new era for sustainable procurement and creating a common language and understanding. It represents collaboration between the author, Cathy Berry aided (and sometimes confused) by myself and my old friend and mentor Martin Sykes. In spite of our
efforts to baffle her with our random input, Cathy has done a wonderful job of creating a book which provides straightforward guidance to clarify a subject that is much misunderstood by procurement people. We are also very grateful to the numerous people who provided case studies, model solutions and anecdotes that make it an interesting read.

Cathy’s time writing this book was generously given by Action Sustainability CIC, a social enterprise that I am proud to be a director of. Martin and I have given our time for free. Any royalties received from the sale of the book will be used by Action Sustainability CIC to further the body of knowledge related to sustainable business.

Shaun McCarthy
Director, Action Sustainability CIC Ltd
Chair, Commission for a Sustainable London 2012
About the author

Cathy Berry has over 12 years’ supply chain experience in leading international companies. Her previous role was Supply Chain Risk and Governance Manager for British Airports Authority (BAA), responsible for developing and reporting supply chain risk management strategy, staff capability development and improving supply chain processes to embed risk methodologies. Prior to this Cathy spent 6 years as a procurement consultant gaining significant experience across a range of industry sectors, including pharmaceuticals, telecoms and FMCG. Cathy joined Action Sustainability in 2009 and has primarily been focused on working with the BS 8903 committee drafting the sustainable procurement guidance standard.

Action Sustainability is a not-for-profit social enterprise registered as a Community Interest Company. Set up in 2006, initially funded by Defra through the Business Resource Efficiency and Waste Programme, Action Sustainability’s aim is to continuously extend, lead and inspire sustainable procurement, by extending the boundaries of best practice.

www.actionsustainability.com
1. Sustainable procurement: an overview

Introduction

Sustainability is a broad concept examining how societies live, interact and operate. It means trying to find ways for humankind to live, work and play that do not interfere with nature’s inherent ability to sustain life. It considers our economic, social and environmental needs and involves taking responsibility for the local, regional and global impacts of our way of life. It also requires that we take a longer-term view when making decisions to ensure meeting our own needs does not compromise the needs of others both today and for future generations.

We now have greater understanding of the impacts of human activity on our environment. We recognize that if we carry on living the way we do and change nothing, then the impacts will be beyond what the planet can currently support. While consumption and pollution varies widely between regions, if everyone lived as we do in the UK we would need three planets’ worth of resources to support us.1 Sustainability is about acknowledging that we need to learn to live within a fair share of the earth’s resources and changing our behaviours to enable us to so. It is also about everybody’s right to be treated with respect and enjoy a decent standard of living.

Sustainability is fundamentally about people, how we live and the choices that we make to find the balance between economic, social and environmental needs. Finding this balance is not quick or easy. We are all on a ‘journey’, with some individuals, organizations or nations ahead of others in terms of making this transition to a more sustainable way of living. This ‘journey’ may be described using four basic elements, as outlined below.

First is awareness. In the UK and across Europe we are being informed by the media on a daily basis of the consequences of climate change, our consumption patterns and the need to reassess our lifestyles for the good of humankind. The concepts around sustainability are generally known; for example, we know that it is a bad idea to waste natural resources or pollute the environment, and we are becoming aware of the need for local self-sufficiency using sustainable sources of energy, food and other resources. However, this is not the case across the world; even in the USA such issues receive far less publicity. Some developing nations for many years have seen climate change as a plan hatched
Sustainable procurement: an overview

by the West to limit their ability to create wealth and raise living standards. However, over the past few years awareness and acceptance of the issues at a global level has increased. There is a growing recognition that all societies must play a part and take action to avoid irreversible degradation of our planet.

Another element is understanding. Leaders, governments and organizations at all levels need to lead by example, promote understanding and show people why and how to make more sustainable choices.

Behaviour change is essential. Those in leadership roles need to sustain the momentum for change and incentivize and empower individuals to follow suit. We need to provide people with sustainable alternatives to allow them to make optimum choices for themselves and for wider society. Global collective action is required to tackle some of the more complex sustainability challenges such as climate change and this will take vision, courage and leadership.

The final element is to make a difference and affect change. For example, a global construction contractor has a scheme to employ ex-offenders. This involves an element of risk for the company but they find that they generally balance the risk with the benefits of recruiting loyal workers who tend to stay with the company, reducing the cost of re-recruitment. Society wins because the rate of reoffending reduces radically and the individual wins with a more prosperous and stable life. A company building care homes is developing a site with a nursery, a doctor’s surgery and an energy centre based on waste and biomass; the site also has land set aside for food growing, with the residents able to do so, participating in growing their own food and the children in the nursery learning about how food is grown. All of these elements are profitable for the company, and self-sufficiency in energy reduces fuel costs and attracts government grants. The elderly residents have ready access to medical care through the doctor’s surgery. It is well demonstrated that elderly people fare better when they have access to children and green space, so everybody wins. These ‘virtuous cycles’ of sustainability have no losers, but examples are rare. Organizations and the people in them need to think and behave differently in order to make a difference.

Organizations have a major role to play in this transition. Sustainable business practices are rapidly evolving and we are continually learning and improving. New technologies are emerging which are not only economically viable but create social and environmental benefits. Organizations need to embrace this transition and demonstrate leadership at all levels.
The increasing importance of corporate social responsibility (CSR) within organizations reflects this transition. Over the last decade CSR has moved from something done by a separate function, typically involving single-issue initiatives on the edge of business, to something much more integral to an organization’s core operation. A responsible organization will treat its people well, will look after its customers and will be interested in supporting its local communities and those of its supply chains. CSR forms part of this organization’s DNA.

In the same way a buyer’s role has also evolved. Purchasing goods, works and services, efficiently, with minimum risk and at the best possible value remain central elements of the job. However, buyers must now also consider ‘value’ in a broader way. They must also consider the additional risks (and opportunities), including the ethical, social and environmental impacts of what they buy. This goes even further. Buyers must also consider the impacts on the supply chain of how they buy and operate. Shortening lead times and purchase prices may seem like a good business strategy, but not at the expense of labour standards further down the supply chain or the risk to your reputation due to worker exploitation.

Sustainable procurement goals

Sir Neville Simms, chairman of the government’s Sustainable Procurement Task Force, summed up the concept of sustainable procurement as ‘using procurement to support wider economic, social and environmental objectives in ways that offer real long-term benefits’. Sustainable procurement attempts to achieve a competitive, responsible and enduring approach to procuring goods, works and services. It is not an abstract, idealistic goal but a practical and achievable objective for organizations large and small.

Sustainable procurement has four main aims:

1. To minimize any negative impacts of goods, works or services across their life cycle and through the supply chain (e.g. impacts on health and well-being, air quality, generation and disposal of hazardous waste).
2. To minimize demand for resources. (Remember the most sustainable produce is the one that we never buy at all!) (For example, reducing purchases, using resource-efficient products such as energy-efficient appliances, fuel-efficient vehicles and products containing recycled content.)
Sustainable procurement: an overview

3 To ensure that fair contract prices and terms are applied and respected that meet minimum ethical, human rights and employment standards.
4 To promote diversity and equality throughout the supply chain. Supply chains should aim to reflect the diversity and demographics of the societies that they touch and should provide opportunities for small- and medium-sized businesses (SMEs) and voluntary sector organizations. Sustainable procurement should also support training and skills development. In summary, sustainable procurement should attempt to minimize negative outcomes and promote positive outcomes for the economy, environment and society.

About this book

Many practitioners understand what sustainable procurement is but there is still a lot of confusion around how to implement this. This book aims to be a comprehensive guide to sustainable procurement providing clear, practical advice on how to approach sustainable procurement issues and how to embed these practices within an organization.

The next three chapters provide a foundation or background around the concept of sustainability. This begins with a basic introduction to ‘sustainable development’, i.e. what it means, what the key issues are and why we need to act. It also examines the complex subject of promoting behaviour change and the differing degrees of sustainability ambition demonstrated by organizations. Chapter 3 examines what sustainable procurement is, the basic principles and takes a more detailed look at the social, economic and environmental issues. Chapter 4 considers ‘why’ organizations are taking sustainable procurement seriously and looks at the key business drivers of sustainable procurement.

Chapter 5 summarizes the British standard for sustainable procurement (BS 8903). This standard explores how sustainable outcomes fit within procurement priorities. Buyers must understand this in relation to their own organizations’ business objectives. This chapter summarizes all the main clauses detailed in BS 8903 which include the sustainability considerations that should be addressed across a generic procurement process.

The latter chapters of this book tackle some of the more challenging issues faced by buyers when buying goods and services. These issues have been chosen in response to the questions most frequently posed to Action Sustainability by
its clients. These chapters attempt to provide some clear and practical guidance to enable buyers to feel confident when tackling such issues. The questions explored in this book are:

- How far down the supply chain should I go? (When assessing risk and sustainability.)
- Does sustainable procurement cost more?
- What tools and techniques should I use to promote sustainable outcomes?
- Standards, codes of practice and auditing – are these enough to assure sustainability in your supply chain?
- How do I measure sustainable procurement performance?

The concluding chapter of this book discusses the need to promote continuous learning and sharing within and across organizations. It also takes a look at how sustainability may evolve in future.

BS 8903 – The British standard for sustainable procurement

BS 8903 *Principles and framework for procuring sustainably* was first published in August 2010. It is not a specification standard but a guidance standard, which means the clauses are precisely that – for guidance. Procurement processes and practices vary across organizations and sectors. It is not realistic or practical to ‘specify’ exactly how sustainable procurement should be included within an organization’s business processes and strategy. This requires judgement and this standard is intended to help managers and buyers include sustainable considerations when making purchasing decisions that support their business strategy.

The standard is divided into three areas:

1. What is sustainable procurement?
2. Why practise sustainable procurement?
3. How to do sustainable procurement.

The initial chapters of this book build on the first two areas listed above. It discusses the concepts in more depth and illustrates the issues with practical examples. However, the majority of the standard is dedicated to providing...
guidance in the third area. Figure 1 provides a pictorial overview of the key elements discussed which are classified as:

- **Fundamentals** – these are the higher-level organizational and procurement policies and strategies that should be in place to provide the strategic context and strategic priorities to guide sustainable procurement practices and decision making.
- **Procurement process** – BS 8903 follows a generic procurement process and identifies the sustainability considerations and activities that should be addressed at various points across this process.
- **Enablers** – these include ways of working, competencies, practices and techniques that should be in place and utilized by managers or buyers on an ongoing or periodic basis. These enablers support the activities within the procurement process.

**Figure 1 – Sustainable procurement process overview**
This book is not intended to be a duplication and build of BS 8903. As such Chapter 5 summarizes the key information outlined by the fundamentals, enablers and process. However, it will provide some practical examples to show how organizations are employing techniques or practices. The latter half of the book then discusses some elements within the procurement process that often cause confusion or are cited by buyers as areas where clear and practical guidance would be helpful.

**Useful resources**

BS 8903 *Principles and framework for procuring sustainably – Guide.*

**References**

1. Taken from the One Planet Initiative, see www.bioregional.com
3. Action Sustainability is a not-for-profit social enterprise specializing in delivering sustainable procurement consultancy and business support across the UK, see: www.actionsustainability.com