

BS 8903:2010



BSI Standards Publication

Principles and framework for procuring sustainably – Guide

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Foreword

Publishing information

This British Standard is published by BSI and came into effect on 31 August 2010. It was prepared by Technical Committee SDS/1, *Sustainable Development Co-ordination Committee*. A list of organizations represented on this committee can be obtained on request to its secretary.



In particular, BSI would like to thank Defra for its support during the drafting process, which enabled the rapid development of this standard.

Relationship with other publications

This standard is in a series of "daughter" standards of BS 8900, *Guidance for managing sustainable development*.

As a derivative of BS 8900, this standard has been written in such a way as to reflect the spirit of BS 8900. Consequently the principles described in the standard are designed to be compatible with BS 8900.

Information about this document

As a guide, this British Standard takes the form of guidance and recommendations. It should not be quoted as if it were a specification or a code of practice and claims of compliance cannot be made to it.

Contractual and legal considerations

This publication does not purport to include all the necessary provisions of a contract. Users are responsible for its correct application.

Compliance with a British Standard cannot confer immunity from legal obligations.

Section 1: General

0 Introduction

0.1 General

BS 8903 is a “daughter” standard of BS 8900, which defines sustainable development as:

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

This British Standard is intended to help organizations and individuals consider and implement sustainable practices within their procurement processes, and ongoing management of their respective supply chains.

Sustainable procurement means only purchasing goods that are really needed, and buying items or services whose production, use and disposal both minimize negative impacts and encourage positive outcomes for the environment, economy and society.

This standard aims to provide guidance to a broad range of organizations, of differing sizes and with various levels of experience of sustainable procurement. Starting with smaller, quick win type initiatives can be a good way for organizations new to sustainable procurement to gain relevant experience and confidence.

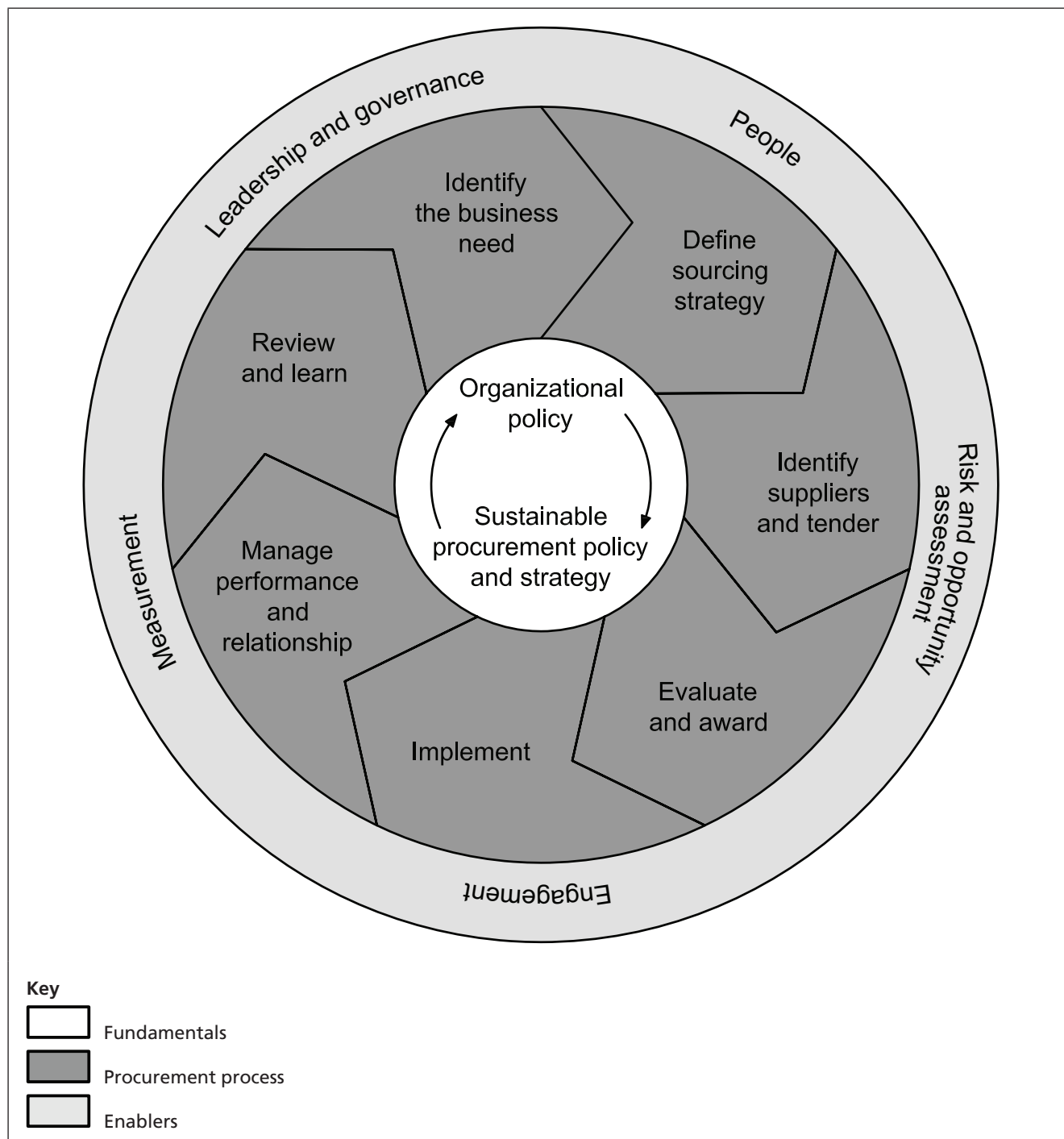
0.2 Overview

This standard is divided into two areas.

- a) What is sustainable procurement and why procure sustainably?
Clause 3 defines sustainable procurement, identifies the overarching principles and makes the overall business case for sustainable procurement.
- b) How to procure sustainably? This section forms the majority of the standard and Figure 1 provides a pictorial overview of the key elements which are classified as “fundamentals”, “procurement process” and “enablers”.
 - Fundamentals.
Clause 4 and Clause 5 outline the higher level organizational and procurement policies and strategy that provide the strategic context to support sustainable procurement practices.
 - Procurement process.
Clause 6 provides an overview of a typical procurement process and identifies the sustainability considerations and activities that ought to be addressed across various points within this process. This process is generic and scaleable so it can be tailored and adopted for relatively straightforward purchases through to complex procurement projects. Case studies and generic examples have been incorporated throughout to support implementation and adoption of these considerations.
 - Enablers.
Clause 7 to Clause 11 describe sustainable procurement “enablers”. These include ways of working, competencies, practices and techniques that ought to be in place and

used by buyers on an ongoing or periodic basis to support procurement activity. Many of these mirror the basics of good procurement, e.g. risk management and development activity, but in this standard they are solely being examined from a sustainable procurement perspective.

Figure 1 Sustainable procurement process overview



This standard is closely aligned to the five themes outlined within the Flexible Framework, which was developed by the Government's Sustainable Procurement Task Force in 2006. This tool is a maturity matrix which enables organizations to assess their sustainable procurement practices using five levels, from level 1, "Foundation", through to level 5, "Lead".

Table 1 shows how the clauses within this British Standard relate to the five themes of the Flexible Framework.

NOTE For more information on the Flexible Framework, see www.defra.gov.uk.

Table 1 Relationship between BS 8903 and the UK Government's Flexible Framework

Flexible Framework theme	BS 8903
People	Clause 8, People
Policy, Strategy and Communications	Clause 4, Organizational policy Clause 5, Sustainable procurement policy and strategy Clause 7, Leadership and governance
Procurement Process	Clause 6, Sustainability considerations within the procurement process Clause 9, Risk and opportunity assessment (for sustainability risk assessment and prioritization)
Engaging Suppliers	Clause 9, Risk and opportunity assessment (for identification of high sustainability impact suppliers/risk assessment and prioritization) Clause 10, Engagement
Measurement and Results	Clause 11, Measurement 6.7, Manage performance and relationship

Implementation of the guidance and tools outlined in this British Standard ought to be prioritized so that sustainability work is taken forward in a way that is both relevant and proportional to the procurement under consideration, based on the scope to provide a benefit. The extent to which the principles of sustainable procurement (see 3.2) are applied also depends on an organization's strategic priorities and other external requirements. For example, public sector and utility sector buyers comply with EU Procurement Directives [1] [2] and the Regulations that implement them in the UK [3] [4] and are advised to check before following any recommendations in this British Standard.

NOTE See Annex A for further information on public procurement.

1 Scope

This British Standard gives recommendations and guidance on how to adopt and embed sustainable procurement principles and practices across an organization and its respective supply chains and provides practical information to support implementation. It includes guidance on measurement to help organizations assess the extent and effectiveness of their sustainable procurement activity.

The principles set out in this guide are applicable to both public and private sector organizations. However, public sector buyers comply with EU Procurement Directives [1][2] (and the Regulations that implement them in the UK [3] [4]). The EU has requirements with regard to public procurement and what can be considered throughout the qualification, tender and contracting process. It is advisable that proper legal advice always be sought. This guide provides information which is likely to be useful to public procurement but it ought to be read in conjunction with the latest Directives, Regulations and

government policy. The Office of Government Commerce (OGC) also provides guidance for public sector buyers.

NOTE See Annex A for further information and reference material.

This British Standard gives detailed guidance across all stages of the procurement process and is applicable:

- to individuals and small and large organizations responsible for commissioning or procuring any form of goods, works or services regardless of sector, for own use, resale or to support service provision;
- across the public sector, private sector and third sector;
- across the whole procurement cycle including one-time purchases to ongoing contracts with long-term supplier partners;
- to individuals and organizations with sole responsibility for their purchasing needs and third parties contracted to provide outsourced procurement solutions.

2 Terms and definitions

For the purposes of this British Standard, the following terms and definitions apply.

2.1 carbon footprint

measure of the total carbon dioxide equivalent emitted over a defined portion of the life cycle of a product or activity

NOTE 1 A stated carbon footprint has to be accompanied by a definition of the portion of the life cycle (i.e. which stages of manufacture, use and end-of-life) and the assumptions made in its calculation.

NOTE 2 Carbon dioxide equivalent is a measure used to compare the emissions from various greenhouse gases based upon their global warming potential.

[BS 8887-2:2009]

2.2 embedded impacts

environmental impacts arising from the sourcing, extraction, manufacture, marketing, supply and installation to the point of use of goods, works or services

NOTE For the purposes of this standard, this does not include social and economic impacts, but relates to impacts from any raw material extraction, to transport, manufacturing, assembly, installation and end-of-life management.

2.3 gateway review

stakeholder review point in a project or process to measure progress against plan, to ensure process integrity, to review risks and opportunities, and to ensure that targeted deliverables are on course to be met

NOTE Gateway reviews can help improve stakeholder buy-in. They are also known as "project reviews" or "phase reviews".

2.4 performance indicator

pre-agreed measurements (quantitative or qualitative) of performance against the objectives of an organization

[BS 8901:2009, modified]

2.5 management system

framework of processes and procedures used to ensure that an organization can fulfil all tasks required to achieve its objectives

2.6 maturity matrix

tool with which organizations can assess, plan and monitor progress against key themes when implementing sustainability into their procurement process

NOTE In this British Standard, the Flexible Framework is referred to as a useful maturity matrix for sustainable procurement [see Clause 11]. See BS 8900 for information on developing and maintaining a different maturity matrix which is unique to each organization, based on the sustainable development principles of inclusivity, integrity, stewardship and transparency.

2.7 objective

intended outcome of a strategy

[BS 8901:2009]

2.8 organization

commercial, public sector or voluntary body or individual that takes responsibility for sustainable procurement

2.9 procure

process of acquiring goods, works and services from suppliers (internal or external)

NOTE The procurement process spans the whole cycle from identification of needs through to the end of a services contract or the end of the life of an asset, including disposal.

2.10 stakeholder

individual or group concerned with or affected by an organization's procurement and/or its sustainability

2.11 supplier

organization providing goods, works or services

2.12 supply chain

network of suppliers, including subcontractors

[BS 8901:2009]

2.13 sustainable development

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

[BS 8900:2006]

2.14 sustainability

degree of sustainable development in the context of the organization

NOTE That is, the level of success in providing an enduring, balanced approach to economic activity, environmental responsibility and social progress.

[BS 8901:2009, modified]

3 What is sustainable procurement?

3.1 General

Procuring sustainably allows organizations to meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organization, but also to society and the economy, whilst minimizing damage to the environment.

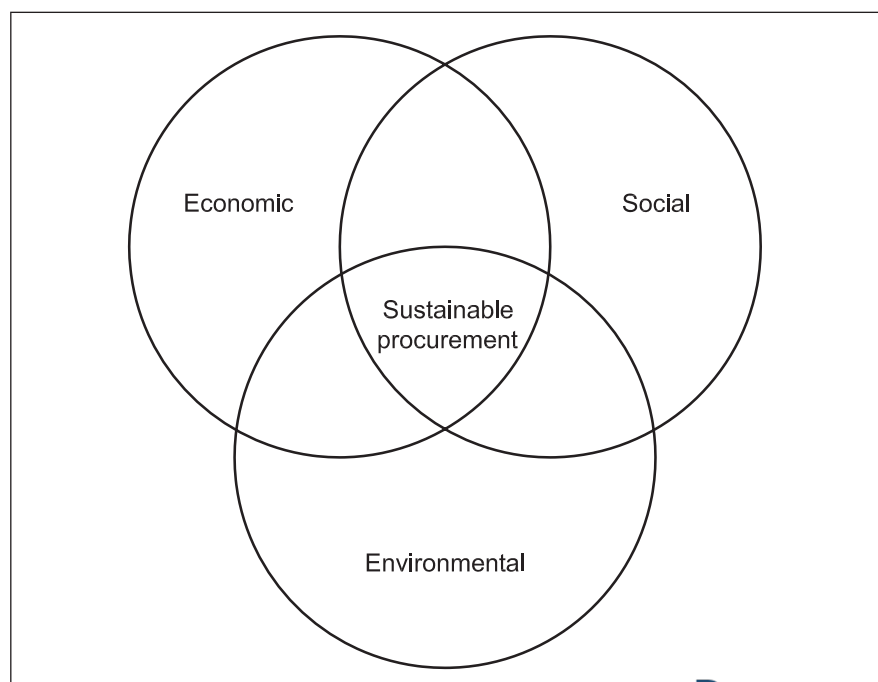
Sustainable procurement should consider the environmental, social and economic consequences of:

- design;
- non-renewable material use;
- manufacture and production methods;
- logistics;
- service delivery;
- use;
- operation;
- maintenance;
- reuse;
- recycling options;
- disposal;
- suppliers' capabilities to address these consequences throughout the supply chain.

NOTE 1 This list is taken from Procuring the Future [5].

Figure 2 shows how sustainable procurement attempts to find the best balance between these three elements (environmental, social and economic).

Figure 2 **Balancing sustainable procurement objectives**



Sustainable procurement is good procurement and should not be viewed as an abstract, idealistic goal but as a practical and achievable objective for all organizations, large and small.

The approach described in this guide requires a set of skills that have traditionally been common to good procurement practice, including negotiation, influencing, communication and analysis.

When integrating sustainability into the procurement process, four key aims should be addressed:

- minimizing demand for resources (e.g. by reducing purchases, using resource-efficient products, considering end of life, etc.);
- minimizing any negative impacts of goods, works or services across their life cycle and through the supply chain (e.g. impacts on health, air quality, etc.);
- ensuring that fair contract prices and terms are applied and respected and that minimum ethical, human rights and employment standards are met;
- providing opportunities for small and medium businesses, voluntary sector organizations and also supporting jobs, diversity, training and skills development.

Table 2 outlines some of the key sustainability issues that sustainable procurement practices try to address.

NOTE 2 This table is not an exhaustive list.

Table 2 Examples of key sustainability issues

Environmental issues	Social issues	Economic issues
Emissions to air (e.g. greenhouse gases, such as carbon dioxide, and other pollutants).	Encouraging a diverse base of suppliers (e.g. minority or under-represented suppliers).	Job creation (e.g. green technologies, creating markets for recycled products, back to work schemes).
Releases to water (e.g. chemical pollution of water courses).	Promoting fair employment practices (e.g. fair wages, workforce equality, diversity, avoidance of bonded labour).	Understanding whole life costs to achieve value for money.
Releases to land (e.g. chemical fertilizers).	Promoting workforce welfare (e.g. health and safety, trade union membership).	Supporting small and medium enterprises (SMEs) (e.g. facilitating opportunities for small businesses).
Use of raw materials and natural resources (e.g. sustainable forestry, biodiversity).	Enabling training opportunities and skills development (e.g. apprenticeships).	Reducing entry barriers (e.g. facilitating open competition).
Use of energy (e.g. energy efficiency, renewables).	Community benefits (e.g. supporting community groups, volunteering).	Ensuring operating business remains a viable operation able to provide employment.
Energy emitted (e.g. heat, radiation, vibration, noise).	Fair trade and ethical sourcing practices (e.g. fair pricing policies).	Ensuring suppliers' agreements are at fair and viable margins.
Waste and by-products (e.g. recycling and waste prevention).		Ensuring business continuity (e.g. supply chain resilience).

Depending on the nature of the business and its associated drivers, organizations might not give equal weight to these three elements. This guidance is intended to help organizations prioritize their activity. Even the smallest companies have environmental and economic impacts and can offer some support to social issues such as supporting local community projects or offering apprenticeships.

3.2 Sustainable procurement principles

Sustainable procurement should be based on the following set of principles and values.

- A sound approach: sustainable procurement is good procurement, based on fairness, openness and transparency, non-discrimination and competition.
- An ethical approach: sustainable procurement should ensure integrity, encourage diversity and avoid corruption, for example by ensuring activities comply with International Labour Organization Standards for pay and working conditions across the supply chain. This means organizations have an obligation to act ethically and responsibly and look beyond pure economic gain.
- A holistic approach: sustainable procurement should consider the effects of procurement decisions on quality of life, the environment and society in general. This also means taking into account the impacts at local, national and international level and requires the whole organization to take responsibility for decision making and outcomes.
- A risk/opportunity based approach: sustainable procurement should adopt an ongoing process of continual improvement. This means using risk and opportunity assessment to identify and address impacts and solutions at all stages of the product life cycle. Actions should be prioritized in relation to the greatest risks and greatest opportunities.
- Leadership: senior level leadership is needed for success although this can come from all levels within an organization in the form of champions. Buyers should adopt leadership qualities to help build capacity and competence within supply chains and the market place.
- Delivery of organizational objectives: sustainable procurement can deliver against a wide range of objectives beyond financial and efficiency savings, from CO₂ emissions savings to innovation strategies.

3.3 Why procure sustainably?

Seeking sustainability throughout the supply chain should not be considered as an optional extra and should be embedded in all purchasing decision making. Beyond legislative requirements, there are many reasons for doing this but they can be summarized by five key business drivers.

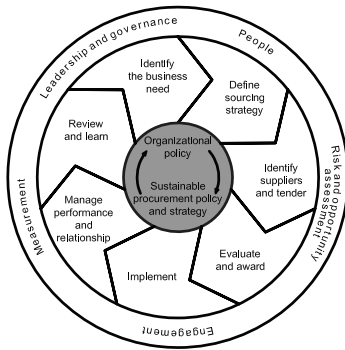
- *Financial drivers* include delivering operational cost savings through more efficient goods, works and services; challenging demand at source; reducing end-of-life disposal costs; driving efficiency in the supply chain; and developing market capacity, innovation and competitiveness. Some products that at first might appear more expensive are, on more detailed analysis, cheaper over the whole life of the product.
- *Risk*, which includes (amongst other types of risk) legal risks, financial liabilities, moral/ethical risks, security of supply risks, price volatility risks and risks to reputation and licence to operate (regulatory or social). All significant sustainability impacts should

be identified and addressed as part of any comprehensive risk management strategy. (See Clause 9 for guidance on risk management.)

- *Organizational policy commitments and targets* are an expression of the culture, values and business ethos by which an organization operates. This should be supported by procurement and reflected in procurement policy, strategy objectives, business practice and decision making. Examples of policy commitments might include carbon reduction, innovation, supply chain engagement, etc.
- *Stakeholder expectations and awareness* are increasing, which is putting greater pressure on organizations to consider the environmental and social aspects of business and to implement sustainable initiatives. Organizations should recognize the need to foster stakeholder goodwill and proactively and effectively address expectations and concerns.
- *Marketing* is a driver about procuring goods, works and services with enhanced environmental or social credentials to either:
 - a) drive more sales, e.g. ethical/fairly traded goods, works and services which target niche markets that exist for certain products;
 - b) derive positive image for the organization, help the organization differentiate itself, build competitive advantage and attract and retain the best talent.

Documenting this develops a clear organizational business case for sustainable procurement, which in turn supports effective and consistent communication to key internal and external stakeholders. It also helps to inform the development of policy, strategy, action plans and initiatives, as well as providing a reference point against which actual outcomes can be compared.

Section 2: Fundamentals



4 Organizational policy

NOTE The terms “policy” and “strategy” are used in various ways by different organizations. For the purposes of this guide, a policy contains the overarching principles and aims of an organization, while a strategy defines the objectives based on that policy. However, some organizations (particularly in the public sector) might use the terms in the opposite sense. For public sector buyers, the Cabinet Office offers guidance on strategy and policy in government (www.cabinetoffice.gov.uk).

A clear organizational policy and/or strategy should be in place that outlines at the highest level the sustainable business challenges relevant to the particular sector and organization. Policy is an expression of the culture, values and business ethos by which an organization operates. It forms the foundation of an organization’s sustainable business practices and helps align primary purpose with related sustainable development activities and aspirations.

An organization’s use of policy and/or strategy in this instance is flexible. However, in whatever form, it should be written and communicated across the organization and externally. It should provide clear guidance to all stakeholders and should be reflected in departmental level strategic objectives and/or sustainability policies. This helps ensure that sustainable development issues are fully aligned and incorporated throughout the organization at all levels.

Any good policy should be developed in close consultation with internal stakeholders and should not be limited to a top down approach. Organizational policy can be initiated and delivered through procurement. For example, signals from the supply chain or benchmarking peer organizations’ sustainable procurement practices might result in an organization reassessing its own goals. However, to be successful, any policy requires senior level endorsement and buy-in throughout the organization.

5 Sustainable procurement policy and strategy

5.1 Procurement policy

The sustainable procurement policy should be clearly aligned to the wider organizational policy or strategy for sustainability development, which should provide the foundation within which the whole of the procurement activity operates. It does not have to be a standalone document; it can be part of a general procurement or organizational sustainability policy (or both). Often, the sustainable procurement policy merges into the procurement policy over time as sustainable development becomes recognized and embedded into the organization’s ethos.

This policy should be aligned with the organizational drivers for sustainable procurement and an initial high level sustainable procurement risk and opportunity assessment should be undertaken to identify the core issues and opportunities (see Table 2 for examples

of key sustainability issues). These should inform the policy and enable associated strategy objectives to be identified and prioritized.

NOTE 1 See Clause 9 for more detail on how to complete a risk and opportunity assessment.

A good (sustainable) procurement policy statement should:

- reflect the organizational values, scope and business ethos and include a commitment to continual improvement;
- be informed by a comprehensive risk and opportunity assessment and be appropriate to the nature and scale of the sustainability impacts associated with the organization's activities, products and services;
- be clear, concise and well-documented;
- be endorsed by senior management;
- be communicated widely, including to all staff, key suppliers and other key stakeholders at the most appropriate time;
- capture all three pillars of sustainability, i.e. the economic, social and environmental considerations.

NOTE 2 A lot of organizations publish their policies online. An internet search for some examples might help inform an organization on what might or might not be appropriate for its own policy.

5.2 Strategy

A sustainable procurement strategy with defined objectives and based on the sustainable procurement policy should be in place. These objectives should be outcome focused and should clearly identify measurable deliverables. Strategy might also cover risk, process integration, talent/people, communications, supplier engagement, new technologies and innovation. For example, the strategy might recognize the potential of more sustainable technologies and be focused on using buying power to drive innovation in design, construction, manufacture and/or delivery of goods, works and services. Table 2 might help organizations identify and prioritize some key issues to be addressed.

Some organizations might not separate sustainable procurement policy and strategy; it is typically in line with company size, sector and operations. The organization should ensure that the sustainability objectives, priorities and deliverables are clearly communicated to staff and stakeholders.

Strategy in this section is used in its broadest sense. It does not have to be long or complex, but should be a written plan outlining how an organization's sustainable intentions or policy can be delivered. This should outline the key objectives and targets and include a basic work plan.

A deep understanding of risk and opportunity is also needed to develop an appropriate strategy and set clear objectives. The first requirement is to identify those risks and opportunities and to gain some idea of their size. Organizations need to deal with sustainability risks and opportunities that are important to them at the point in their supply chain where it can make the most difference and set their strategic objectives accordingly.

NOTE 1 Generally, the greater the risk or impact, the further down the supply chain an organization will have to go to manage or mitigate it.

This approach helps clarify the scope and reach of sustainable procurement objectives, which fall into three broad categories.

- **Benefit realization.** These objectives focus on using procurement influence and decisions to achieve a positive change (or impact) in an identified area. These objectives tend to be driven by financial benefits, sales and marketing targets or corporate values and political targets. For example, reducing carbon emissions, reducing waste to landfill, improving social diversity in the supply chain, etc.
- **Risk mitigation.** These objectives focus on using procurement influence and decisions to mitigate identified risks (e.g. legal, financial, moral, security of supply). These objectives are often reputation driven. For example, detecting and preventing inappropriate labour standards, pollution incidents or other things suppliers might do which could damage an organization's reputation, leading to loss of revenue, cost, litigation or loss of shareholder confidence.
- **Supporting competitive strategy.** These objectives tend to be driven by opportunity and the integration of sustainability into the organization's pursuit of competitive advantage. For example, creating new green or ethical products for the marketplace which requires collaboration with suppliers. Procuring sustainably could provide access to previously unavailable markets in both the public and private sectors.

The example here demonstrates how an organization, having identified its key sustainability issues and opportunities, has provided a clear direction for its purchasing department, enabling relevant and aligned purchasing strategic objectives to be set.

EXAMPLE

A high street retailer has clearly stated its sustainable business intentions and it launched an organization-wide strategy in 2007 setting out 100 commitments on the most important social, environmental and ethical challenges facing the business. These commitments are centred around five key impacts, and demonstrate a clear strategic direction for buyers and their corresponding supply chains.

- **Climate change:** the organization intends to make all operations in the UK and Republic of Ireland carbon neutral by 2012 and to reduce supplier emissions.
- **Waste:** the organization has made a commitment to stop sending waste to landfill from the UK and Republic of Ireland and to reduce use of packaging and carrier bags.
- **Sustainable raw materials:** the organization has made a commitment to ensure key raw materials come from the most sustainable sources available.
- **Fair partner:** the organization has made a commitment to improve the lives of thousands of people within its supply chains and local communities.
- **People:** the organization has made a commitment to develop and reward staff retaining the organization's reputation as a supplier of choice.

Measurement criteria, methodology and performance indicators should also be agreed to enable progress to be assessed and success demonstrated. Typically, two types of indicator are used.

- Management performance indicators, which provide information on an organization's capability and efforts in managing sustainability within its operations. These tend to reflect practices such as percentage of staff trained, or number of contracts with sustainability criteria included.
- Operational indicators tend to be more focused on the actual outcomes of sustainable initiatives, for example, actual reduction in waste sent to landfill or reduction in carbon emissions, use of recycled content, number of apprenticeships created, number of SME suppliers, etc.

If carbon reduction forms part of an organization's strategy, possible performance indicators could be:

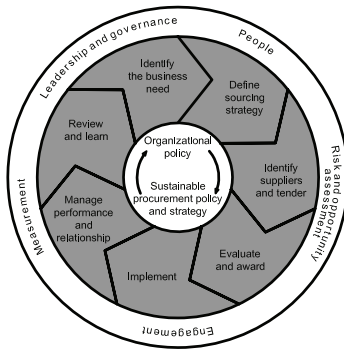
- percentage reduction in energy usage for office/operation/facilities management contract;
- percentage increase in energy efficiency per m²;
- percentage reduction in CO₂ emissions for top 30 suppliers.

Defined targets for each objective should be set. For example, if an objective is to reduce CO₂ emissions for the top 30 suppliers, a target figure might be 10% reduction over five years.

NOTE 2 Public sector organizations are advised to check the latest Directives [1] [2], Regulations [3] [4] and government policy. If a public sector organization had a target on its top 30 suppliers to reduce emissions, it might have to be on a voluntary basis only.

A good strategy should have clear and measureable delivery plans over the medium term (e.g. three to five years), outlining ownership and responsibilities, internal and external resource requirements, measurement and evaluation procedures. It should also be clear how procurement strategy integrates with other departmental strategies. For example, a carbon reduction strategy might well span all departments, so it is key to align the approach and how it should be tackled across the complete supply chain.

Section 3: The procurement process



6 Sustainability considerations within the procurement process

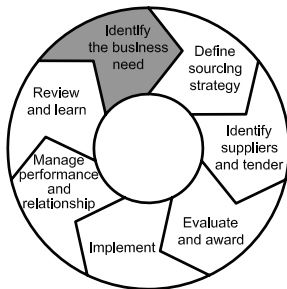
6.1 General

The organizational policy and sustainable procurement policy and strategy outlined in Clause 4 and Clause 5 have been described as “fundamentals”. These should provide the strategic direction which informs and guides all subsequent purchasing activity.

Clause 6 examines the procurement process. However, it discusses only the sustainability considerations that should be addressed across the various stages of a typical procurement process. It does not attempt to detail all aspects of a robust procurement process or cover all tools and techniques associated with a full category management process. Nor does it attempt to address the rules of the public sector whilst working within their own legal and policy obligations. If public sector buyers use this guide, they should do so in conjunction with the relevant guidance and reference material. See Annex A for further information.

However, this clause does outline the key stages followed when procuring typical goods, works and services. The scale and complexity of requirements vary and as such, a buyer may choose to adopt a complete and detailed approach or, for a relatively simple, non-strategic good, work or service, a more streamlined version. Irrespective of this choice, sustainability considerations should be addressed at each relevant stage.

It is important to note that if an organization does not have an effective procurement process in place, this guidance is unlikely to achieve a robust sustainable solution.



6.2 Identify the business need

6.2.1 General

Most purchases begin with the identification of a need, which might arise in a number of ways.

- Most commonly a requirement for goods, works or services emerges. This typically originates from internal stakeholders, e.g. technical staff or other budget holders who do not sit within the purchasing department.
- Resolution of a business issue or business risk might require a change in what is bought, or whom goods, works or services are bought from, for example, a security of supply risk or changes in regulatory requirements.
- In pursuit of strategy objectives, for example, meeting cost saving, supplier rationalization or carbon reduction targets.

It is key that procurement becomes involved as early as possible, ideally at the design stage, because the ability to influence cost, performance and sustainability declines as the procurement process progresses. Also, the most fundamental sustainability challenge comes at this point, that is, to question the actual need in the first place. The most sustainable good, work or service is often the one that isn't bought at all.

6.2.2 Resourcing

Once a requirement has been identified, the first consideration for procurement is resourcing the project. This might be a relatively straightforward purchase or a complex requirement necessitating cross-functional team involvement throughout to reach the best result. From a sustainability perspective, it is important that the team involved have the appropriate skills and understanding of sustainability requirements across the organization and their area of expertise. If not, further development and/or coaching should be considered. (See Clause 8 for more detail.)

6.2.3 Stakeholder mapping

Identification of all key internal and external stakeholders and understanding the level of support for the project is an important consideration at the outset and at this point, stakeholders with sustainability interests should also be highlighted, for example, finance and technical departments and budget holders. Stakeholders should be mapped and decisions should be taken on how best to engage with them throughout the project to proactively influence and manage them in a positive way.

Annex B should be consulted for guidance on the stakeholder engagement process, outlining stakeholder mapping and communications planning.

6.2.4 Identification and challenge of business requirements

Gathering information based on the current and future needs of the key stakeholders is critical to identifying all potential strategy options and ultimately selecting the best possible procurement solution. Business requirements should be aligned with relevant strategic objectives and typically include regulatory requirements, quality and performance requirements, service, cost, innovation and supply requirements. However, sustainability requirements should also be factored in here and should be aligned with the organizational sustainability policy objectives. For example, if an organizational strategy is to reduce energy consumption, any potential solutions should also strive to achieve this aim.

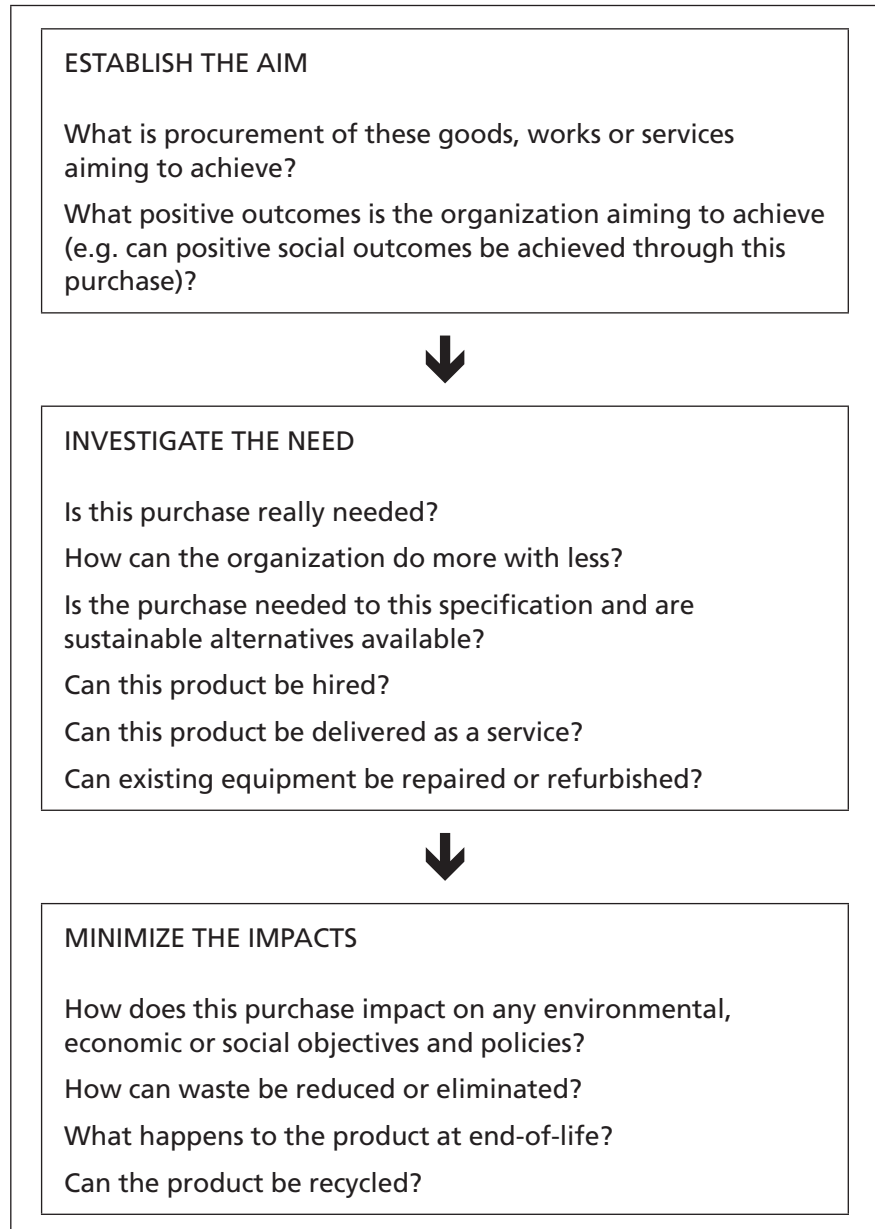
Too often, buyers are told by business what is wanted instead of what is required to meet the need. Sustainable procurement should start with understanding the business needs and desired outcomes required rather than starting from the point of a detailed purchasing specification.

EXAMPLE

A major constructor re-examined its travel strategy. Upon evaluation of current business requirements, it emerged that in 2009 over 24.5 million miles were travelled by car, which equates to 400 000 hours or 45 years on the road. This cost the company over £3.5 million compared to £200 000 for air and train travel. (Once a cost for employee time was added, this figure jumps to a potential indirect cost of £19 million.) Car travel also accounted for 20% of the carbon footprint within its UK operations. Consequently, all travel requirements are now assessed for opportunities to avoid/reduce miles travelled or to identify greener transport choices to reduce the impact of unavoidable travel.

When challenging stakeholders on their requirements, buyers should attempt to reduce demand in the first instance. Buyers should help stakeholders rethink the need, reuse existing equipment and recycle products where possible. In this way, organizations can save money and avoid unnecessary social and environmental impacts. Figure 3 gives examples of questions which should be asked.

Figure 3 Example questions for buyers



It is also essential that organizations ask if there is anything else that can be done to encourage a change in behaviour.

Another way of thinking about this is to apply the equivalent of the waste hierarchy to the procurement process: rethink need, reduce, reuse, recycle.

Repeat purchases should be challenged and innovative solutions sought. Where possible, creativity should be encouraged. Buyers should develop not only product specifications, but also output/outcome based specifications. This means identifying the desired outcomes including defining minimum product specifications and letting the suppliers decide how best to meet those needs. This allows suppliers more flexibility to innovate and find alternative solutions which can offer significant benefits to the customer. For example, instead of buying maintenance services or spares for particular equipment, it might be beneficial to buy a level of reliability with an agreement as to the acceptable number of failures.

Procuring the product as a service makes the manufacturer responsible for the maintenance, disposal and recycling of the product or equipment. This puts the risk and opportunity back to the place where it's best positioned to be managed. For example, some companies offer carpet tiles with a take-back and recycling service instead of a standard carpet that usually ends up in landfill at the end of its life. (In this case, only damaged tiles are replaced, minimizing waste in the first instance; those tiles that are damaged are then recycled.) Some major airport operators have outsourced their electricity infrastructure to energy companies, again transferring the risk and opportunity back to the experts. However, it should be noted that outsourcing does not eliminate an organization's overarching responsibility for the business decisions taken in relation to such contracts, which still need to be managed and have service level agreements in place.

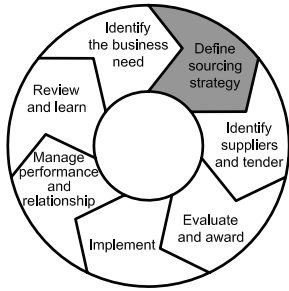
6.2.5 Risk assessment

Buyers should consider risk throughout the procurement process and this should include sustainability related risks and impacts. Any risk assessment completed early in the procurement process should be periodically revisited and revised to reflect the changing risk profile as the procurement progresses.

NOTE See BS ISO 31000 for principles and guidelines on risk management.

6.2.6 Gateway reviews

Depending on the organization's procurement process, formal reviews might take place at key points. These reviews act as checks to ensure that key stakeholders are engaged and support any business decisions or proposals. If reviews do occur, sustainability considerations should also be addressed and stakeholders should have sufficient knowledge of sustainability to provide guidance and challenge throughout this process.



6.3 Define sourcing strategy

6.3.1 General

After the initial business requirements are defined, further market research might be necessary before a final procurement solution can be agreed (depending on the size and complexity of the procurement requirement). The objective here is to:

- gain a deep understanding of the market, its trends and dynamics (including gaining an understanding of potential social or environmental concerns associated with production or delivery of potential goods, works or services) and engage with a diverse range of suppliers early on in the process to promote creativity and determine if new technologies, new products, new innovative suppliers or advances in sustainable business practices could meet business requirements. Market research shouldn't just be limited to external sources; an organization's own business areas (e.g. IT, communications) might be able to provide valuable insight on sustainability requirements and opportunities;
- encourage buyers to think beyond their ownership of a product and consider all stages of production, transportation, use and disposal, as sustainability impacts are created throughout the whole product life cycle.

Any procurement solutions should be fully aligned with the sustainable business objectives of the organization and procurement department (where applicable). This should help determine the scope and reach of any solution.

EXAMPLE

A high street retailer has gone beyond conventional thinking of energy use and is not only trying to reduce carbon emissions in its own operations but is also trying to influence the energy consumption (and hence carbon emissions) of its customers when laundering its products. By demanding innovative fabrics requiring lower wash temperatures and non-iron properties, it can influence consumer behaviour and reduce the overall carbon footprint of this extended supply chain.

Forward commitment procurement (FCP) is also increasingly being used by buyers who are attempting to transform markets and find innovative and sustainable solutions to meet business needs. This is a demand pull process that begins from the identification of an unmet need that current products and services cannot deliver or can only do so at excessive cost or with unacceptable risk.

There are a number of steps involved, starting with engaging and researching the market to understand what is available and what is potentially possible. The second stage involves clarifying the organization's unmet needs and then constructing a credible procurement process that makes these needs visible in the marketplace. This should clearly signal what the organization wants going forward and should create an incentive for potential suppliers to respond (i.e. create a market pull).

In brief, FCP involves providing the market with information of unmet needs and critically, the incentive of a forward commitment, i.e. an