

BS ISO 20400

BS ISO 44001

BS ISO 44002



BSI Standards Publication

Sustainable procurement — Guidance

+

**Collaborative business relationship
management systems — Requirements and
framework**

+

**Collaborative business relationship
management systems — Guide to implementing
BS ISO 44001**



Complete Sustainable Procurement and Collaborative Business bundle

BSI has packaged together BS ISO 20400, BS ISO 44001 and BS ISO 44002 to provide a complete package to enable organizations wanting to implement sustainable procurement practices and collaborate successfully with their chosen partners.

Procurement is a powerful instrument for organizations wishing to behave in a responsible way and contribute to sustainable development. By integrating sustainability into procurement policies and practices, including those covering supply chains, organizations can manage risk and optimize opportunities. Organizations should therefore use their influence to help their supply chains act more responsibly and sustainably, which BS ISO 20400 aims to support.

Collaborative business relationships can do businesses a great deal of good. They help build stability and trust that can drive down prices and costs, open wider markets and supply chains, and improve operational efficiency. BS ISO 44001 provides a framework that can be integrated into an organization's operations and together with BS ISO 44002 help optimize the benefits of collaboration between organizations.

Using BS ISO 44001 and BS ISO 44002 in conjunction with BS ISO 20400 will enable organizations to enhance their collaborative engagement with suppliers, customers and partners in using procurement to drive sustainability.

This complete package contains:

BS ISO 20400: 2017, *Sustainable procurement — Guidance*

BS ISO 44001: 2017, *Collaborative business relationship management systems — Requirements and framework*

BS ISO 44002: 2019 *Collaborative business relationship management systems — Guide to implementing BS ISO 44001*



BSI Standards Publication

Sustainable procurement — Guidance

National foreword

This British Standard is the UK implementation of ISO 20400:2017. It supersedes BS 8903:2010, which is withdrawn.

The UK participation in its preparation was entrusted to Technical Committee SDS/1/3, Sustainable Procurement.

A list of organizations represented on this committee can be obtained on request to its secretary.

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

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Sustainable procurement — Guidance

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation on the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT) see the following URL: www.iso.org/iso/foreword.html.

This document was prepared by Project Committee ISO/PC 277, *Sustainable procurement*.

In the development of this document, ISO Guide 82 has been taken into account in addressing sustainability issues.

Introduction

Every organization has environmental, social and economic impacts.

Procurement is a powerful instrument for organizations wishing to behave in a responsible way and contribute to sustainable development and to the achievement of the United Nations Sustainable Development Goals. By integrating sustainability in procurement policies and practices, including supply chains, organizations can manage risks (including opportunities) for sustainable environmental, social and economic development.

Sustainable procurement represents an opportunity to provide more value to the organization by improving productivity, assessing value and performance, enabling communication between purchasers, suppliers and all stakeholders, and by encouraging innovation.

This document assists organizations in meeting their sustainability responsibilities by providing an understanding of:

- what sustainable procurement is;
- what the sustainability impacts and considerations are across the different aspects of procurement activity:
 - policy;
 - strategy;
 - organization;
 - process;
- how to implement sustainable procurement.

[Figure 1](#) presents the structure of this document.

This document is applicable to any organization, public or private, regardless of its size and location. It is intended to be understood by any stakeholder involved in, or impacted by, procurement decisions and processes. The implementation of this document takes into account the particular context and characteristics of each organization, scaling the application of the concepts to suit the size of the organization. The adoption of this document by large organizations promotes opportunities for small and medium-sized organizations in their supply chains.

[Clause 4](#) provides an overview of sustainable procurement. It describes the principles and core subjects of sustainable procurement and examines why organizations undertake sustainable procurement. Important consideration is given to managing risks (including opportunities), addressing adverse sustainability impacts through due diligence, setting priorities, exercising positive influence and avoiding complicity.

[Clause 5](#) provides guidance on how sustainability considerations are integrated at a strategic level within the procurement practices of an organization, to ensure that the intention, direction and key sustainability priorities of the organization are achieved. It is intended to assist top management in defining a sustainable procurement policy and strategy.

[Clause 6](#) describes the organizational conditions and management techniques needed to successfully implement and continually improve sustainable procurement. The organization ensures that such conditions and practices are in place in order to assist individuals with responsibility for the procurement of goods or services integrate sustainability considerations into the procurement process.

[Clause 7](#) addresses the procurement process and is intended for individuals who are responsible for the actual procurement within their organization. It is also of interest to those in associated functions, as it describes how sustainability considerations are integrated into existing procurement processes.

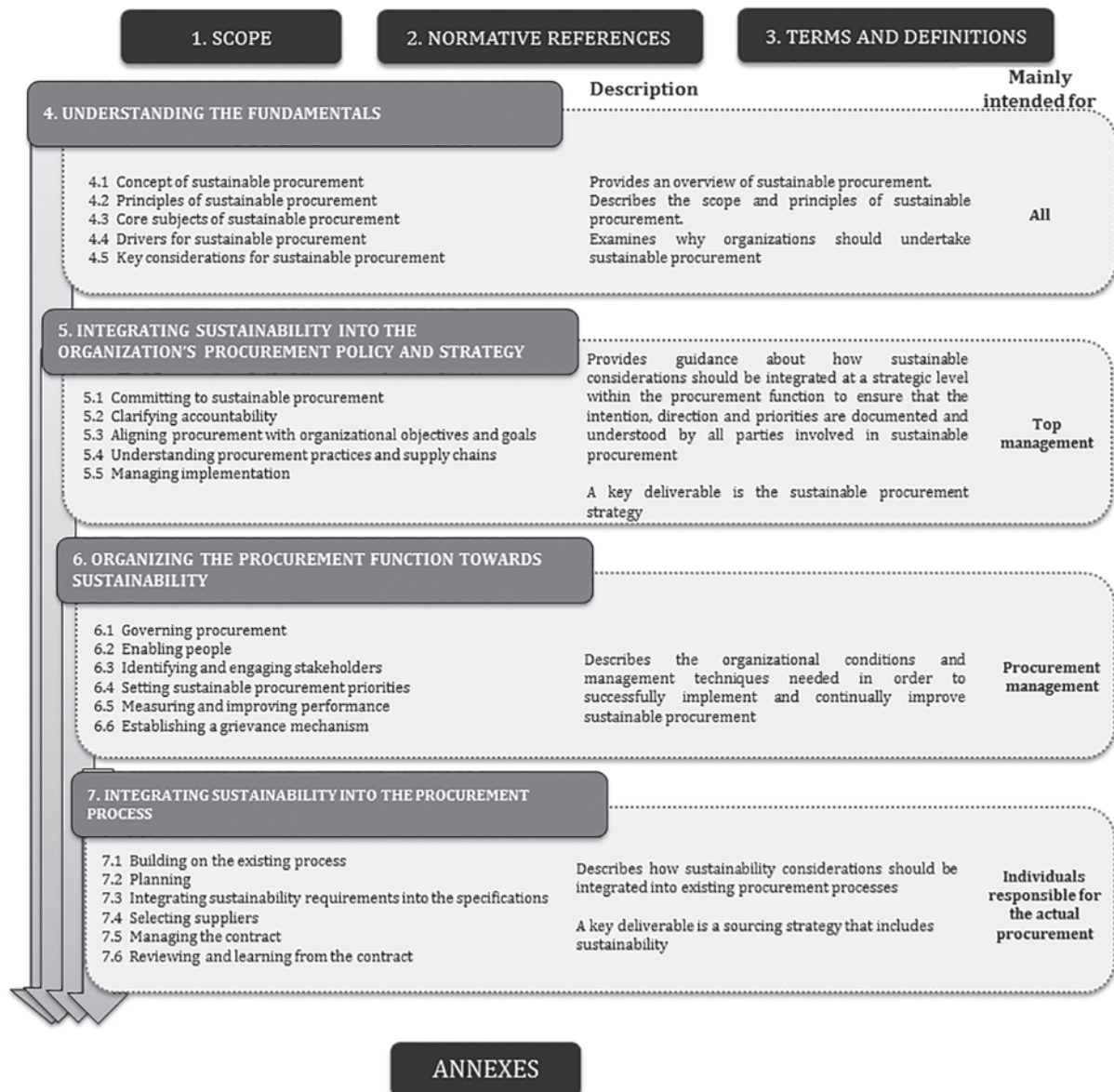


Figure 1 — Schematic view of the content of ISO 20400

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Sustainable procurement — Guidance

1 Scope

This document provides guidance to organizations, independent of their activity or size, on integrating sustainability within procurement, as described in ISO 26000. It is intended for stakeholders involved in, or impacted by, procurement decisions and processes.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

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

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

- ISO Online browsing platform: available at <http://www.iso.org/obp>
- IEC Electropedia: available at <http://www.electropedia.org/>

3.1

circular economy

economy that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles [SOURCE: Adapted from Ellen MacArthur Foundation[24]]

3.2

decent work

work performed in conditions of freedom, equity, security and human dignity

[SOURCE: Adapted from ISO 26000:2010, 6.4.1.1, Box 8]

3.3

due diligence

process through which *organizations* (3.16) proactively identify, assess, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of decision-making and *risk management* (3.22)

3.4

environmental label

claim which indicates the environmental aspects of *goods* (3.7) or *services* (3.23)

Note 1 to entry: An environmental label or declaration may take the form of a statement, symbol or graphic on a product or package label, in product literature, in technical bulletins, in advertising or in publicity, amongst other things.

[SOURCE: ISO 14020:2000, 2.1, modified — The alternative term “environmental declaration” has been deleted, and the words “product or service” have been replaced by “goods or services” in the definition]

3.5 ethical behaviour

behaviour that is in accordance with accepted principles of right or good conduct in the context of a particular situation and is consistent with *international norms of behaviour* (3.9)

[SOURCE: ISO 26000:2010, 2.7]

3.6 fair operating practices

operating practices that concern ethical conduct in an *organization* (3.16) and with other organizations, such as *suppliers* (3.30), with which it has relationships

Note 1 to entry: In a *sustainable procurement* (3.38) context, fair operating practices can potentially extend to include the relationships between organizations, their suppliers and organizations and others that interact with the suppliers. These include interactions with government agencies, partners, suppliers, sub-contractors, and communities, with the aim of promoting a healthy relationship between the companies that buy *goods* (3.7) or *services* (3.23) and those providing them.

[SOURCE: Adapted from ISO 26000:2010, 6.6]

3.7 goods

items or materials that, upon the placement of a purchase order, are being manufactured, processed, handled or transported within the *supply chain* (3.32) for usage or consumption by the *organization* (3.16)

[SOURCE: ISO 28001:2007, 3.11, modified — The word “purchaser” has been replaced by “organization”]

3.8 indicator

measurable representation of the condition or status of operations, management, or conditions

[SOURCE: ISO 14031:2013, 3.15]

3.9 international norms of behaviour

expectations of socially responsible organizational behaviour derived from customary international law, generally accepted principles of international law, or intergovernmental agreements that are universally or nearly universally recognized

Note 1 to entry: Intergovernmental agreements include treaties and conventions.

Note 2 to entry: Although customary international law, generally accepted principles of international law and intergovernmental agreements are directed primarily at states, they express goals and principles to which all *organizations* (3.16) can aspire.

Note 3 to entry: International norms of behaviour evolve over time.

[SOURCE: ISO 26000:2010, 2.11]

3.10 key performance indicator KPI

indicator (3.8) of performance deemed by an *organization* (3.16) to be significant and giving prominence and attention to certain aspects

[SOURCE: ISO 14031:2013, 3.17]

3.11 labour practices

practices relating to work performed within, by or on behalf of the *organization* (3.16), including subcontracted work

[SOURCE: Adapted from ISO 26000:2010, 6.4]

3.12

life cycle

consecutive and interlinked stages of a *goods* (3.7) or *services* (3.23) system, from raw material acquisition or generation from natural resources to final disposal

[SOURCE: ISO 14044:2006, 3.1, modified — The word “product” has been replaced by “goods or services”]

3.13

life cycle approach

consideration of *life cycle* (3.12) in decision-making or development processes

3.14

life cycle costing

LCC

method for calculating the costs of *goods* (3.7) or *services* (3.23) throughout their *life cycle* (3.12)

3.15

objective

result to be achieved

[SOURCE: ISO 9000:2015, 3.7.1, modified — Notes to entry have been deleted]

3.16

organization

person or group of people that has its own functions with responsibilities, authorities and relationships to achieve its *objectives* (3.15)

Note 1 to entry: The concept of organization includes, but is not limited to, sole-trader, company, corporation, firm, enterprise, authority, partnership, association, charity or institution, or part or combination thereof, whether incorporated or not, public or private.

[SOURCE: ISO 9000:2015, 3.2.1, modified — Note 2 to entry has been deleted]

3.17

policy

intentions and direction of an *organization* (3.16) as formally expressed by its top management

[SOURCE: ISO 9000:2015, 3.5.8, modified — Note 1 to entry has been deleted]

3.18

procurement

activity of acquiring *goods* (3.7) or *services* (3.23) from *suppliers* (3.30)

Note 1 to entry: The procurement process considers the whole cycle from identification of needs through to the end of a services contract or the end of the life of goods, including disposal.

Note 2 to entry: Sourcing is a part of the procurement process that includes planning, defining *specifications* (3.26) and selecting suppliers.

3.19

requirement

provision that conveys criteria to be fulfilled by *goods* (3.7), processes or *services* (3.23)

[SOURCE: ISO/IEC Guide 2:2004, 7.5, modified — The words “goods, processes or services” have been added at the end of the definition]

3.20

risk

effect of uncertainty on *objectives* (3.15)

Note 1 to entry: An effect is a deviation from the expected — positive and/or negative.

Note 2 to entry: Objectives include maximizing the contribution to *sustainable development* (3.37).

Note 3 to entry: Risk is often characterized by reference to potential events and consequences, or a combination of these.

Note 4 to entry: Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated likelihood of occurrence.

Note 5 to entry: Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of, an event, its consequence, or likelihood.

[SOURCE: ISO Guide 73:2009, 1.1, modified — Note 2 to entry has been changed]

3.21 risk assessment

overall process of *risk* (3.20) identification, risk analysis and risk evaluation

[SOURCE: ISO Guide 73:2009, 3.4.1]

3.22 risk management

coordinated activities to direct and control an *organization* (3.16) with regard to *risk* (3.20)

[SOURCE: ISO Guide 73:2009, 2.1]

3.23 service

results generated by activities at the interface between a *supplier* (3.30) and a customer and by supplier internal activities to meet customer needs

[SOURCE: ISO 5127:2001, 5.5.01]

3.24 small and medium-sized organization SMO

organization (3.16) defined by a number of employees or size of financial activities that fall under certain thresholds, which vary from country to country

3.25 social responsibility

responsibility of an *organization* (3.16) for the impacts of its decisions and activities on society and the environment, through transparent and *ethical behaviour* (3.5) that

- contributes to *sustainable development* (3.37), including health and the welfare of society;
- takes into account the expectations of *stakeholders* (3.28);
- is in compliance with applicable law and consistent with *international norms of behaviour* (3.9); and
- is integrated throughout the organization and practised in its relationships

Note 1 to entry: Activities include *goods* (3.7), *services* (3.23) and processes.

Note 2 to entry: Relationships refer to an organization's activities within its *sphere of influence* (3.27).

[SOURCE: ISO 26000:2010, 2.18, modified — The word “products” has been replaced by “goods” in Note 1 to entry]

3.26 specification

document stating *requirements* (3.19)

[SOURCE: ISO 9000:2015, 3.8.7, modified — Example and Notes to entry have been deleted]

3.27

sphere of influence

range/extent of political, contractual, economic or other relationships through which an *organization* (3.16) has the ability to affect the decisions or activities of individuals or organizations

Note 1 to entry: The ability to influence does not, in itself, imply a responsibility to exercise influence.

Note 2 to entry: Leverage in the context of the UN Guiding Principles on Business and Human Rights is a specific form of influence considered to exist where an organization can effect change in the wrongful practices of an entity that causes harm.

[SOURCE: ISO 26000:2010, 2.19, modified — Note 2 to entry has been changed]

3.28

stakeholder

individual or group that has an interest in any decision or activity of an *organization* (3.16)

[SOURCE: ISO 26000:2010, 2.20]

3.29

subcontractor

organization (3.16) or individual contracted by the *supplier* (3.30) to perform a specific part of a contract

3.30

supplier

organization (3.16) that provides *goods* (3.7) or *services* (3.23)

[SOURCE: ISO 9000:2015, 3.2.5, modified — The words “a product or a service” have been replaced by “goods or services”]

3.31

local supplier

supplier (3.30) to the *organization* (3.16) that is based in the same geographic market

Note 1 to entry: The term “local” can refer to the surrounding community operations, to a region within a country, or a country.

3.32

supply chain

sequence of activities or parties that provides *goods* (3.7) or *services* (3.23) to the *organization* (3.16)

[SOURCE: ISO 26000:2010, 2.22, modified — The word “products” has been replaced by “goods”]

3.33

sustainability

state of the global system, including environmental, social and economic aspects, in which the needs of the present are met without compromising the ability of future generations to meet their own needs

Note 1 to entry: The environmental, social and economic aspects interact, are interdependent and are often referred to as the three dimensions of sustainability.

Note 2 to entry: Sustainability is the goal of *sustainable development* (3.37).

[SOURCE: ISO Guide 82:2014, 3.1]

3.34

sustainability aspect

aspect of an activity or *goods* (3.7) or *services* (3.23) that, during the *life cycle* (3.12) of the activity, or goods or services, is related to *sustainability* (3.33), positively or negatively

3.35

sustainability claim

claim which indicates the *sustainability aspects* (3.34) of *goods* (3.7) or *services* (3.23)

Note 1 to entry: A claim can take the form of a label, declaration, statement, symbol or graphic on a product or package label, in product literature, in technical bulletins, in advertising or in publicity, amongst other things.

3.36

sustainability issue

topic included in *sustainability aspect* (3.34)

3.37

sustainable development

development that meets the needs of the present without compromising the ability of future generations to meet their own needs

Note 1 to entry: Sustainable development is about integrating the goals of a high quality of life, health and prosperity with social justice and maintaining the earth's capacity to support life in all its diversity. These social, economic and environmental goals are interdependent and mutually reinforcing. Sustainable development can be treated as a way of expressing the broader expectations of society as a whole.

[SOURCE: ISO 26000:2010, 2.23]

3.38

sustainable procurement

procurement (3.18) that has the most positive environmental, social and economic impacts possible over the entire *life cycle* (3.12)

Note 1 to entry: Sustainable procurement involves the *sustainability aspects* (3.34) related to the *goods* (3.7) or *services* (3.23) and to the *suppliers* (3.30) along the *supply chains* (3.32).

Note 2 to entry: Sustainable procurement contributes to the achievement of organizational sustainability *objectives* (3.15) and goals and to *sustainable development* (3.37) in general.

3.39

tier 1 supplier

supplier (3.30) providing *goods* (3.7) or *services* (3.23) directly to the procuring entity

3.40

transparency

openness about decisions and activities that affect society, the economy and the environment, and willingness to communicate these in a clear, accurate, timely, honest and complete manner

[SOURCE: ISO 26000:2010, 2.24]

3.41

universal design

design of *goods* (3.7), environments, programmes and *services* (3.23) to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design

Note 1 to entry: Universal design shall not exclude assistive devices for particular groups or persons with disabilities where this is needed.

Note 2 to entry: Terms such as universal design, accessible design, design for all, barrier-free design, inclusive design and transgenerational design are often used interchangeably with the same meaning.

[SOURCE: ISO/IEC Guide 71:2014, 2.18, modified — The word “products” has been replaced by “goods”]

4 Understanding the fundamentals

4.1 Concept of sustainable procurement

Sustainable procurement is procurement that has the most positive environmental, social and economic impacts possible across the entire life cycle and that strives to minimize adverse impacts.

Sustainable procurement is a powerful instrument when an organization considers sustainability requirements and its own contribution to sustainable development.

4.2 Principles of sustainable procurement

The main principles for sustainable procurement are the following.

- Accountability: An organization should be accountable for its own impacts on society, the economy and the environment. In the context of procurement, this specifically includes accountability for impacts and for those on the organization's supply chains, with a life cycle perspective on goods or services.
- Transparency: An organization should be transparent in those decisions and activities that impact the environment, society and the economy. In the context of procurement, this specifically includes being transparent in its procurement decisions and activities and encouraging its suppliers to be transparent. Transparency is the basis for stakeholder dialogue and collaboration.
- Ethical behaviour: An organization should behave ethically and promote ethical behaviour throughout its supply chains.
- Full and fair opportunity: An organization should avoid bias and prejudice in all procurement decision-making. All suppliers, including local suppliers and small and medium-sized organizations (SMOs) should have a full and fair opportunity to compete.
- Respect for stakeholder interests: An organization should respect, consider and respond to the interests of stakeholders impacted by its procurement activities.
- Respect for the rule of law and international norms of behaviour: An organization should strive to be aware of any violations throughout its supply chains. It should actively encourage its suppliers to abide by these rules and assess and address compliance as situations require.
- Respect for human rights: An organization should respect internationally recognized human rights.
- Innovative solutions: An organization should seek solutions to address its sustainability objectives and encourage innovative procurement practices to promote more sustainable outcomes throughout entire supply chain.
- Focus on needs: An organization should review demand, buy only what is needed and seek more sustainable alternatives.
- Integration: An organization should ensure that sustainability is integrated into all existing procurement practices to maximize sustainable outcomes.
- Analysis of all costs: An organization should consider the cost incurred over the life cycle, value for money achieved, and the costs and benefits for society, the environment and the economy resulting from its procurement activities.
- Continual improvement: An organization should work towards continually improving its sustainability practices and outcomes, and encouraging organizations in its supply chains to do the same.

4.3 Core subjects of sustainable procurement

The seven core subjects of sustainable procurement are the following:

- organizational governance: decision-making processes and structures;
- human rights: due diligence, human rights risk situations, avoidance of complicity, resolving grievances, discrimination and vulnerable groups, civil and political rights, economic, social and cultural rights, fundamental principles and rights at work;
- labour practices: employment and employment relationships, conditions of work and social protection, social dialogue, health and safety at work, human development and training in the workplace;
- the environment: prevention of pollution, sustainable resource use, climate change mitigation and adaptation, protection of the environment, biodiversity and restoration of natural habitats;
- fair operating practices: anti-corruption, responsible political involvement, fair competition, promoting sustainability in the value chain, respect for property rights;
- consumer issues: fair marketing, factual and unbiased information, fair contractual practices, protecting consumers' health and safety, sustainable consumption, consumer service and support, and complaint and dispute resolution, consumer data protection and privacy, access to essential services, education and awareness;
- community involvement and development: community involvement, education and culture, employment creation and skills development, technology development and access, wealth and income creation, health, social investment.

NOTE [Annexes A](#) and [B](#) provide further information.

4.4 Drivers for sustainable procurement

The motivations of organizations for practising sustainable procurement differ depending on the type of organization and the context in which they operate. Drivers for sustainability should be analysed to help define the sustainability objectives and goals for the supply chain and to aid internal communication.

EXAMPLE If an organization is driven by competitive advantage, public policies, environmental protection or human rights, then the sustainability objectives and goals need to be aligned with these elements.

When top management has established the extent to which the organization is motivated towards sustainable procurement by specific drivers, it is possible to link them to the core subjects (see [4.3](#)), issues and aspects and then to develop objectives and goals.

Examples of sustainable procurement drivers are:

- customer: responding to customer and consumer sustainability expectations, such as safety, environmental benefits and universal design throughout the supply chains;
- competitive advantage: in competitive markets the ability to offer goods or services considering a sustainable value proposition supported by the supply chains can be a differentiator;

NOTE 1 This can also be an advantage to the supplier as well as the purchasing organization.

- innovation: using sustainable procurement to stimulate innovation from the supply chains in order to gain greater shared value and to generate new markets;
- stakeholder expectations: responding to increasing stakeholder expectations to take account of environmental and social factors, e.g. in order to maintain a societal license to operate;
- legislation and regulation: compliance with legislation throughout entire supply chains;

NOTE 2 Organizations are increasingly required by governments to operate more sustainably, e.g. through restrictions on waste to landfill, improving supplier diversity, carbon disclosure, anti-trafficking, anti-slavery.

- public policies: achievement of desired objectives such as promoting competitiveness, creating opportunities for SMOs, efficient management of public resources, good governance or social inclusion;
- risk management: sustainability issues can influence brand value and reputation, market share, market capitalization, legal exposures, price volatility and access to supply, financial liabilities, moral/ethical exposures and the risks associated with operating licences;
- security of supply chains: avoiding disruptions due to product recall, financial penalties or supplier failure, implementing continual improvement processes, avoiding depletion of resources;
- investor confidence: sustainable procurement might improve scores from rating agencies and attract investment;
- workers: paying attention to sustainability issues, including promotion of decent work, can lead to greater productivity and attract, motivate and retain talent;
- supplier commitment: paying attention to sustainability issues can lead to improving supplier relationships, leading to an improved supplier contribution to organizational objectives;
- cost optimization: optimizing use of resources can lead to cost savings, reduced environmental impacts, economies of scales and improved return on investment;
- economic value creation: assessing more comprehensive life cycle cost and benefit information can help the organization to be more effective;
- personal leadership: committed leadership from key people in the organization can promote sustainable practices including sustainable procurement;
- organizational ethics: paying attention to sustainability issues can enhance the ethical behaviour of the organization and increase alignment with the organization's culture and values.

4.5 Key considerations for sustainable procurement

4.5.1 Managing risk (including opportunity)

Risk management is dynamic, iterative and responsive to change. Organizations should manage their sustainability risks (including opportunities) related to procurement activities.

The objective of risk management in the context of sustainable procurement is to identify, prioritize and manage the internal and external risks (including opportunities) related to procurement activities. This includes considering how suppliers throughout the supply chains are capable of meeting sustainability requirements such as those associated with monitoring and auditing.

When it is done correctly, risk management should ensure that the significant sustainability impacts are managed appropriately, resources are applied efficiently, and that decisions taken can be justified.

Risk management includes risk assessment (identification, analysis, evaluation) and risk treatment. It should be integrated into the organization's governance, including procurement procedures.

Due diligence is a way to apply risk management to adverse sustainability impacts.

4.5.2 Addressing adverse sustainability impacts through due diligence

Organizations can cause or contribute to adverse sustainability impacts through:

- their procurement practices or the activities of their suppliers, contractors, business partners, investment companies or intermediaries throughout entire supply chains;
- the design, procurement, use or disposal of goods or services by the organization and its supply chains.

Due diligence is a way to address adverse impacts:

- when organizations identify potential adverse sustainability impacts in their supply chains, they should seek to prevent or control them;
- when organizations identify actual adverse sustainability impacts in their supply chains, they should seek to treat, remediate or control them.

The organization should implement a due diligence process to address adverse impacts and be accountable for it.

4.5.3 Setting priorities for sustainability issues

Setting priorities enables the organization to focus its efforts on managing risks (including opportunities) and to deliver the maximum contribution to sustainable development.

Organizations should prioritize issues (e.g. those listed in [Annex A](#)) in consultation with stakeholders using the following iterative process.

- a) Relevance: Analyse whether the sustainability issue applies to the organization, determined by factors such as:
 - 1) connection with core activities (processes, goods or services) of the organization;
 - 2) linkage to legislation, regulations and international norms of behaviour;
 - 3) activities in the supply chains or within the organization's sphere of influence;
 - 4) sector-based initiatives including codes of conduct.
- b) Significance: Analyse which relevant sustainability issues are most impacted by the activities and decisions of the organization, determined by factors such as:
 - 1) severity of adverse sustainability impacts linked to their intensity, frequency of occurrence, and distribution through the supply chains;
 - 2) potential effect of taking action or failing to take action on sustainability and stakeholders;
 - 3) societal expectations of responsible behaviour and level of concern of stakeholders regarding the impacts.
- c) Other considerations that can help the organization to prioritize relevant and significant sustainability issues, including:
 - 1) the effort needed to achieve the required result;
 - 2) performance with regard to legal compliance, international standards, international norms of behaviour, best practices;
 - 3) contribution to organizational objectives;
 - 4) capacity to influence;
 - 5) extent of the impact of other organizations or persons on the organization itself.

An organization should look at the sustainability issues in an integrated way and be prepared to manage situations where addressing one issue might involve a trade-off with another issue.

4.5.4 Exercising influence

An organization should, to the fullest extent possible, exercise its capacity to influence the behaviour of suppliers and other stakeholders towards sustainability.

Influence can derive from factors such as:

- a) the degree of direct control between the organization and the supplier;
- b) the terms of the contract between the organization and the supplier;
- c) the proportion of sales the organization represents for the supplier;
- d) the ability of the organization to incentivize the supplier to improve performance in terms of future sales, reputational advantage, capacity-building assistance, etc.;
- e) the reputational benefits for the supplier of working with the organization, and the reputational harm of that relationship being withdrawn;
- f) the ability of the organization to collaborate with other buyers, including industry peers, to incentivize improved performance;
- g) the ability of the organization to engage government in requiring improved performance by the supplier through implementation of public policies, monitoring, sanctions, etc.

Such factors are considered to fall within an organization's sphere of influence.

4.5.5 Avoiding complicity

Through its procurement activity, an organization should avoid being complicit in the wrongful acts of other organizations that cause adverse sustainability impacts.

While their boundaries are imprecise and evolving, three forms of complicity can be described:

- direct complicity: this occurs when an organization knowingly assists in the commission of wrongful acts;
- beneficial complicity: this occurs when an organization benefits directly from wrongful acts;
- silent complicity: this occurs when an organization fails to raise the issue of wrongful acts.

NOTE [Annex A](#) provides further information.

5 Integrating sustainability into the organization's procurement policy and strategy

5.1 Committing to sustainable procurement

The commitment of the top management of the organization is critical to successful sustainable procurement, and it is important that top management understands how procurement can support the organizational goals and improve performance.

Without this formal commitment, individuals involved in procurement have no official mandate to integrate sustainability into their procurement strategies or processes. Sustainable procurement therefore remains an ad hoc activity without resources and recognition at an organizational level.

Sustainability considerations should be integrated at the highest and most strategic level of the procurement function in order to clearly set intentions, directions and priorities for the whole organization in terms of sustainable procurement.

When they exist, two key procurement documents are typically impacted and should be linked with the overall organizational policies and strategies, including those covering sustainability:

- a document, often called a “policy”, which expresses the procurement intentions, objectives and values of the organization, as formally expressed by its top management: such a document usually describes elements such as the organization’s vision, values, commitments and rules;
- a written plan, often called a “strategy”, which outlines how an organization’s procurement intentions and directions will be delivered: this should outline the key objectives and targets and include a basic work plan.

Some organizations might not create separate documents. The ultimate goal should be to embed sustainability into existing procurement documents.

5.2 Clarifying accountability

Clear accountabilities for sustainable procurement should be established. An example can be seen in [Figure 2](#). The accountability at the top management level usually resides with the head of procurement. This arrangement plus integrating sustainability into the teams’ objectives and job descriptions might be sufficient.

In an SMO, the owner or manager plays a more important role, particularly in the absence of a distinct procurement department and/or manager.

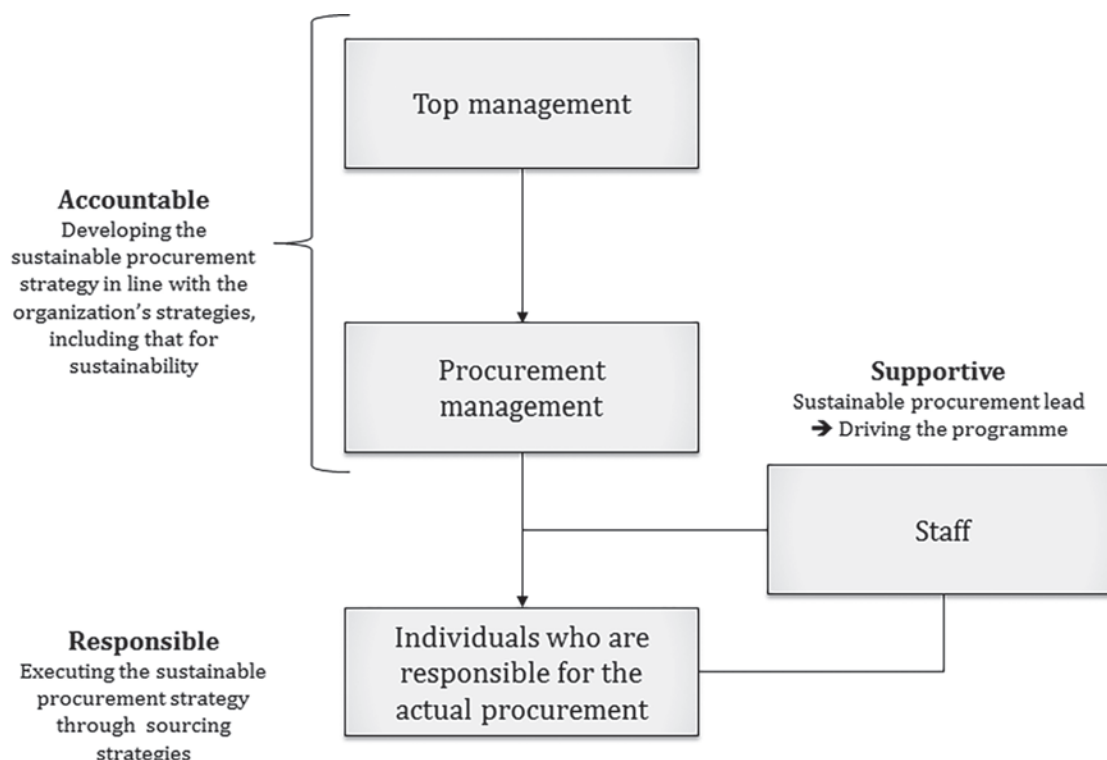


Figure 2 — Example of roles and levels of accountability for sustainable procurement

5.3 Aligning procurement with organizational objectives and goals

When setting sustainable procurement priorities management should adapt the organizational goals and values into clear sustainability objectives for the procurement policy and strategy. This should take into account the organization's strategic choices such as externalization, increased subcontracting abroad, and increased partnerships, mergers and acquisitions, which might have a significant impact on the way the organization could operate in the future. This exercise should result in the establishment of specific, measurable, achievable, realistic and timely objectives for the key issues identified for sustainable procurement that are fully supportive of and aligned with organizational goals. Procurement should set clear targets and measure performance against high-level sustainability goals.

A sustainable procurement policy should:

- reflect the organization's values, principles, objectives and goals;
- reflect the organization's commitment to sustainability;
- align clearly and precisely with the organization's policies;
- take into account the three pillars of sustainability: environmental, social and economic considerations;
- address the principles of sustainable procurement.

If an organizational policy or strategy does not exist, then top management should be engaged to understand the need to embrace sustainability, to formally determine the strategic intentions and objectives, and to clarify how these align with the organization's priorities.

5.4 Understanding procurement practices and supply chains

The procurement function should interpret the organizational sustainability policy and strategic goals and align the objectives with the procurement goals, applying risk management.

In order to set priorities for sustainable procurement an organization should have an overview of:

- its procurement practices;
- its supply chains.

It is important to recognize that the organization's practices which influence procurement can, in themselves, give rise to sustainability adverse impacts.

EXAMPLE Late payment, unrealistic delivery requirements, overly aggressive price negotiation, disregard or abusive litigation of third parties' intellectual property, unfair competitive practices, penalties, and failure to respect international norms of behaviour.

This, in turn, can damage the reputation of the organization with potential impacts on stakeholder confidence, investor confidence, employee satisfaction and retention, customer satisfaction and continuity of supply. Effective management of these issues can give rise to improved supplier performance and stakeholder satisfaction.

An overview of the supply chain could be achieved by considering the following:

- core processes;
- complexity and number of tiers;
- transparency within the supply chains;
- important actors and partners;
- external influences;

- sustainability impacts.

5.5 Managing implementation

When implementing the sustainability objectives of the procurement policy the organization should:

- validate strategic objectives through appropriate decision-making;
- establish Specific, Measurable, Achievable, Realistic, Time-bound (SMART) goals for each objective;
- get endorsement and sponsorship from top management;
- effectively communicate to all relevant stakeholders, both internal and external to the organization (see [Table 1](#));
- deploy the policy and strategy throughout the organization (see [Clause 6](#)) and procurement process (see [Clause 7](#)), ensuring that clear roles and responsibilities are established and the resources needed to achieve the objectives are available;
- assess and monitor implementation;
- share commitments, progress and results with all relevant stakeholders and learn from stakeholders' sustainability expertise and experience;
- review the implementation and strive for continual improvement.

Top management should articulate their vision of long-term sustainability outcomes and should challenge and empower individuals who are responsible for the actual procurement to seek innovative and sustainable solutions. Leaders should be capable of and willing to provide guidance, mentoring and advice. Note that leadership can exist at all levels of organization.

6 Organizing the procurement function towards sustainability

6.1 Governing procurement

6.1.1 Governance

The procurement function should be thoroughly analysed before focusing on the implementation of sustainable procurement. This includes assessing the maturity of the procurement function and how it is represented within the organization.

It is important to integrate sustainability into existing governance arrangements and not to develop a new governance programme. Organizations often have a group of people to provide governance over issues such as approving procurement strategies, gateways and commitments, monitoring savings and other functional key performance indicators (KPIs). There should be a clear connection between how procurement is governed and the sustainability issues and impacts described in this document. Procurement people should also be included within an existing sustainability group or internal committee.

6.1.2 Procedures and systems

Governance requires a set of rules that people need to follow. For most organizations, this is supported by a set of procedures and tools, i.e. policies, charters, systems, standards and templates, etc. that are aligned with the organization's sustainability and procurement objectives. In addition, some organizations use systems (e.g. e-tendering, contract management systems, organization resource planning systems) to support their workflow and procedures.

6.2 Enabling people

6.2.1 Organizational culture

Effective delivery of the sustainable procurement policy and strategy requires that individuals involved in procurement, including internal stakeholders (e.g. production workers, budget holders or others engaged with suppliers in any capacity), understand the reasons for implementing sustainable procurement. It is also important that all internal stakeholders understand how to play their part in such implementation, and are given the means to do so. This can involve advising top management, to enable them to better understand and support sustainability. Individual behaviour is also of fundamental importance to successfully implementing sustainable procurement. Those individuals tasked with delivering sustainable procurement should be enabled to do so through a supportive organizational culture, performance management, education, training and support.

Introducing a relatively new concept to staff requires carefully managed integration into the organizational culture. The organization should develop a culture that embraces change and an environment where collaboration, innovation, effective communication and appropriate taking of risks (including opportunities) is encouraged. Key stakeholders should be encouraged to network and engage in internal and external groups. This can provide both learning, benchmarking opportunities and capture mutual benefits.

The organization should identify the learning and development needs of those involved in the procurement process. However, people involved in procurement are not expected to be sustainability experts; and professional sustainability advice and support should be made available to them.

6.2.2 Performance management

Ensuring that sustainable procurement is incorporated into performance management will help achieve cultural change. Sustainable procurement objectives and goals should be included, for example, in the following:

- collective and/or individual performance agreements and objectives;
- staff development reviews and evaluations;
- incentive plans or other reward and recognition arrangements.

6.2.3 Learning through collaboration

It is important that the organization maintains an awareness of sustainability issues and good practices, which can change rapidly. Organizations might work collaboratively with their industry peers and supply chains to share knowledge and develop better practice. Bad examples or worst case scenarios can also be useful to learn from. Reports from non-governmental organizations, financial institutions or specialized media sources might also be beneficial.

6.2.4 Guidance

Appropriate tools and guidelines can assist procurement professionals to achieve sustainability objectives, e.g.

- sustainability guides per category or sector;
- guides on social and environmental certifications;
- management system standards, analytical tools and performance reporting;
- evaluation tools, such as life cycle costing (LCC);
- case studies;

— life cycle assessment of environmental and social impacts.

6.3 Identifying and engaging stakeholders

6.3.1 Identifying key stakeholders

The organization should consider mapping its stakeholders in relation to sustainable procurement.

[Table 1](#) identifies a typical range of stakeholders from a procurement perspective and why they should be engaged.

Table 1 — Different types of stakeholder with examples of their interests in and impacts on the organization

Type of stakeholder	Examples of stakeholder	Examples of stakeholder interests
Internal functions	Top management/entrepreneurs	Protect image Improve brand reputation Gain competitive advantage Support innovation Increase investor confidence
	Procurement employees	Manage procurements risk (including opportunities) Reduce costs Sustain innovation Motivate buyers
	Specifiers	Buy or use goods or services that are more sustainable Ensure goods and services are fit for purpose Ensure goods are authentic
	Production employees	Comply with production schedules Improve efficiency Check product quality
	Social responsibility/sustainability people	Improve sustainability performance Support innovation Create value through social responsibility
	Other internal people (finance, health and safety, human resources, operational managers, etc.)	Improve health and safety Monitor payment terms Return on investment

Type of stakeholder	Examples of stakeholder	Examples of stakeholder interests
Supply chains	Suppliers (tier 1, 2 and beyond)	Receive prompt payment Receive a fair price Gain customer insights Obtain fair contracting conditions Create demand for goods or services that are more sustainable
	Subcontractors/workers	Receive fair contracting conditions Be provided healthy and safe working conditions
	Business partners, consultants	Improve collaboration Innovate Create mutual benefits
Other stakeholders	Customers, clients and users	Buy or use more sustainable goods or services
	Local community	Support local employment Promote wealth and income creation Enjoy healthy environment
	Governments, public sector, academic, international agencies	Protect human rights Promote access to essential services Protect the environment Foster collaborative research
	Non-governmental organizations (NGO)	Create awareness for a more sustainable society
	Trade unions/workers	Achieve better working conditions
	Investors, financial sector, rating agencies	Mitigate negative financial impacts Reduce uncertainty Support responsible return on investment
	Sector association peers	Motivate industry actors Promote good sustainability practices

6.3.2 Engaging the supply chains

In order to fully manage sustainability risks (including opportunities) throughout its supply chains, an organization might need to engage one or a group of suppliers, partners or subcontractors in initiatives that go beyond contractual requirements (see [Clause 7](#)). This could include:

- a longer-term initiatives that go beyond the duration of the contract or engagement; and/or
- a broader scope of activity, i.e. across various contracts and engagement, if necessary, beyond tier 1 suppliers.

These business-to-business initiatives are based on good faith and go beyond public relations. They are more likely to be successful if:

- the interests, needs and capacities of suppliers (beyond tier 1), subcontractors, partners and the organization have been identified;
- the relationship that these interests establish between the organization and the supplier is direct or important;
- a clear purpose and expectations for the engagement are understood;

- the organization and its suppliers have the necessary information and understanding to make decisions; and
- a fair and inclusive process and a balanced two-way communication are established.

Various engagement techniques can be used by an organization in developing, integrating and managing sustainability objectives in its supply chains. Examples include:

- industry or commodity based sustainability initiatives;
- supplier development plans, when the organization supports suppliers individually to develop their capabilities over time, including sustainability;
- supplier relationship management initiatives, which aim to develop structured relationships with critical/strategic suppliers, subcontractors or partners in order to achieve greater levels of benefits and innovation, including sustainability;
- capacity building programmes, which might be required to improve alignment between the organization and suppliers, with a specific consideration to SMOs;
- supplier diversity initiatives, which aim to increase business opportunities for under-utilized groups of suppliers by including them in procurement decisions.

6.3.3 Engaging other stakeholders

External engagement should be aligned with the organization's approach and should be coordinated with externally facing functions such as customer and investor relations, public affairs and social responsibility.

Government can be an important stakeholder to assist and support a level playing field as regulators can offer incentives to improve sustainability practices, especially in cases where sustainability initiatives are insufficiently competitive. In these cases, an organization could exercise influence by working with the government to set policy and standards. Moreover, as a public buyer, government can also have an important role to play in driving external stakeholder behaviour towards sustainability.

Non-governmental organizations, trade unions and workers' representatives can be important stakeholders in assisting an organization to raise awareness of sustainable practices. Engaging these stakeholders might create conditions for a positive dialogue with other stakeholders including the local community.

External engagement can be on a one-to-one basis or can potentially be more effective through partnering with groups such as trade/sector organizations, government supported groups and non-governmental organizations including those focused on improving sustainability performance.

When engaging in direct peer-to-peer dialogue, care should be taken to ensure that any engagement is ethical and cannot be deemed anti-competitive. Due consideration should also be given to protecting confidential information or intellectual property, protection against bribery or fraud to avoid complicity (see [4.5.5](#)).

6.4 Setting sustainable procurement priorities

6.4.1 Applying risk management

Managing sustainability risks (including opportunities) can encompass three complementary activities:

- identifying short-, medium- and long-term risks (including opportunities) and assessing their criticality for the organization, including those originated by organizational practices influencing procurement;
- integrating appropriate activities to treat these sustainability risks (including opportunities) within the risk management process;

- implementing and managing risk treatment activities.

Due diligence aligns well with the structure of generic risk management frameworks. This alignment allows for direct integration of due diligence into existing risk management practices alongside other risk domains that an organization decides to address.

6.4.2 Using different approaches to set priorities

6.4.2.1 Considering different approaches

The sustainability objectives of the procurement policy and strategy should be transformed into operational priorities for the procurement function through risk management. This can be done using a variety of approaches, e.g.

- categories, i.e. similar groups of goods or services;
- suppliers, i.e. across multiple contracts, and geographical locations;
- sustainability issues across categories, suppliers and contracts;
- organizational practices influencing procurement, including contracts, context analysis, etc.

6.4.2.2 Using a category approach

The outcome of this work should be embedded into the key documents of the organization such as the sustainability strategy, procurement strategy, risk register and category plans.

Many procurement functions implement a category management approach. It usually results in a category plan, which should include sustainability considerations.

The category plan should be a collective exercise between relevant individuals in the organization. This could include technical individuals who are responsible for the actual procurement with a deep understanding of the category of supply, sustainability specialists, or customer facing people who understand customers' needs and expectations. The organization should consider:

- the purchase volume and/or expenditure of the category, across the short, medium and long terms;
- the risks (including opportunities) related to goods or services, the supplier practices and key sustainability issues;
- criticality to the operations;
- the country context;
- application of public policies relating to sustainability, including expected changes;
- future operational requirements.

6.4.2.3 Using a supplier approach

Mapping the sustainability issues to suppliers enables organizations to determine which suppliers (and their supply chains) significantly contribute to each issue and should thus be given careful consideration when implementing the policy and strategy.

This analysis can be considered in a number of ways depending on the current governance system and the availability of organizational resources.

- a) Understand the supply chain. When doing so, it can be helpful to:
 - 1) understand where the most significant raw materials, goods or services come from;
 - 2) understand where the labour is sourced from;

- 3) verify how, and by whom, the goods are transported;
- 4) review the suppliers' historical performance.

Understanding supply chains below tier 1 can be facilitated by considering the following:

- understanding which suppliers below tier 1 have a high-level of sustainability maturity and can positively contribute or which suppliers below tier 1 have a low-level of sustainability maturity and can be an obstacle;
 - evaluating and working with suppliers below tier 1 transparently to identify key risks (including opportunities) further down the supply chain improving supplier capacity (see [6.3.2](#));
 - working with organizations with a significant influence in operational relationships, e.g. tier 1 suppliers, traders, dealers, merchants, intermediaries, distributors;
 - analysing how organizations' prices and commercial conditions make it easier for suppliers to manage their supply chains;
 - examining which suppliers the organization has developed a strategic relationship with, including the quality and depth of it.
- b) Consider the capacity to influence which might exist where the organization has the ability to effect change in the practices of the supply chain.
 - c) Focus on risks (including opportunities).
 - d) Map all suppliers in high priority categories.
 - e) If the organization has a strategy to select critical suppliers for supplier relationship management, map those suppliers and address prioritized sustainability issues.

6.4.2.4 Using a sustainability issue approach

Identifying top-priority categories, suppliers, contracts and organizational practices influencing procurement per sustainability issue can support consultation with key stakeholders such as those involved in risk management, social responsibility, occupational health and safety, environment, diversity and intellectual property.

[Figure 3](#) is an example of mapping categories to sustainability issues.

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

Figure 3 — Example of sustainability issues per category and their level of impact

Each sustainability issue should be:

- aligned with the core subjects of sustainable procurement (see 4.3); and/or
- aligned with the key issues as defined by the sustainability policy of the organization.

Once this mapping is done, it can be consolidated by a life cycle assessment if appropriate. The extent of the life cycle assessment should be decided by the organization taking into account the purpose and the resources available.

It might also be useful to undertake the same type of analysis to include suppliers, contracts or organizational practices influencing procurement.

NOTE [Annex C](#) provides more detailed examples.

6.5 Measuring and improving performance

6.5.1 Defining metrics and indicators

To ensure that the organization is meeting its sustainable procurement priorities, it should implement a performance measuring system that:

- establishes a baseline measurement, associated sustainability goals and KPIs;
- monitors, assesses and continuously improves performance, taking corrective actions if necessary;
- assists in the selection of suitable suppliers;
- communicates results and engages with decision makers and internal stakeholders;
- benchmarks the organization against competitors and sustainability leaders;

- communicates to external stakeholders.

Metrics are the raw data that are collected to understand performance. Indicators are the information used to assist in decision-making, e.g. metrics related to sources and use of energy can be converted to an indicator related to carbon emissions.

There are different types of indicator that can be considered. These include:

- process indicators: related to the measurement and monitoring of progress towards the achievement of organizational policy, objectives and goals, etc.;
- output indicators: related to the measurement of the outputs of the sustainable procurement policy implementation and of the sustainable procurement process itself;
- outcome indicators: related to the performance of the organization, especially those aspects that are affected by the sustainable procurement process: these indicators can be aligned to the organization-wide sustainability issues to enable the organization to better monitor the impact of its sustainability practices;
- impact indicators: related to significant economic, environmental and social impacts that are: positive/negative, actual/potential, direct/indirect, short-term/long-term, intended/unintended.

Measurement can be qualitative or quantitative and can be applied to both procurement practices and outcomes. Consideration should be given to surveys and feedback provided by individuals who are responsible for the actual procurement and to feedback provided by suppliers.

Time is needed for the impact of a sustainable procurement programme to progress from organizational indicators to outcomes, and eventually to the impact of the organization on society, the environment and the broader economy.

6.5.2 Reporting

Reporting can happen at a number of levels (see [Table 4](#)) and involve a large number of stakeholders, including suppliers that are increasingly being asked for sustainability data from a variety of customers.

The organization should ensure that:

- information moving through these levels is interconnected and transferable;
- the reporting burden on suppliers is minimized.

Table 4 — Levels of reporting and examples of reporting activities

Reporting levels	Examples of reporting activities
External stakeholders	Annual report, sustainability report
Organization's top management	Top management reports summarizing progress on key initiatives, dashboards
Procurement function	Reports to procurement management on specific initiatives, supplier dashboards
Supplier/Contract	Supplier performance reviews, contract KPIs

Several measures can be taken to reduce this burden, e.g.

- identifying a limited number of significantly important indicators and metrics that are able to effectively communicate important issues for the organization and its stakeholders;
- drawing from internationally accepted sustainability reporting frameworks for sustainability metrics, which can ensure that the data that the organization is requesting is consistent internationally, thus creating a global language through which sustainability data are communicated.

Care should be taken to ensure sound reporting. This includes:

- reporting positive results and achievements as well as negative ones;
- ensuring comparability between reporting years, and not changing baseline indicators or presentation of information year on year;
- ensuring accuracy in the data reported upon;
- clearly stating the period for which data are reported, and reporting a regular time period (e.g. yearly);
- ensuring that the information is clear and without jargon;
- ensuring that the processes by which information is collected and reported is reliable and robust.

Communication should be complete, understandable, responsible, accurate, balanced, timely and accessible.

6.5.3 Benchmarking

An organization might choose to benchmark itself against peer organizations and document them. One way to do this is by means of comparison with formally established indices, e.g. a number of robust sustainability measurement indices are available, which take into account many aspects of an organization's practices, including how it manages its supply chains. These are not limited to supply chain activities but take into account many aspects of an organization's practices, including those relating to its supply chains.

The benefits of benchmarking relate to understanding current trends and comparing the organization's systems, process and performance with those of its peers. However, benchmarking can also lead to increased focus being placed away from the organization's significant issues, due to focus being placed on the issues deemed important by others outside the organization.

6.6 Establishing a grievance mechanism

Stakeholders, especially vulnerable ones, should be able to bring their problems, complaints and/or suggestions to the attention of the organization, and seek redress. The organization should facilitate this by establishing a grievance mechanism through different channels, depending on the sustainability issues being reported.

This mechanism could offer additional opportunities for recourse and redress, beyond available pre-existing channels. Non-state mechanisms could also contribute to strengthen state institutions.

For grievance mechanisms to be effective, they should be:

- a) based on engagement, dialogue and mediation: the process should look for mutually agreed solutions through engagement between the parties and the right to appeal;
- b) legitimate: to enable trust from the stakeholder groups for whose use they are intended, and being accountable for the fair conduct of grievance processes;
- c) accessible and easy to understand: known to all stakeholder groups for whose use they are intended, providing adequate assistance for those who might face particular barriers to access;
- d) safe: to protect the stakeholders against potential threats and retaliations through a secure, anonymous independent and two-way communication system;
- e) predictable: to provide a clear and known procedure with an indicative time frame for each stage, and clarity on the types of process and outcomes available and means of monitoring implementation;

- f) equitable: to ensure that aggrieved parties have reasonable access to sources of information, advice and expertise necessary to engage in a grievance process on fair, informed and respectful terms;
- g) transparent: to keep parties to a grievance informed about its progress, and provide sufficient information about the mechanism's performance to build confidence in its effectiveness and meet any public interest at stake;
- h) rights-compatible: to ensure that outcomes and remedies accord with international norms of behaviour;
- i) a source of continuous learning: drawing on relevant measures to identify lessons for improving the mechanism and preventing future grievances and harms.

In contributing to sustainable procurement, grievance mechanisms can play an important role in mitigating negative impacts in supply chains and in providing access to remedy for affected stakeholders.

7 Integrating sustainability into the procurement process

7.1 Building on the existing process

[Clause 7](#) addresses the procurement process and how each process step can incorporate sustainable procurement practices. It is intended for individuals who are responsible for the actual procurement. Individuals who are responsible for procurement in associated functions might also find this clause of relevance. Sustainability should be integrated into existing procurement processes and the creation of a parallel process should be avoided.

[Figure 4](#) illustrates a typical procurement process flow and is used as the structure of this clause.

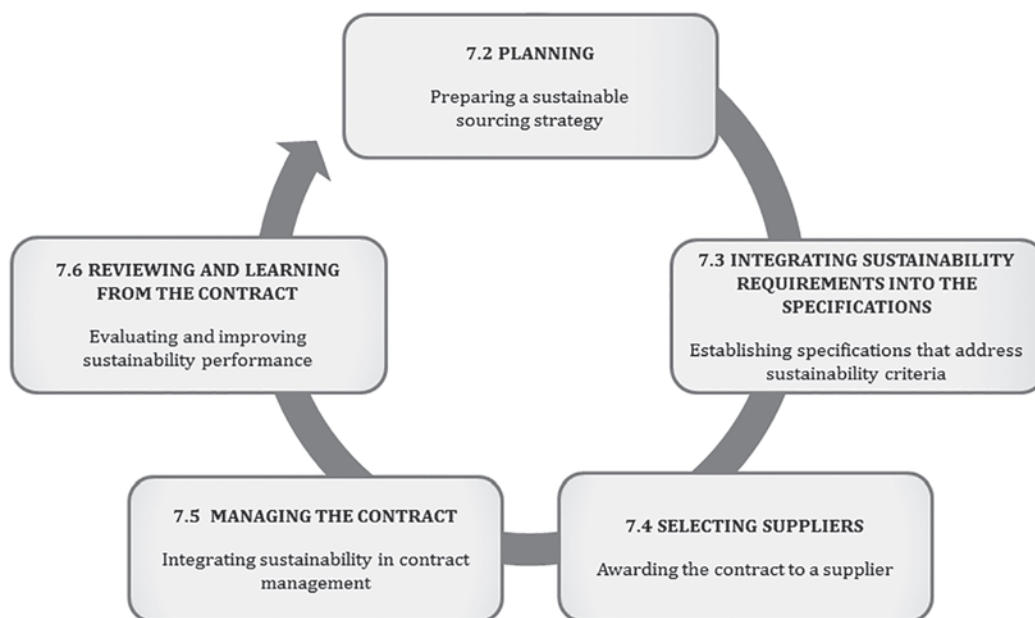


Figure 4 — Overview of [Clause 7](#): Integrating sustainability into the procurement process

NOTE An essential element of the procurement process is gathering organizational information to fulfil a business need. As defined in [Clause 3](#), a requirement means a broad provision that conveys criteria to be fulfilled by goods or services, whereas a specification means a document, usually technical, that prescribes requirements to be fulfilled by goods, processes or services.

7.2 Planning

7.2.1 Integrating key elements of sustainable procurement

Integrating sustainability into the sourcing strategy enables the organization to:

- address the significant sustainability risks (including opportunities) of goods or services, supplier practices and procurement activities, as described in [Clause 5](#), and avoid focusing on details and minor issues;
- start a collaborative programme of work with stakeholders (e.g. internal clients, users, consumers, customers, suppliers beyond tier 1);
- define sustainability criteria that suppliers can respond to, while achieving value for money.

These elements should then be integrated in a sourcing strategy. This allows sustainability considerations to become part of strategic decision-making. Key elements of sustainable procurement planning are shown in [Figure 5](#).

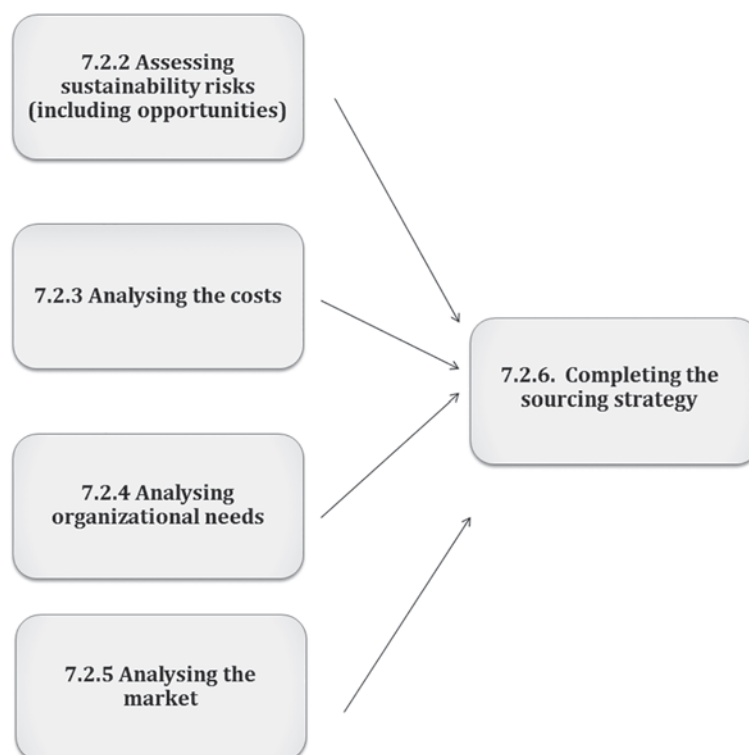


Figure 5 — Inputs into a sourcing strategy

7.2.2 Assessing sustainability risks (including opportunities)

Sustainability risks (including opportunities) can vary significantly from one type of goods or service to another and from one supplier to another. Relevant considerations include technical aspects, compliance culture, sourcing locations and supply chain structures, with particular attention paid to suppliers below tier 1.

An organization should therefore assess and prioritize the most relevant and significant sustainability risks (including opportunities) for each procurement activity. The directions set previously, e.g. the organization's procurement policy and strategy, as well as priority setting, should be considered (see [Clause 5](#) and [6.4](#)).

This analysis leading to the sourcing strategy should not be done in isolation. Identifying the relevant sustainability issues requires a multidisciplinary approach in order to capture knowledge from:

- technical experts who have a deep knowledge of how goods or services are manufactured, processed, delivered, etc.;
- sustainability experts who can provide technical advice on matters such as labour and human rights, health and safety, environmental management and legal issues;
- those with knowledge of how goods or services will be used by the organization.

Together with an assessment of sustainability risk (including opportunity), various approaches can be used, such as the life cycle approach and LCC.

The life cycle approach consists of assessing sustainability impacts associated with all the stages of a product's life from cradle to grave, e.g. raw material extraction, materials processing, manufacture, distribution, use, repair and maintenance, and disposal or recycling.

7.2.3 Analysing the costs

It is important to consider all the costs that will be incurred during the lifetime of the goods or services. LCC is a method that could be used to analyse the costs. It consists of:

- a) total cost of ownership, including:
 - 1) purchase price and all associated costs (delivery, installation, insurance, etc.);
 - 2) operating costs, including energy, fuel and water use, spares, and maintenance;
 - 3) end-of-life costs, e.g. decommissioning or disposal;
- b) positive or negative externalities which can be monetized, including:
 - 1) for the organization: costs and benefits of risks (including opportunities), i.e. the evaluation of costs associated with risk (including opportunity) mitigation and benefit realization;
 - 2) for society: the cost of environmental externalities and the cost of social externalities (e.g. job creation or job losses).

When assessing the costs using an LCC approach, the organization should indicate in the procurement documents the data to be provided by the tenderers and the method to be used to determine the life cycle costs on the basis of the data.

[Figure 6](#) provides an overview of LCC.

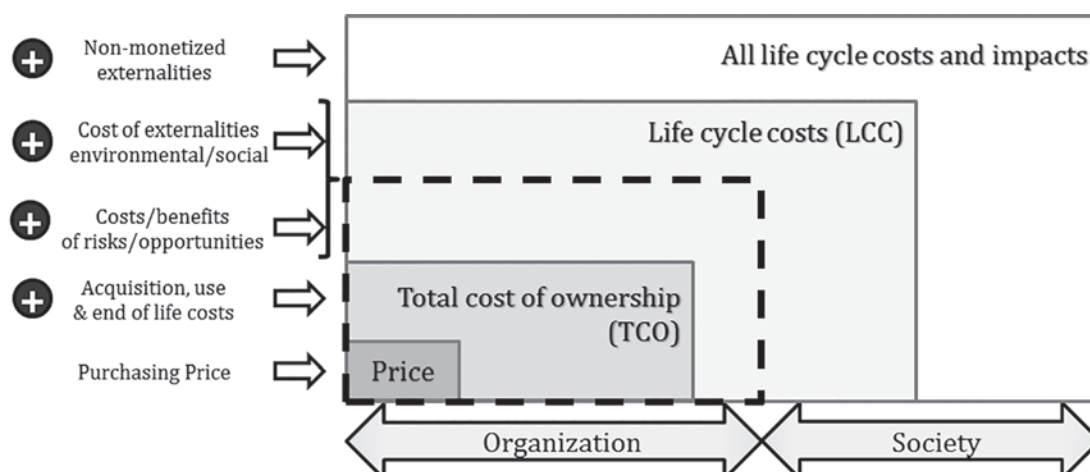


Figure 6 — Overview of LCC

7.2.4 Analysing organizational needs

When analysing the organizational need for specific goods or services, the organization should consider what alternative options might exist to deliver the same outcome in a better way, e.g.

- eliminating the demand by reviewing the need;
- reducing the frequency of use/consumption;
- identifying alternative methods of fulfilling demand, such as outsourcing services or leasing rather than owning;
- aggregating and/or consolidating the demand;
- sharing use between divisions or organizations;
- encouraging recycling, repairing, reusing or repurposing of older goods;
- determining whether outsourcing is required and how to extend the scope of responsibility for environmental and labour practices throughout supply chains;
- using recycled/renewable materials.

This illustrates the concept of a circular economy.

The organization should consult key internal stakeholders to assess the feasibility of potential sustainable solutions and adapt recommendations, and engage them to support the changes required. Where external stakeholders participate in determining the demand (e.g. government organizations), it might be necessary to engage them upfront in examining options.

7.2.5 Analysing the market

The objective is to gain a thorough understanding of the existing and future capability of the supply market to support the organization's sustainability needs, while providing the same or an improved level of price, functionality and quality of service. Market analysis can enable the organization to understand whether the sustainability criteria reduce or increase the level of competition and/or the organization's buying power.

An organization can be a powerful enabler of economic inclusion for all types of supplier. If local suppliers, SMOs and disadvantaged populations and communities (e.g. suppliers owned and/or employing people with disabilities, or indigenous communities) are identified as significant in the prioritization, the organization should make sure that the market research focuses particularly on these groups.

Suppliers can often be more progressive than their clients in terms of creativity and innovation. It is important to engage with a diverse range of suppliers early on in the process to determine whether business requirements could be met or exceeded by:

- new technologies;
- new goods or services;
- new suppliers;
- advances in sustainable business practices;
- new business models;
- innovative buyer/supplier relationships;
- use of appropriate sustainability standards and labels.

Consider the position of the purchasing organization within the market. The matrix in [Figure 7](#) can be used as a guide.

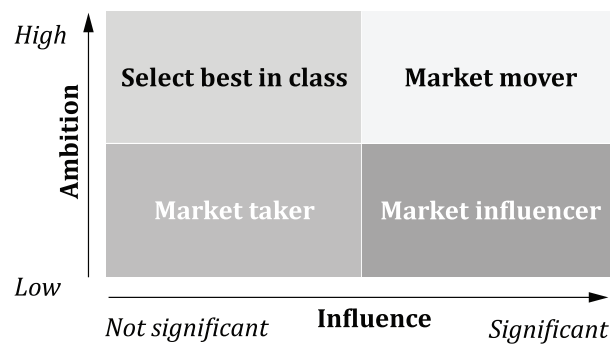


Figure 7 — Market engagement matrix

This matrix aims to help individuals responsible for the actual procurement to understand what sustainability outcomes might be achieved from the supply market, depending on the purchasing organization's market influence and sustainability ambition.

- **Market mover:** In areas where significant influence exists combined with high ambition, it might be possible to significantly influence suppliers or even move markets to a higher level of sustainable behaviour and set a new level of best practice.
- **Best in class:** Where sustainability ambition is high but influence over the supply market is low, it is likely selecting the current level of best practice will achieve the most sustainable outcome.
- **Market influencer:** Where ambition is low and influence is significant, there is likely to be little appetite to drive the market to a new level; however, this influence can be used to encourage the supply chains to improve sustainability practices and outcomes.
- **Market taker:** Where influence is low and ambition is also low, the appropriate strategy would be to adopt the standard sustainability practice offered by the market.

Influence should not just be considered in financial terms. Some suppliers could be attracted to the idea of developing more sustainable goods or services for a small customer, with a view to creating an additional competitive advantage with larger ones. Influence can also be improved through collaboration with other purchasing organizations, with due consideration given to ethical issues and competition law. Market research should not be limited to external sources: an organization's own internal resources could provide valuable insights on sustainability criteria and opportunities.

7.2.6 Completing the sourcing strategy

The sourcing strategy describes how to deliver the best outcome for the procurement project. It can be as short as one page for a simple procurement project (e.g. a briefing note) or considerably longer for a complex procurement project.

The sourcing strategy should include:

- key findings about sustainability risks (including opportunities), needs and the supply market;
- the actions required to manage key sustainability risks (including opportunities);
- the recommended demand-related approach (e.g. elimination, reduction, reuse, recycling);
- how the sourcing approach delivers sustainability objectives;
- how sustainability requirements are incorporated into the specification, including any go/no-go criteria at the prequalification or tender stage: care should be taken to ensure all suppliers are given full and fair opportunity to compete;
- how sustainability aspects are incorporated into the draft contract or terms and conditions;

- the weight given to sustainability in the evaluation criteria, with careful consideration given to finding the best balance with other criteria, such as price or quality;
- the expected sustainability benefits, including savings over the life cycle;
- the impacts of the sustainability approach on the project plan and budget.

Some goods, equipment and assets require disposal strategies to be developed for the end of their useful life. Disposal decisions, however, should not be taken in isolation. While disposal is viewed as the final stage in the management life cycle of goods, equipment and assets, it is common for disposal action to trigger the acquisition of a replacement asset. Disposal strategies should be considered in the sourcing approach and evaluation criteria, where appropriate. Such strategies should focus on optimizing the social, environmental and economic impacts of functionally inadequate or under-utilized assets, as well as on their safe decommissioning, transport and warehousing.

The decisions made at this stage influence the whole procurement process. Decisions should be supported and agreed by key stakeholders, and should ultimately be documented. Many organizations use a gateway review at this stage with sign-off by senior stakeholders before progressing to the next stage.

7.3 Integrating sustainability requirements into the specifications

7.3.1 Defining sustainable procurement criteria

Once a decision is taken on the sourcing strategy, the sustainability criteria should be defined and documented. Sometimes there is only one document (the specification), but in other cases there are different documents addressing the requirements, in accordance with the organization's culture (e.g. a draft contract, brief, scope of work or the establishment of prequalification criteria). This decision should include consideration of the impacts of changes on contractual arrangements, e.g. the loss of a large proportion of business or the lack of capacity to cope with expanded requirements.

Integrating sustainability aspects into these documents is the most effective means of ensuring that sustainability risks (including opportunities) are incorporated into the procurement decision-making. This should be done in coordination with key internal stakeholders, in order to reflect practical and technical considerations.

Some of these requirements apply directly to the goods or services being purchased. Some might apply to the production and process methods used to deliver goods or services and others to the supplier organization in itself.

When including sustainability criteria in the procurement process, the organization should take care that the sustainability criteria:

- reflect the priorities defined in the sourcing strategy, e.g. by including key sustainability requirements in the minimum sustainability criteria;
- are objective and verifiable;
- are clearly defined without any risk of bias or collusion;
- are transparently and effectively communicated to potential suppliers;
- allow for fair competition and, in doing so, ensure that particular attention is paid to SMOs and the development of their capacity to respond to such criteria;
- identify how far down the supply chains it is necessary to go for adequate impact assessment.

Where appropriate, the draft contract should include clauses that enable the organization to increase its control over what happens in the supply chains. Examples of clauses might include:

- provision to assess/audit all parties involved in the supply chains;

- obligations on the supplier to inform the organization of any significant impacts in the supply chains;
- minimum standards to be met by suppliers at lower tiers of the supply chains;
- rights to terminate the contract for breaches of sustainability obligations.

7.3.2 Choosing the types of requirements

Different types of requirements can be used:

- physical or descriptive requirements: specify a characteristic of goods or services;
EXAMPLE 1 Recycled or renewable content, mercury-free, or the way in which the product is manufactured or delivered (i.e. the process), e.g. organic or sustainably managed timber and fisheries.
- performance requirements: define the performance standards to be met by the goods or services, including definition of the way goods or services need to be delivered in order to optimize social and environmental impacts related to future performance;
EXAMPLE 2 Standards of care and number of patients for a social care service, delivery time, waste, and carbon emissions reduction.
- functional requirements: define the proposed function to be fulfilled by the goods or services required.
EXAMPLE 3 The strength and durability of concrete to be supplied, or energy/fuel efficiency.

Generally, a combination of performance and functional requirements is preferred as they enable suppliers to propose the most efficient technical solution for the required performance or function, leading to potential sustainability benefits such as better energy performance, reduction of waste, better safety for users, universal design, disposal and end-of-life management. When using technical requirements, the organization should take care not to specify particular brands unless this is unavoidable.

7.3.3 Applying minimum and optional requirements

Requirements can be:

- minimum, when they establish minimum levels of acceptable performance, actively excluding undesirable features;
- optional, when they define preferred sustainability solutions: in this case, they should be related to an evaluation criterion that is used to reward performance exceeding the minimum standards, and possibly to a KPI that should be managed during the contract.

In addition to these two main options, an organization can use additional techniques such as variants in order to encourage better alternative solutions.

The analysis of the market carried out earlier in the procurement process informs the decision about what should be minimum and optional. For instance, the degree to which suppliers can meet the organization's sustainable criteria might not always be known when writing the tender, or the market analysis might have revealed a significant gap between suppliers' sustainability performance. In that case, the risk of restraining competition and excluding capable suppliers should be avoided, unless the requirement is an absolute necessity for the organization.

If a supplier with lesser sustainability performance is selected, agreements should be made on how the supplier could progress to increased sustainability performance in the future. This should be monitored in the contract phase.

7.3.4 Finding information to establish the requirements

In the market, there are marks, labels or certifications to identify goods or services that conform to specific sustainability criteria. These criteria are included in technical standards that might be public or private, national, regional or international.

It is useful to consider such standards as valuable sources of information when establishing procurement requirements. The criteria in these standards are established throughout one or multiple life cycle stage(s) of goods or services, and pertain to single or multiple sustainability aspects.

The organization can decide which sustainability impact areas are most relevant, referencing full or partial criteria contained within these standards when establishing requirements. Where relevant, suppliers and industry associations can be consulted.

Using this approach, any goods or services that meet these requirements can be purchased, even if they have not formally been awarded a sustainability mark, label or certification, taking into account the conformity assessment guidance provided in [7.3.5](#).

An alternative approach is to specify in the procurement requirements that the goods or services should have the nominated certifications, labels or marks (public procurement policy may have restrictions to this approach in some countries). Due consideration should be given to the number of eligible suppliers in order not to limit competition inadvertently, as the availability of such marks and labels differs by industry.

7.3.5 Evaluating that sustainability requirements are met

Each sustainability requirement should be verifiable via an evaluation procedure that is outlined by the organization in the tender documents. When choosing an appropriate evaluation procedure, organizations should take into account the following factors:

- the importance of the issue/requirement (including the sustainability issues) to the organization;
- the risks of non-conformity with the sustainability criteria;
- the cost of the evaluation procedure;
- the availability of technical infrastructure to support the evaluation procedure;
- the competence of the evaluator;
- the credibility of any external body or organization that is involved.

Evaluation procedures involve activities such as the review of documentation, testing, inspections, audits, certification, management systems, assessment, sustainability claims, labels and declarations or a combination of them.

These activities can be carried out by the supplier or its representative (first-party), the purchasing organization or an external body on its behalf (second-party) or an independent external body or organization (third-party). When defining the evaluation procedure for each requirement, the organization should establish what activities should be carried out and by whom.

ISO standards that address conformity assessment should be used where relevant when establishing evaluation procedures. When choosing an evaluation procedure, the organization should balance cost in connection with the desired level of assurance. Cost can differ between evaluation procedures. The organization should also consider who bears the cost, taking into account the context of the supplier (e.g. size, location).

The organization should consider the level of assurance offered by each type of evaluation procedure. In general terms, certification schemes typically engender higher levels of confidence with limited effort for the purchasing organization.

The organization should also determine whether the technical infrastructure involved in the evaluation procedure is competent and complies with relevant applicable standards and guides.

When an external body is used, the organization should consider whether it is operating in accordance with relevant standards (e.g. ISO/IEC 17020, ISO/IEC 17021, ISO/IEC 17025, ISO/IEC 17024 and ISO/IEC 17065.)

Accreditation is a means of assessing, in the public interest, the technical competence and integrity of organizations offering evaluation services. Organizations might wish to consider the additional assurance that might be gained by using an accredited evaluation body.

Specifically when dealing with evaluation procedures that incorporate environmental labels, it could be helpful to consider three common types of environmental labelling:

- ISO 14024 Type I environmental labelling: this involves third-party certification and awarding of a label (e.g. those recognized by the Global Ecolabelling Network), following product assessment and demonstration of conformance to agreed-upon environmental performance leadership criteria which are based on life cycle considerations;
- ISO 14021 Type II environmental labelling: this involves supplier first-party environmental claims of conformity, including statements, symbols and graphics, regarding products;
- ISO 14025 Type III environmental labelling: this involves third-party validation of an EPD (environmental product declaration), which is quantified life cycle environmental information of a product to enable comparisons to other products intended to fulfil the same function.

Other labels have a verification and certification process focusing on single issues (e.g. energy consumption, sustainable forestry). Even if the overall environmental relevance of ecolabels is more significant because these consider the whole life cycle of products, reliable and third-party single-issue labels can be effective in targeting specific problems.

The evaluation procedure can be conducted as a part of prequalification or as a step in the tender process. After the contract has been awarded, additional ongoing evaluation should be conducted in accordance with the plan that has been established within the tender. This ongoing evaluation can be simplified and consists of activities that could be different from those established within the tender, so long as they are consistent, take into account the history of the supply, and focus on the most critically relevant issues.

7.4 Selecting suppliers

7.4.1 Assessing the capacity of suppliers

The organization should assess the capacity of the supplier to contribute to the organization's requirements and expectations on sustainability through the supply of goods or services.

Supplier selection often comprises prequalification and tendering. The main difference between the prequalification and tendering stages are the following:

- prequalification usually focuses on overall capabilities of the supplier to deliver expected outcomes, including sustainability ones;
- tendering usually focuses on the capacity and commitment of the supplier to deliver detailed and specific requirements, including those related to sustainability, for goods or services.

When conducting supplier selection, the organization should ensure that all public policies (e.g. public procurement policies) are respected and that open and fair competition is promoted between potential suppliers. In doing so, particular attention should be paid to:

- ethics, prevention of corruption, conflicts of interest, respect of property, intellectual property infringements and internal controls;

- the transparency and accountability of the whole selection process;
- qualifying or disqualifying the suppliers;
- inclusion of all organizations of any size, status or positioning with the capacity to fulfil the requirement.

7.4.2 Prequalifying suppliers

The purpose of prequalification is to gather relevant information about the capability of suppliers to participate in tenders and, in some cases, to evaluate tenders against go/no-go criteria. The requirements for prequalification should be clearly established and should take into account relevant sustainability issues with due consideration for the sustainability risks (including opportunities) that are related to the supplier's organization. Many industry specific standards, codes of supplier conduct and management systems are used in prequalification, e.g. compliance with the standards of the International Labour Organization for working conditions and human rights could be a mandatory criterion. An organization should also decide whether to encourage suppliers to sign a code of conduct or charter and/or join a sustainability initiative and, in making this decision, should consider the implications for the supplier of doing so.

At the prequalification stage, it might be sufficient to request evidence of respect for human rights, ethical trading, labour and environmental policies by means of suppliers' declarations of conformity (self-claims) on those subjects. However, as the process progresses and potential suppliers are further assessed through the tender process, audits, site visits and other means of collecting evidence of conformity (second-party or third-party assessments) might be used to provide further assurance. The choice of the most appropriate conformity assessment method should be the result of a risk assessment of the consequences of a failure to fully conform to the requirements.

Some prequalification criteria might be optional and can be used to inform a weighted evaluation of further shortlisted suppliers that comply with all the mandatory criteria.

EXAMPLE A supplier with a proven track record in reducing carbon emissions could be selected ahead of a supplier with less experience in this area.

The example in [Figure 8](#) could be considered as a go/no-go condition, with "Good" as a minimum requirement, or as a way of shortlisting if there are no minimum mandatory criteria.

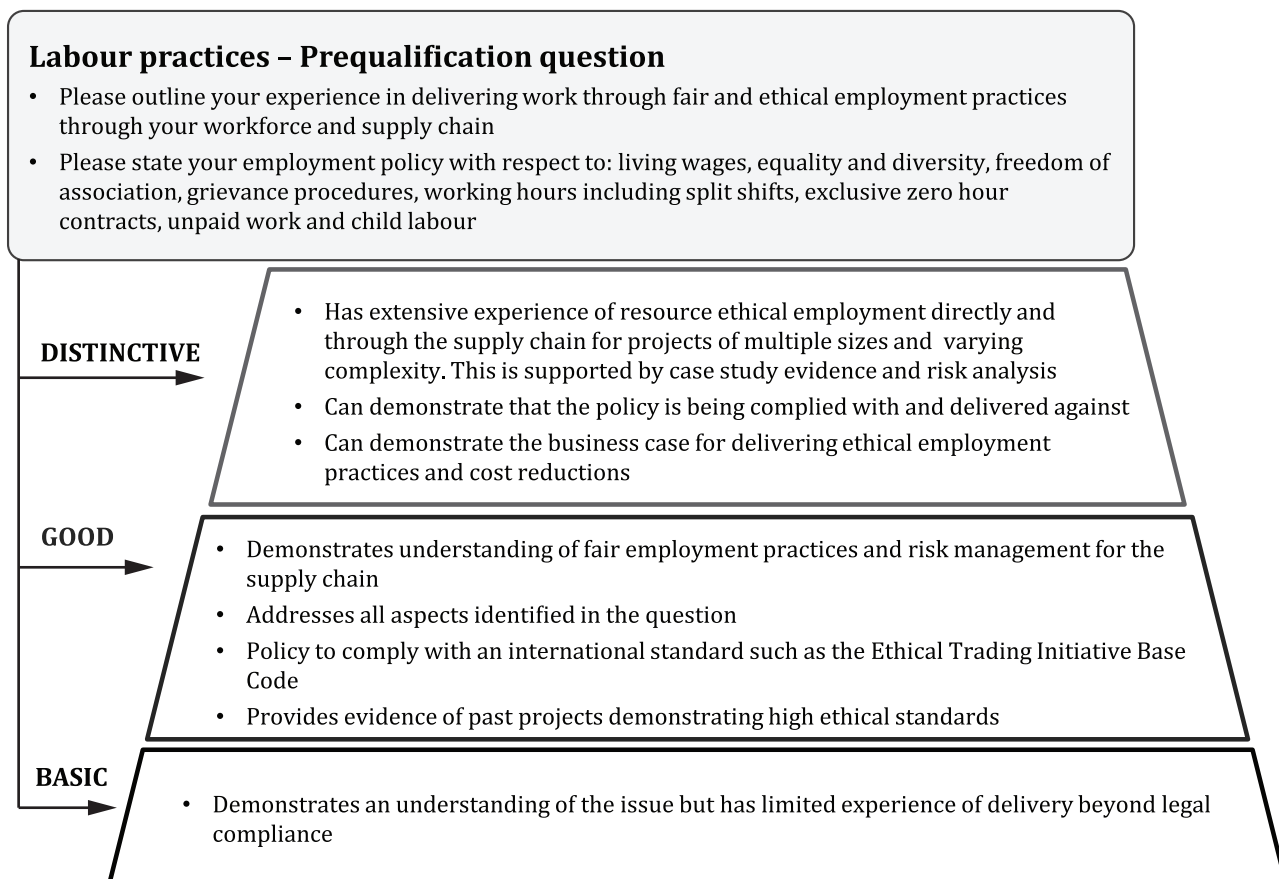


Figure 8 — Example for prequalification question and criteria

If suppliers have been contacted in the prequalification process and are deselected, it is good practice to formally notify them and provide debriefs. Suppliers should be made aware if and how their credentials fall short of the requirement (including those related to the sustainability issues), which in turn sends a clear signal to the market regarding the importance of sustainable business practices.

7.4.3 Managing tenders

Suppliers might be invited to attend a pre-tender briefing to outline the bid process and ensure ongoing communication, depending on the scale, market and complexity of the purchase. This is a further opportunity to confirm that suppliers fully understand the commercial and sustainability expectations and to encourage joint proposals from firms with complementary sustainability features (e.g. a large organization can form a joint venture with a small, sustainability-oriented organization).

Transparency, accountability and ethics are keys to the tendering stage: all bid evaluation criteria, evaluation methodology and benefits assessment should be agreed in advance of tender issue and communicated clearly to suppliers. The organization should ensure that the suppliers fully comprehend the importance of all aspects of the proposal, including the sustainable requirements.

Criteria can be assessed in several ways, including:

- setting minimum requirements or performance standards (go/no-go criteria);
- weighting criteria;
- methods of cost calculation;
- monetizing certain impacts, such as energy consumption and waste.

The supplier with the best performance on the sustainability issues might not always win a tender if it is not competitive in other areas. In this case, it could be appropriate to award a contract conditional upon achieving a minimum standard over a specified timeframe. In the example in [Figure 9](#), the contract could be awarded conditional upon the supplier achieving “Good” standard after a period of time.

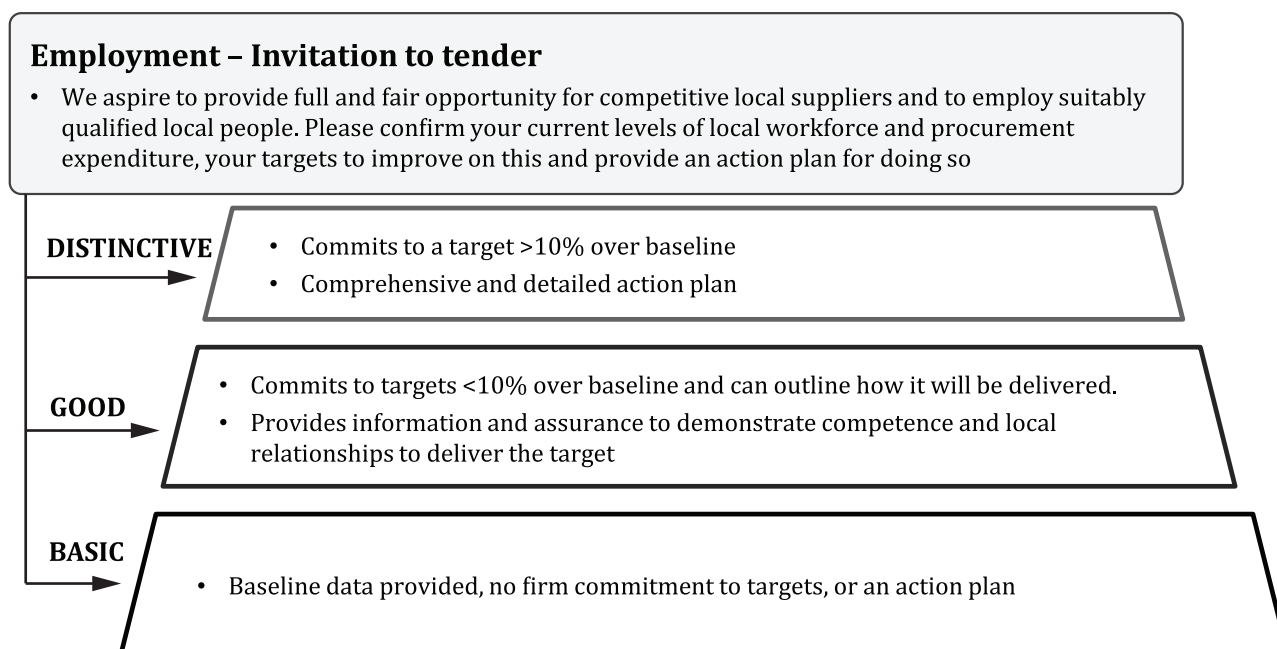


Figure 9 — Example of a tender question and evaluation criteria

Low prices can be achieved by suppliers with good performance. However, suppliers with unsustainable practices might be able to offer abnormally low prices that could reflect a shortcoming on social and environmental aspects, compared with suppliers with better conditions. Unless robust prequalification and tender processes and criteria are in place to ensure good minimum standards before the supplier is appointed, the organization could be undermining its own sustainability policies, exposing itself to a wide range of risks, and giving a signal to the market that it undervalues sustainability against other issues.

7.4.4 Awarding the contract

Four common methods can be used to promote sustainable outcomes at the evaluation stage.

- Rewarding superior standards and performance: This might include recognition of the ability of goods or services to enhance the sustainability of the organization's own goods or services, as outlined in [7.3.2](#).
- Qualitative judgment can be used in some specific contexts. Suppliers, especially in service industries, could be requested to summarize their experience and methods in relation to sustainability criteria within their tender response. This enables organizations to assess their approach to managing major sustainability risks (including opportunities) identified during the planning stage. It is often advisable to conduct face-to-face interviews with key staff and to make site visits to places where similar services take place to ensure qualitative judgments are supported by the best evidence possible.
- Fit-for-purpose assessments that enable identification and evaluation of goods or services that might not be sufficiently robust, leading to higher repair and replacement costs: Other proposals might be over-engineered, providing unwanted functionality or service at added expense. Neither extreme provides a sustainable solution and this should be reflected in the evaluation. Environmental labelling criteria (see [7.3.4](#) and [7.3.5](#)), the characteristics stated in environmental product declarations and other product standards can help to evaluate the credentials of goods,

including the relevant sustainability issues. Alternatively, evidence based on trials or other client references help to evaluate this important aspect.

- d) Methods of cost calculation to ensure that true value for money is achieved, resulting in the selection of the best supplier over the life of the contract: If correctly applied, this technique helps to calculate use and end-of-life costs such as energy consumption, early replacement or repair of less durable goods and final disposal. If possible, future expected costs (e.g. anticipated environmental and social taxes) should be factored in.

Private sector organizations and some public bodies might be able to negotiate following tender evaluation. This stage represents a risk of reduced sustainability commitments from the supplier(s), especially if there is focus on cost only. This stage can also provide an opportunity to improve supplier engagement.

Any outstanding sustainability requirements should be included in the preparation for a negotiation meeting and/or a negotiation strategy and tabled during the negotiation.

Key outcomes of the negotiation can include the following:

- requirements related to sustainability issues have been secured and reporting has been agreed (e.g. monitoring and actions, KPIs);
- an action plan to manage sustainability risks (including opportunities) identified in the earlier prequalification or tender evaluation stage has been agreed;
- proactive influence on the supplier's future sustainability agenda has been achieved.

Where possible, sustainability commitments should be written into the contract to ensure that the supplier is contractually bound to deliver them or improve their performance over time. If it is not possible to negotiate contractual commitments, a more informal and flexible approach might be required to persuade suppliers to embrace sustainability initiatives. These initiatives are usually captured in a separate supplier improvement plan or a memorandum of understanding. Examples of initiatives include commitments to switch to (or increase the use of) sustainably managed timber, reduce or eliminate the use of a hazardous chemicals, increase the use of local SMOs or to ensure improved working conditions further down the supply chain.

Upon conclusion of the negotiation, the supplier should be formally awarded the contract, which should be fully approved by the key stakeholders and delegated authorities (organizations might have a formal gateway review at this point). The relevant internal stakeholders should be informed of the new arrangements.

Unsuccessful suppliers should be notified and fully debriefed. Suppliers should be made aware if and how their sustainability credentials fall short of the requirement, as this is an important organizational contribution to the suppliers' improvement. This in turn reinforces the importance of sustainable business practices within the supply market.

7.5 Managing the contract

7.5.1 Managing the supplier relationship

Sustainability commitments of an organization should be reflected in the quality of the relationship with its suppliers. Achieving sustainability outcomes often requires developing a long-term vision. This vision has a better chance of success if it is shared by a supplier that considers the purchasing organization to be a preferred customer.

The quality of the supplier relationship can be enhanced through a combination of practices. These include:

- inclusion of mutual obligations between suppliers and customers in the contracts connecting parties;