

# Sustainable Procurement Toolkit

## Why we need Sustainable Procurement (SP)



Based on a figure in “A Sustainable IT Purchasing Guide,” HP, January 2020.

- The **urgent sustainability issues are in supply chains**.
- Businesses are now not only being held accountable for how they are addressing social and environmental issues in their own operations, but also they are being held **mutually accountable** for addressing those issues in their supply chains.
- **The buying power of companies and governments using Sustainable Procurement is a market force that incentivizes suppliers to help address these threatening sustainability issues.**
- Sustainable Procurement **rewards suppliers** who transform their business models to reduce the harm they cause, directly or indirectly, and who have positive impacts on people and the planet, directly or indirectly.
- **Sustainable Procurement makes supplier and product sustainability attributes matter.**

## Definition of Sustainable Procurement (SP)

**Sustainable Procurement** ensures that buyers...  
...obtain the *best value for money* when purchasing...  
...the *most sustainable goods and services*...  
...from the *most sustainable suppliers*...  
...in support of the buyer’s *purpose and strategic goals*.

### Sustainable Procurement Toolkit

Expedites the integration of SP into any procurement process. The tools are add-ons to current processes, not replacements



1. **SP product specifications:** Sample generic and product category-specific specs that are used to score **products** on sustainability-related specifications. (See panel 3)
2. **SP supplier assessment tool:** A sample questionnaire by which to **suppliers** on their sustainability-related impacts. (See panel 4)
3. **SP bid appraisal template:** A sample Bid Appraisal Template that includes criteria for the above product and supplier scores, and **weights them heavily enough to matter**. That is, the template allocates at least 10% of the points to those two scores. ***This is the signature feature of an SP system.*** (See Panel 5)
4. **SP contract terms and conditions:** Adds penalty and bonus Ts & Cs that ensure suppliers follow through on their sustainability impact improvement plans. (See panel 6)

The Toolkit also includes a **Total Cost of Ownership (TCO)** calculator for use, if appropriate.

The Sustainable Procurement Toolkit is freely available from <https://sustainabilityadvantage.com/sp/toolkit/>

**1. SP sample product specifications:** Used to score the product on sustainability-related specifications.

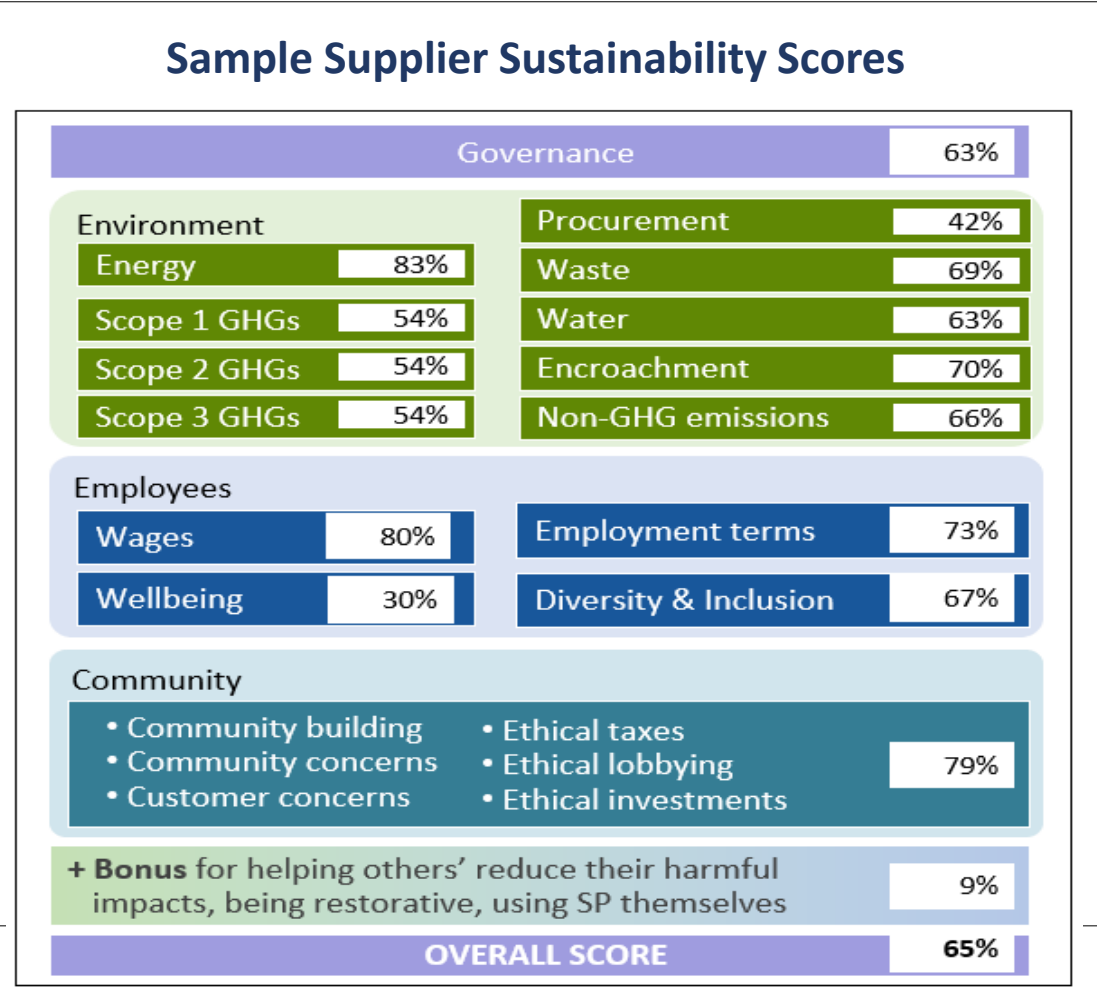
**“The most sustainable products are the ones you don’t buy.”**

Sample generic product sustainability specs	Score
Product-as-a-Service (PaaS) or lease options	--%--
Supplier-refurbished product option	--%--
Take-back / trade-in / extended warranty options	--%--
Designed for repair, upgrades, refurbishment	--%--
Designed for disassembly and reuse of parts	--%--
% recycled, renewable, biodegradable materials	--%--
Traceability / chain of custody certifications	--%--
Harmful / toxic materials & chemicals	--%--
% recycled, biodegradable materials in packaging	--%--
% reuse & takeback of packaging	--%--
Carbon footprint of the product	--%--
GHGs from shipping / delivery	--%--
GHGs emitted during use, repair, EOL disposition	--%--
Energy efficiency ecolabel	--%--
(Other product-specific specs... )	--%--
Average score	--%--

- In addition, specs and ecolabels for various **product categories** are available from these government websites:
- US EPA Specifications, Standards, and Ecolabels
  - EU Common Green Public Procurement Criteria
  - Netherlands MVI Criteria Tool
  - Ireland Green Public Procurement Criteria

2. **SP supplier assessment tool:** Scores suppliers’ performance on core sustainability issues.

In an SP system, **all** suppliers – regardless of sector or size – **voluntarily disclose** their performance on sustainability issues. They use a consistent, reasonable, short questionnaire to self-assess their impacts on people (employees and communities) and planet, and their governance support for these efforts.  
e.g., the free, open-source **Basic Sustainability Assessment Tool (BSAT)**



BSAT is freely available at <http://sustainabilityadvantage.com/assessments/bsat/>

If suppliers choose not to disclose, they simply score zero and will not earn any of the points allotted to supplier sustainability (see the SP Bid Appraisal template on panel 5). The scores can be updated at any time, including when responding to a tender / RFP.

3. **SP Bid Appraisal Template:** Heavily weights (i.e., at least 10% of the points) ...  
1) *product* scores on sustainability-related specs  
2) *supplier* scores on sustainability performance

The weightings in the appraisal makes product sustainability-related specs and supplier sustainability performance **matter**. ***This is the signature feature of a sustainable procurement system.***

Weight (% of Points)	SP Bid Appraisal Criteria	Score (0-100%)	Weighted Score
X%	Product quality – performance, durability	Score	Weighted score
10-30%	Product sustainability quality – meets sustainability-related specifications	Score	Weighted score
Y%	Supplier quality – reliability, capacity, experience	Score	Weighted score
10-30%	Supplier sustainability quality – performance on sustainability-related issues	Score	Weighted score
Z%	Price / Total Cost of Ownership (TCO)	Score	Weighted score
100% of the points	Bid with the best value = Bid with the highest total		Total

The template is in the SP Toolkit which is freely available from:  
<http://sustainabilityadvantage.com/sp/toolkit/>

**Benefits to *Buyers* of Sustainable Procurement**

- Ensures **best value** for money ... helps attain strategic ESG targets / goals
- Costs savings** ... stimulates supplier efficiencies
- Reduces reputational risk** ... mitigates supply chain **hot-spots**.
- Increases employee engagement**, attraction, and retention.
- Creates **partnership opportunities for innovation** with suppliers.
- Improves readiness for sustainability **reporting regulations** (e.g., CSRD)
- Non-disruptive** ... builds on current procurement systems.
- If the buyer is a government, it is acting as a **customer** vs. a regulator.

4. **SP Contract Ts& Cs:** Contract terms and conditions that help ensure winning suppliers will mitigate their harmful impacts on people and planet.

Contracts with winning suppliers stipulate an appropriate combination of **incentives, penalties and conditions** that reinforce supplier commitment to net-zero targets.

**Sample Contractual Terms and Conditions**

- Financial penalties / bonuses* re completion of the supplier’s short-term harm-reduction and restorative action plans.
- Preferential payment terms or financing rates* based on supplier and / or product sustainability scores.
- Verification* of supplier score on the sustainability questionnaire by qualified third party. Contract termination if verified score is >10% lower.
- Suppliers must *publicly communicate* their sustainability scores and their plans to improve them.
- Requirement that suppliers require their *CEO’s compensation* be linked to meeting their sustainability-related targets.
- Contract termination* if specified sustainability targets are not met.

Based on “Reaching Net-Zero: Incentives for Supply Chain Decarbonization,”  
World Business Council for Sustainable Development (WBCSD) and PwC, November 2021,  
and The Chancery Lane Project, SME’s Net-Zero Objectives clauses.

**Benefits to *Suppliers* of Sustainable Procurement**

- Competitive advantage** ... significant points for sustainability efforts.
- Creates a market** for their sustainable products.
- Increases reputation** and **employee engagement**.
- Improves readiness for sustainability reporting **regulations**.
- Creates **partnership opportunities for innovation** with buyers.
- Yields a **sustainability assessment** usable with other stakeholders
- Validates that a sustainability-related **purpose drives profits**.
- Can **use SP with their suppliers**, to ensure best value for money.