

SUPPLY CHAIN SUSTAINABILITY



Embedding Sustainable Procurement

Mellita D'silva

This is a workshop
which will require
your participation

Most of all, we
want this session
to bring value to
you all

HOUSE RULES



- Be present in the room! Cameras and mics on please.



- Get involved in our poll questions



- ‘Raise your hand’ or use the chatbox for questions or tech support



- Please participate in our small group discussions and activities

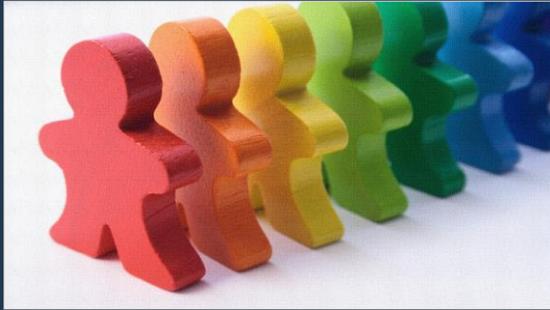


- Share your feedback at the end



- Slides will be shared

AGENDA



Introduction



Sustainability Today



Sustainable Procurement



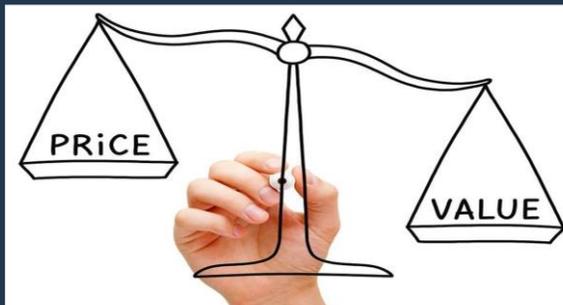
Fundamentals



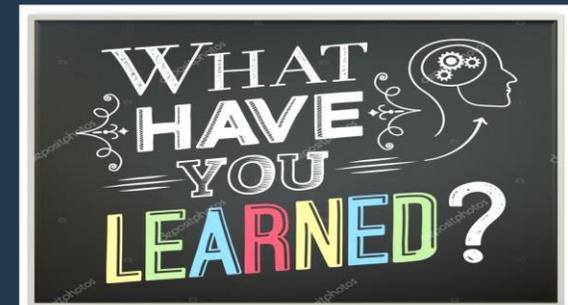
Policy & Strategy



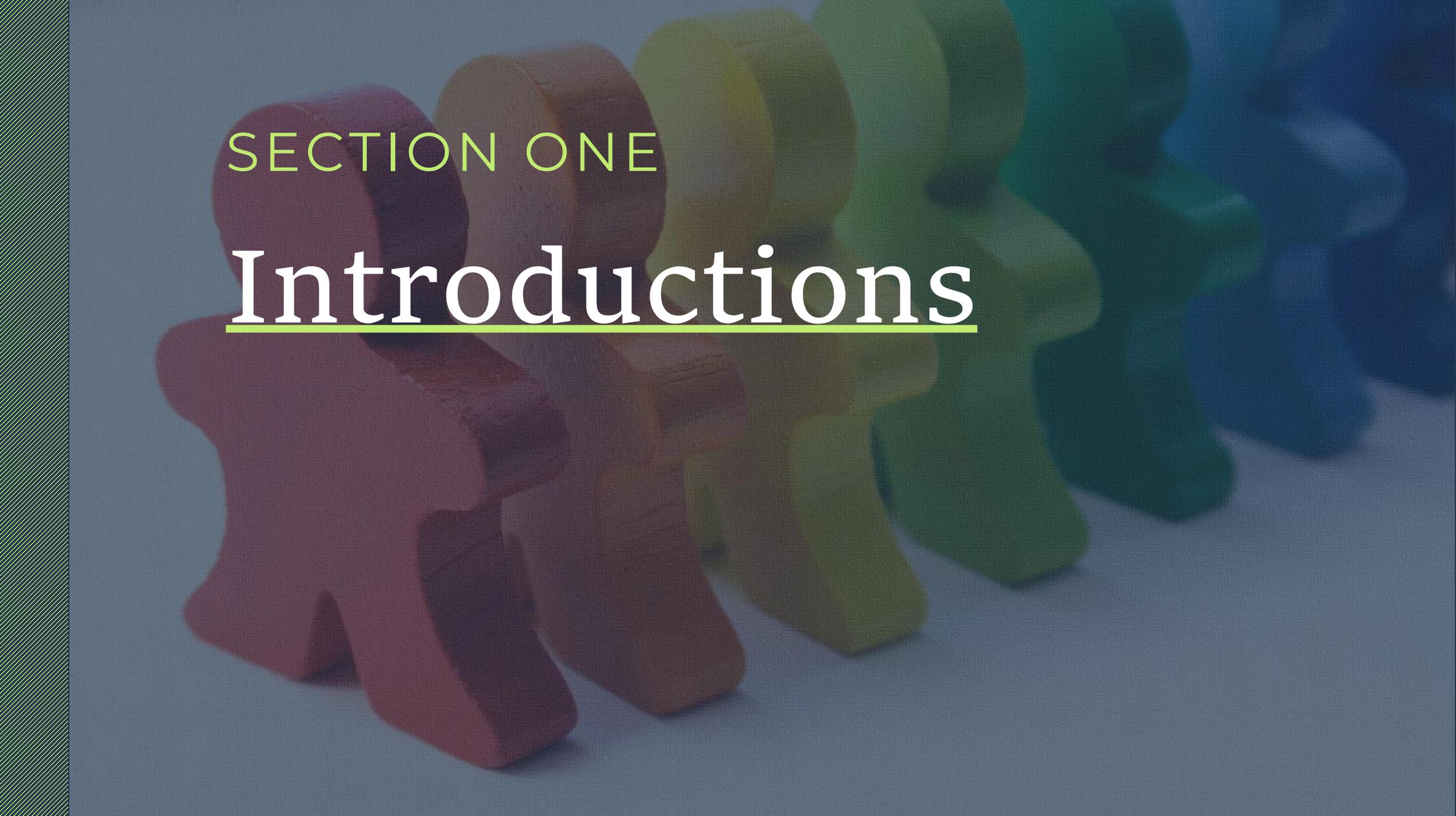
Enablers



Procurement Process



Awake?



SECTION ONE

Introductions

Mellita D'silva - Sustainable Procurement Consultant



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supplychainschool.co.uk/topics/sustainability/sustainable-procurement/



**PLEASE
INTRODUCE
YOURSELF**

LEARNING OUTCOMES



Definitions

Outline what sustainability and sustainable procurement is and what it means to your organisation



Drivers

Appreciate the drivers for a sustainable procurement approach

ISO 20400

Outline the key elements of a good sustainable procurement framework and relate them to ISO20400



Tools

Understand at a high level some of the tools used to drive a sustainable procurement approach



SECTION TWO

Sustainability Today



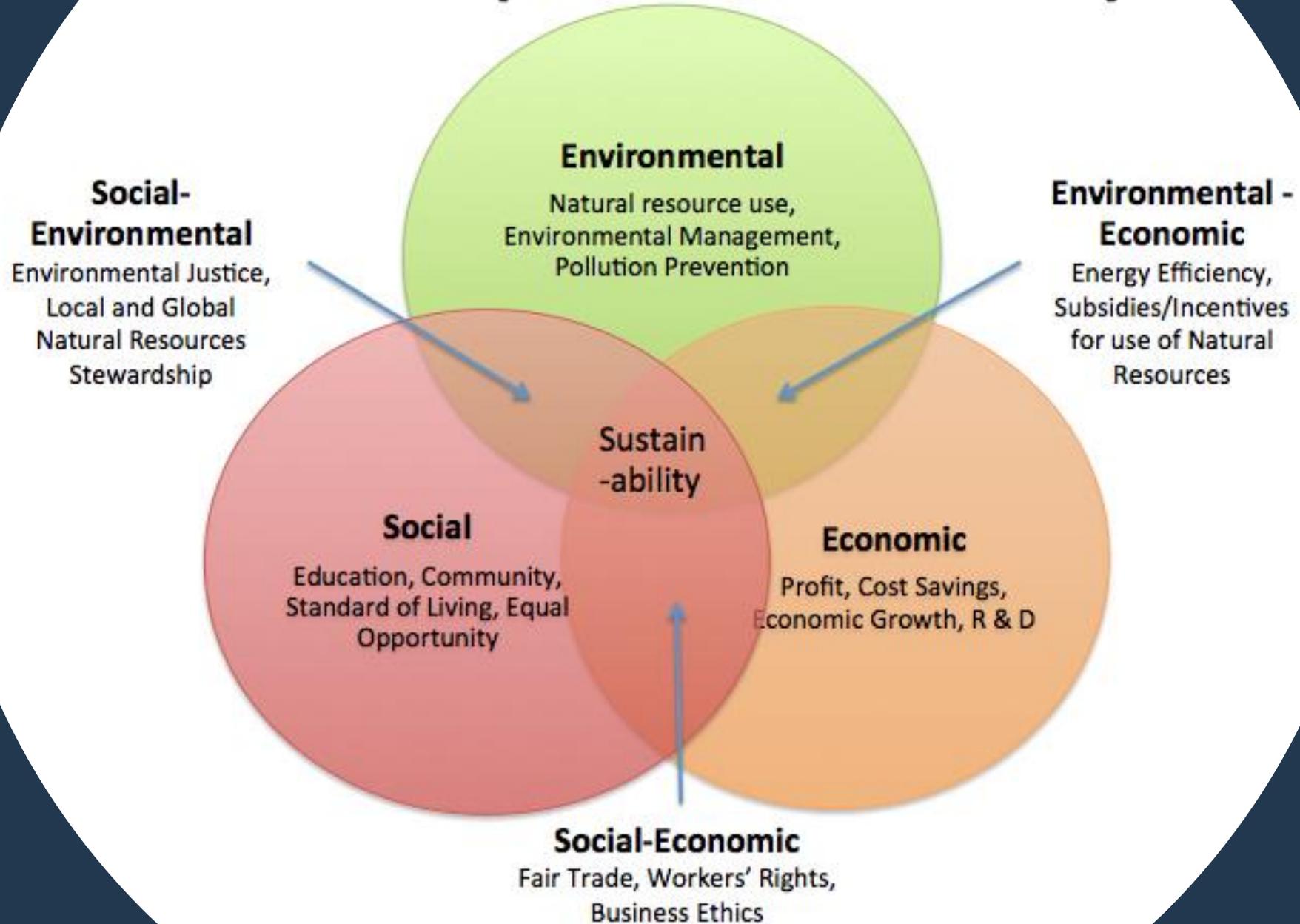
ICE BREAKER

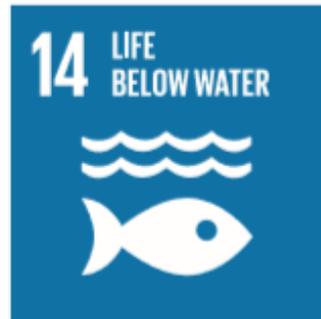
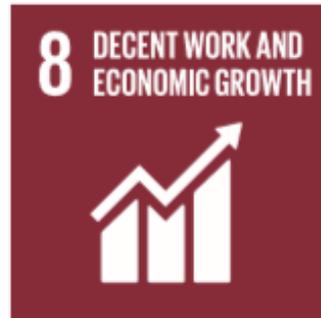


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The Three Spheres of Sustainability



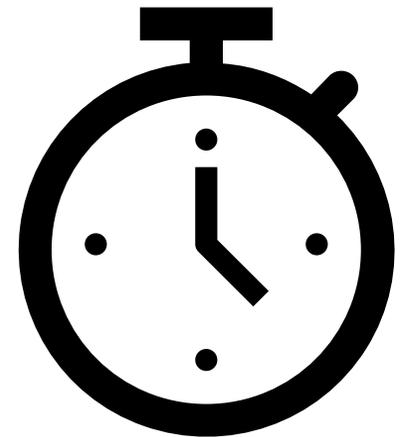


SECTION THREE

Sustainable Procurement



HOW DO YOU
DEFINE
SUSTAINABLE
PROCUREMENT?
(10 MINUTES)





ISO 20400

‘Procurement that has the most positive environmental, social & economic impacts on a whole life basis.’

Sustainable Procurement - What is ISO 20400?



- ✓ ISO guidance standard on sustainable procurement
- ✓ Provides an understanding of:
 - ✓ what sustainable procurement is;
 - ✓ what the sustainability impacts and considerations are across the different aspects of the procurement activity: policy, strategy, organisation, process; and
 - ✓ how to implement sustainable procurement practically.
- ✓ Applies to:
 - ✓ any organisation, regardless of its sector, size and location.
 - ✓ any stakeholder involved in or impacted by procurement decisions and processes.
- ✓ Does not replace legislation, policy and ethical frameworks that regulate procurement activities.



SECTION FOUR

Fundamentals





Managing risks

Identify, prioritize and manage sustainability risks related to procurement



Due diligence

A way to address adverse sustainability impacts



Setting priorities

To focus efforts on managing risks



Avoiding complicity

Avoid being complicit in wrongful acts



Exercising influence

Influence the behaviour of suppliers and other stakeholders

Drivers

Customer – responding to expectations

Competitive Advantage – a sustainable value proposition

Innovation – stimulate supply chain innovation

Stakeholder expectations – responding to expectations

Legislation – compliance throughout the supply chain

Public Policy – efficient management and use of public resources

Risk Management – brand value, reputation, financial loss

Security of Supply Chain – avoiding disruption

Investor Confidence – improved third party ratings and confidence, e.g., DJSI

Workers – attract and retain and motivate staff, improve productivity

Supplier Commitment – improved supplier relationships

Cost Optimisation – optimising resource use, minimising waste, reducing impacts

Economic Value Creation – Life Cycle Cost/Whole Life Cost analysis

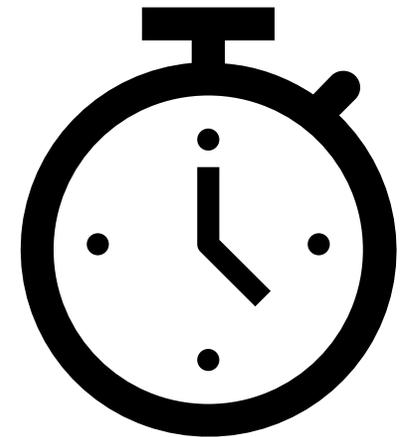
Personal Leadership – Committed leadership from management/board

Organisational Ethics – Ethical culture, avoidance of corporate mis-behaviour



WHICH 3 DRIVERS
RESONATE MOST TO
YOU IN THE
CONTEXT OF YOUR
WORK?

(OPEN DISCUSSION)



Sustainable Procurement Risks and Opportunities



Attracting customers,
competitive
advantage, innovation



Risk management,
supply chain security



Workers productivity,
supplier commitment,
Total Cost of
Ownership



Licence to operate:
stakeholders, regulation,
public policies



Investors confidence,
rating agencies



Personal leadership,
organisational ethics

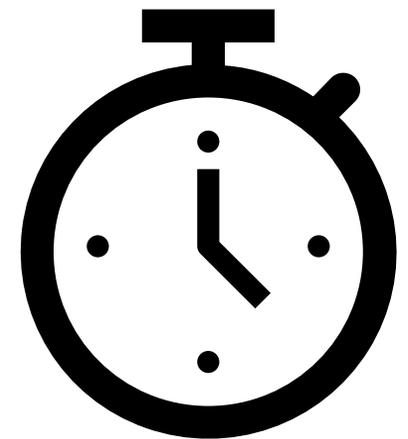
SECTION FIVE

Policy and Strategy

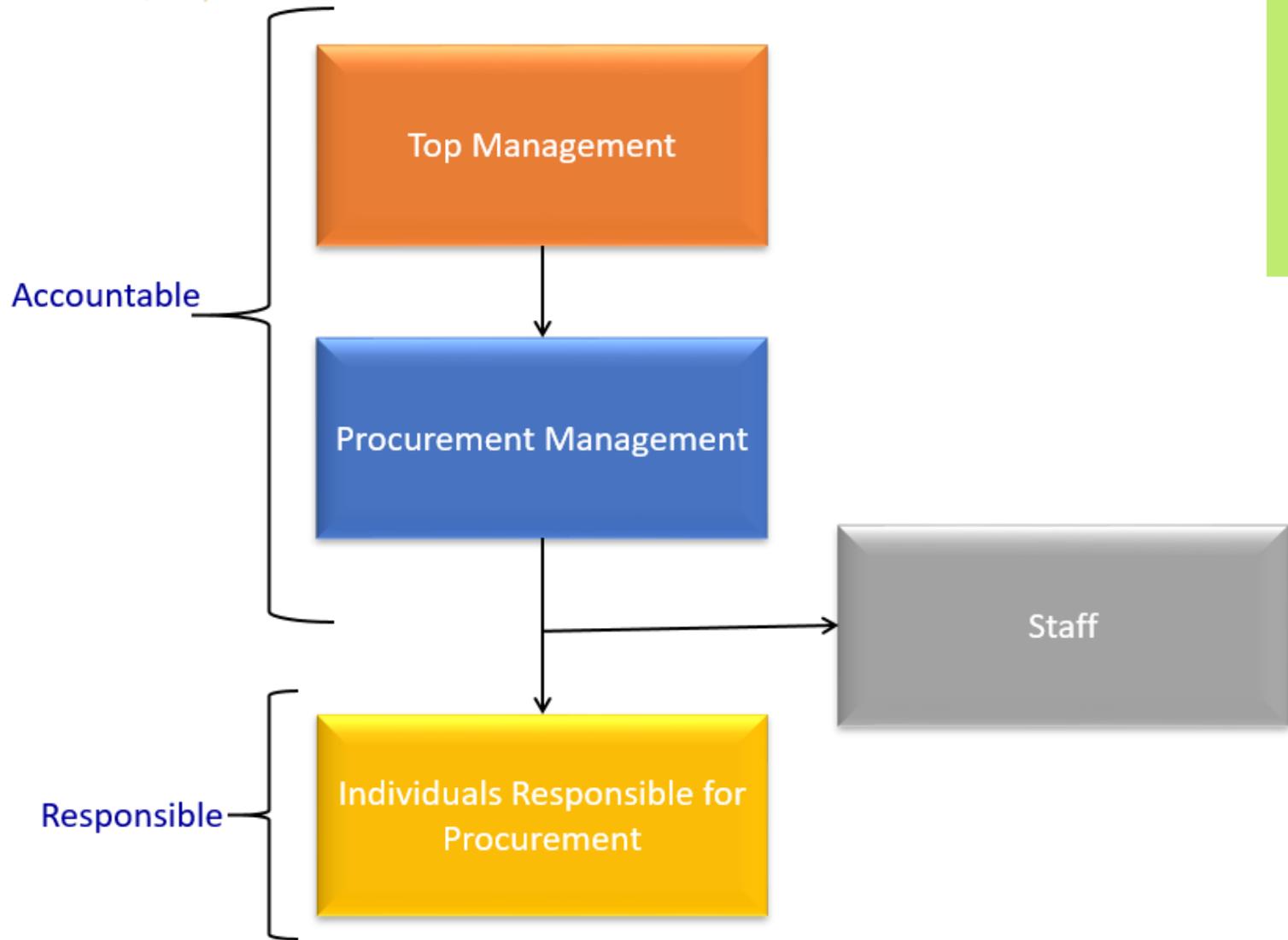


WHAT
SUSTAINABILITY
POLICIES ARE YOU
AWARE OF AND
HOW DO THEY
INFLUENCE YOUR
JOB?

(OPEN DISCUSSION)



Leadership and Accountability



‘Management is doing things right; leadership is doing the right things.’

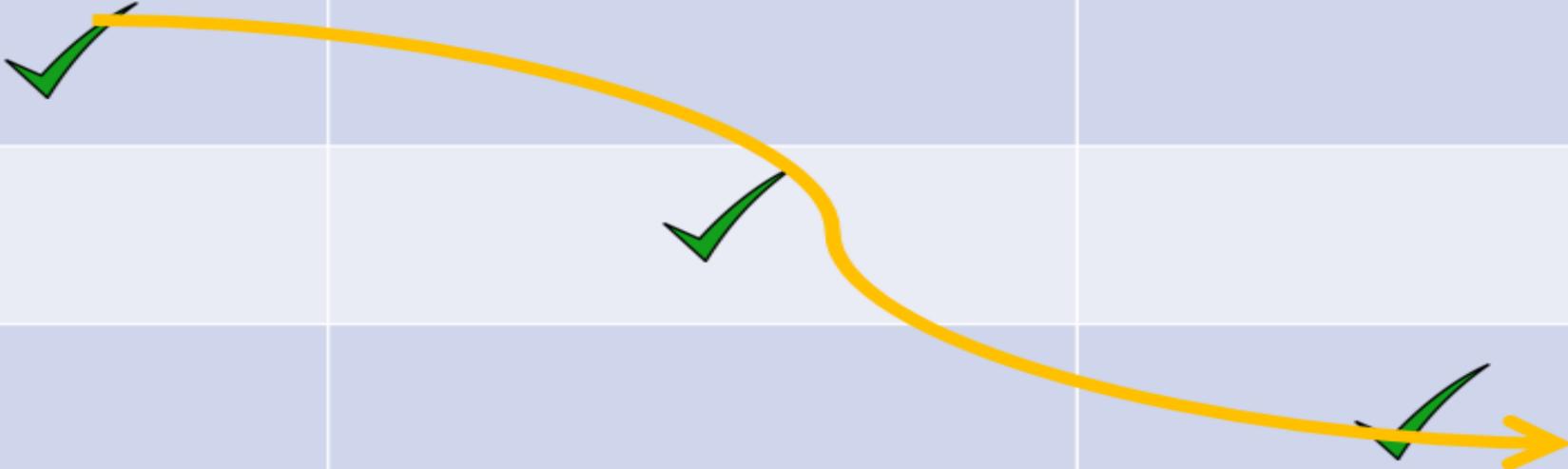
Peter F. Drucker

‘Leadership is the art of getting someone else to do something you want done because he wants to do it.’

Dwight Eisenhower

GOLDEN THREAD

	Policy & strategy	Organisational capacity	Process, including supply chain requirements
At the top	✓		
Through the business		✓	
On the ground			✓



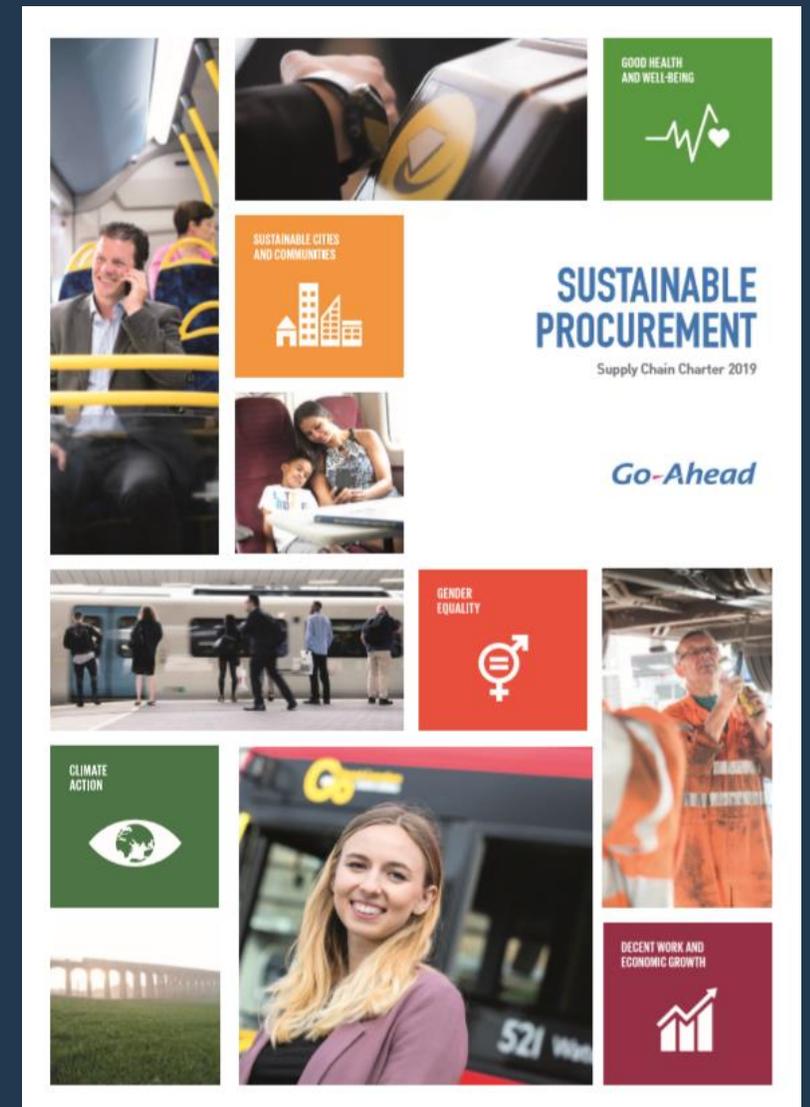
Policy examples

SKANSKA

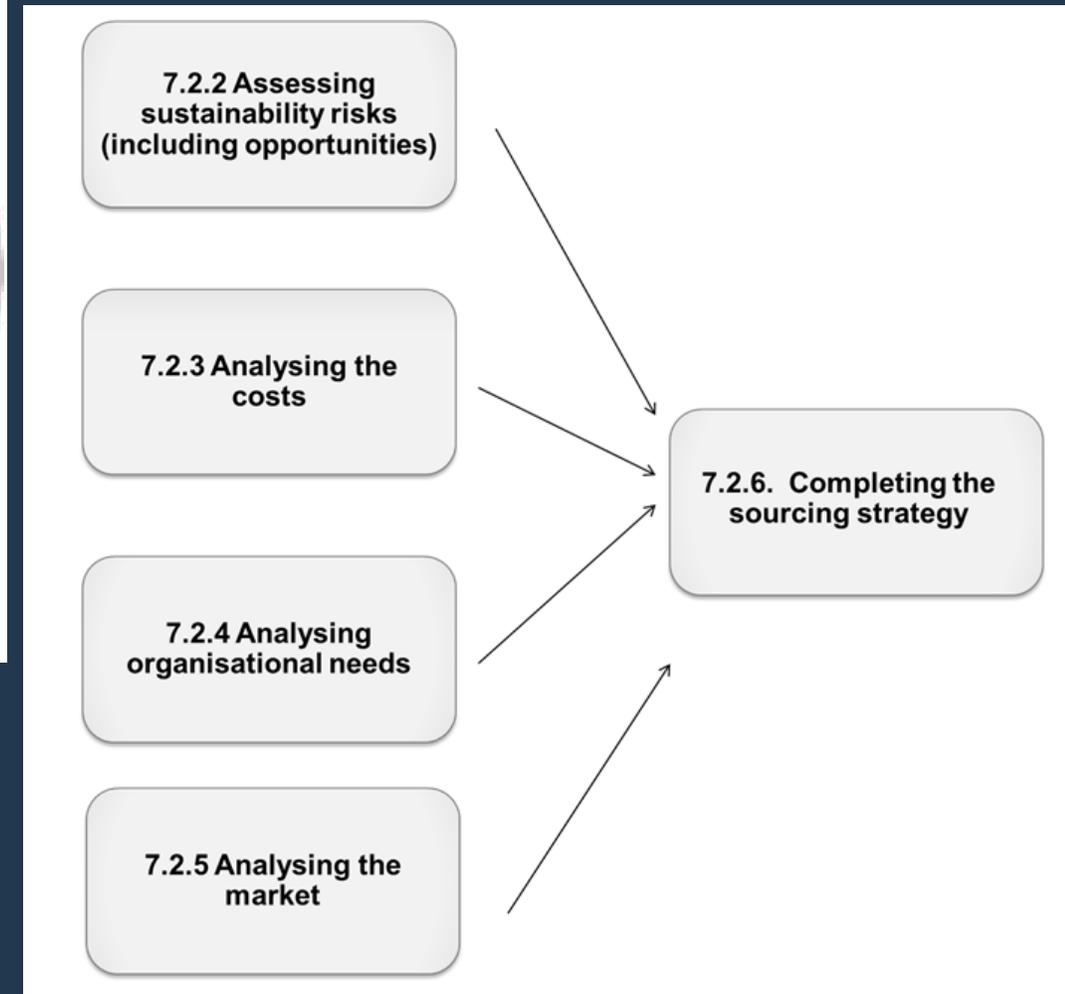
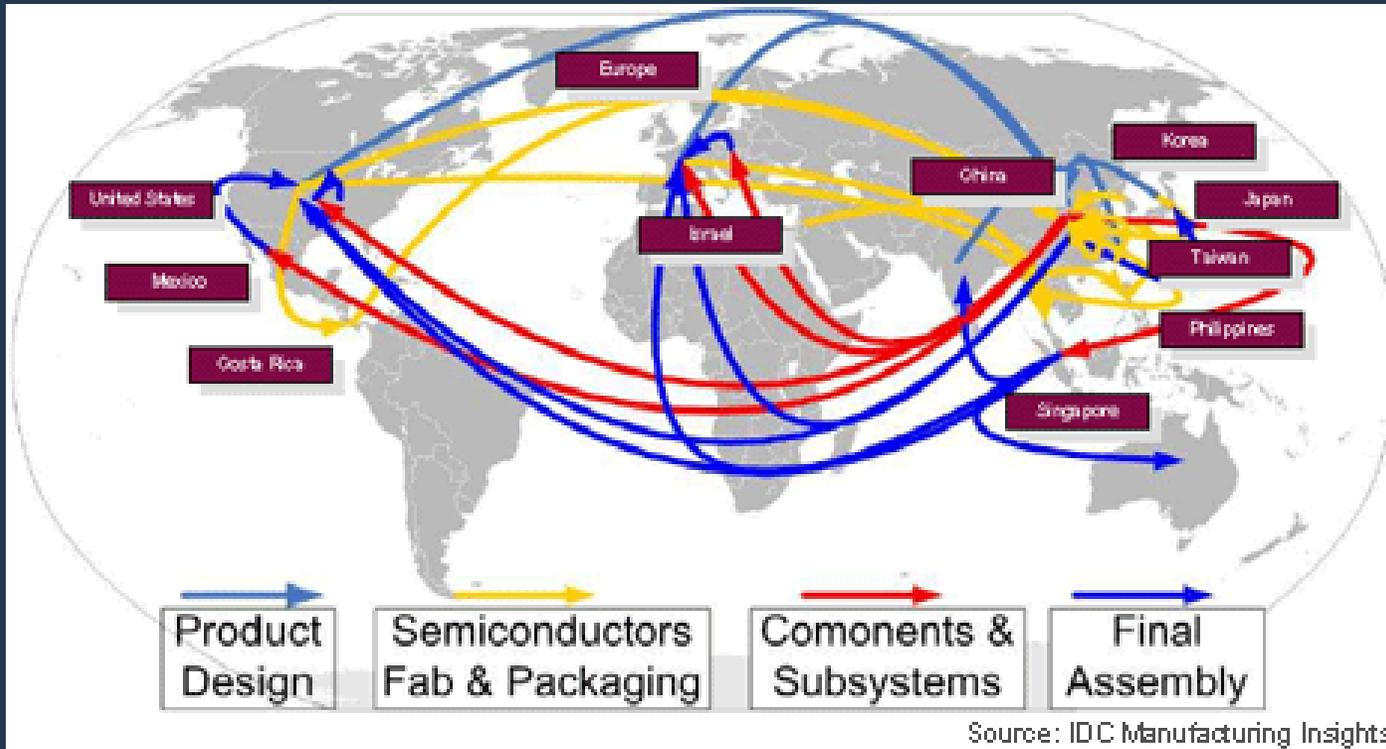
Sustainable procurement policy

- Incorporating policies for:
- Supply chain Health and Safety
 - Ethical sourcing
 - Supply chain equality, diversity and inclusion
 - Environmental and green sourcing
 - Best Value procurement

Sustainable Procurement Policy v1.6 19.05.09



Understanding your Supply Chain



Managing implementation

- ✓ Validate objectives
- ✓ Establish SMART goals
- ✓ Communicate
- ✓ Endorse & sponsor
- ✓ Ensure clear roles & responsibilities
- ✓ Assess & monitor

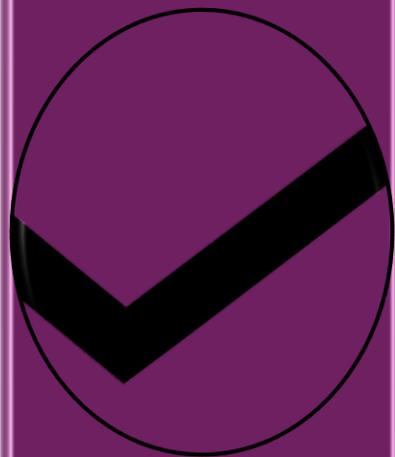




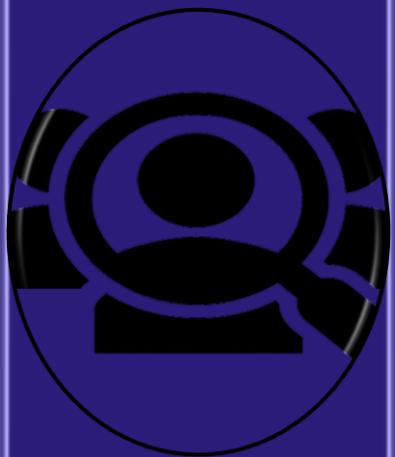


SECTION SIX

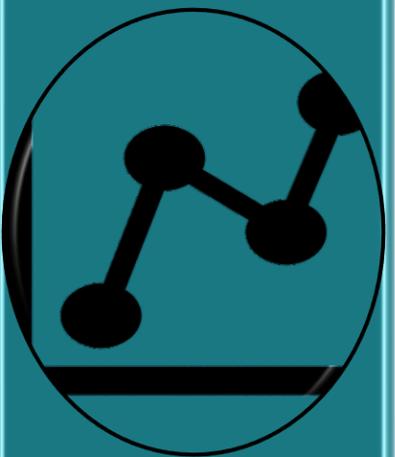
Enablers



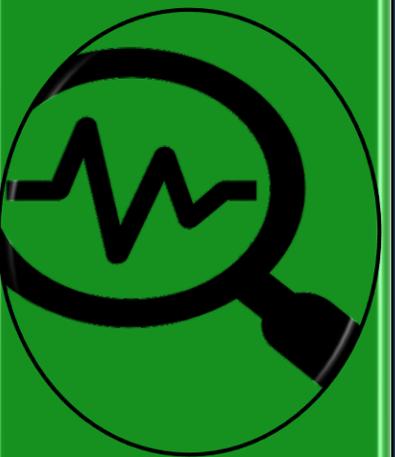
Governance



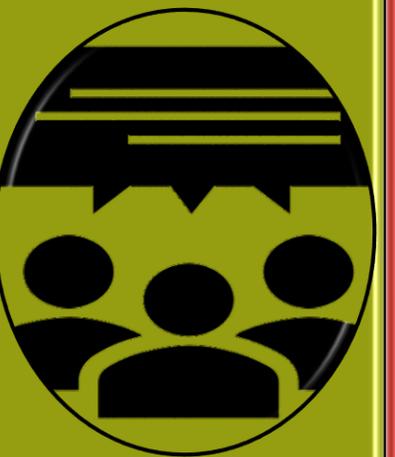
People



Measurement



Prioritise



Engagement



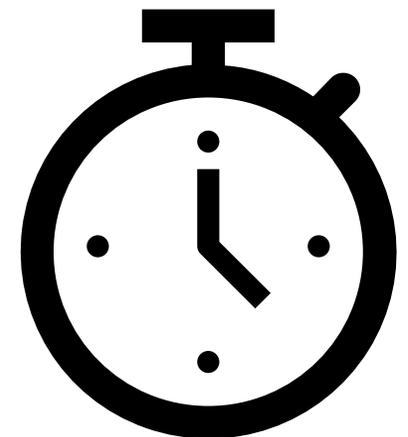
Grievance
mechanism



THINK ABOUT YOUR ORGANISATION AND THE PROJECTS YOU ARE WORKING ON. DISCUSS WHICH ENABLERS YOU HAVE SEEN IN YOUR DAY TO DAY JOB.

CONSIDER: TRAINING, JOB DESCRIPTIONS, MEASURES AND RISK ASSESSMENT.

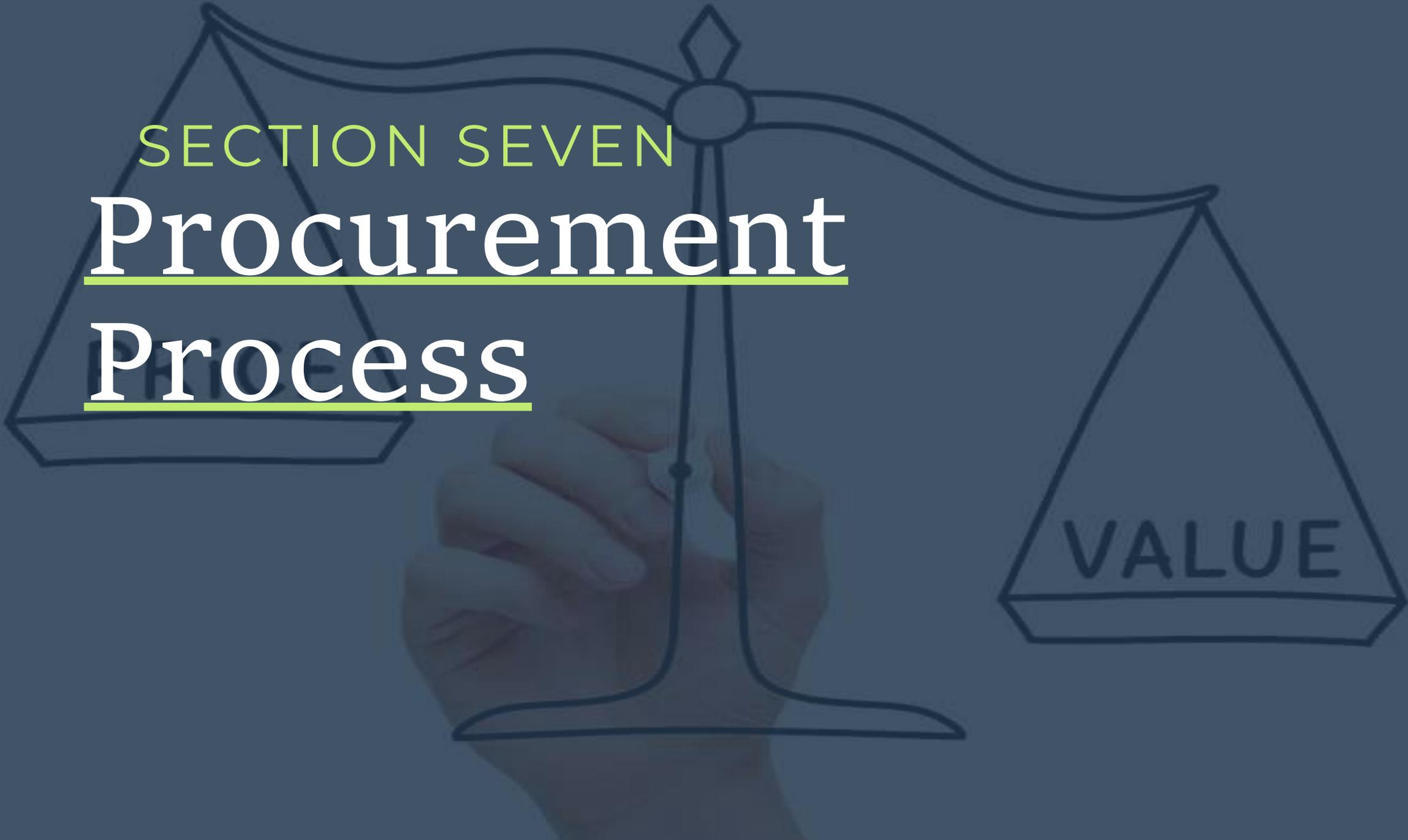
(OPEN DISCUSSION)



SECTION SEVEN

Procurement

Process

A hand holding a scale of justice. The right pan is labeled 'VALUE'. The scale is tilted, with the right pan being lower than the left pan. The background is a dark blue gradient with a faint image of a hand holding the scale.

VALUE

The Wind Mill Checklist



PLAN

- ✓ Needs
- ✓ Risks and Impacts
- ✓ Market
- ✓ Strategy



SOURCE

- ✓ Requirements
- ✓ Supplier Selection
- ✓ Award



MANAGE

- ✓ Transition
- ✓ Contract Management
- ✓ Contract Review

Consider needs, strategy, impacts, risk and market

Description	Focus Areas							
	Energy	Air emissions	Natural resources	Biodiversity	Water	Waste	Pollution	Labour & Ethics
SMALL PACK MATERIALS								
BOTTLES	Red	Red	Green	Green	Orange	Orange	Green	Green
LABELS	Green	Green	Orange	Green	Green	Green	Green	Green
CORRUGATED	Orange	Green	Orange	Green	Red	Green	Green	Green
CROWNS	Green	Orange	Green	Green	Green	Green	Green	Green
GLUE	Orange	Green	Orange	Orange	Orange	Orange	Orange	Green
CANS & CAN ENDS	Red	Orange	Orange	Green	Green	Green	Green	Green
CARTON BOARD	Orange	Green	Orange	Green	Red	Green	Green	Green
HICONE	Orange	Green	Orange	Orange	Green	Orange	Green	Green
SHRINKWRAP	Orange	Green	Orange	Orange	Green	Orange	Green	Green
DISPENSE								
OEM EQUIPMENT	Orange	Orange	Orange	Green	Green	Green	Green	Red
REPAIR EQUIPMENT	Green	Green	Green	Green	Green	Green	Green	Green
SERVICE PROVIDERS	Green	Green	Green	Green	Green	Green	Green	Green
FRIDGES	Green	Red	Green	Green	Green	Red	Green	Red
MOBILE BARS	Green	Green	Green	Green	Green	Green	Green	Green
MUST BUY, MUST SELL	Green	Green	Green	Green	Green	Green	Green	Green
RAW MATERIALS								
BARLEY	Green	Orange	Green	Orange	Green	Green	Green	Green
MALTS	Orange	Red	Green	Orange	Orange	Green	Orange	Green
HOPS	Green	Green	Orange	Orange	Green	Green	Orange	Green
SUGARS/SYRUPS	Orange	Red	Green	Orange	Orange	Green	Orange	Green
ADJUNCTS	Green	Orange	Green	Orange	Green	Green	Orange	Green

- ✓ How can risk be managed or mitigated?
- ✓ How can opportunity be maximised?
- ✓ How many tiers of supply chain need to / can be influenced to do so?
- ✓ What [end] client requirements must be passed through the supply chain?
- ✓ What other stakeholder expectations must be addressed?
- ✓ How much leverage is available to influence?



Planning your Procurement

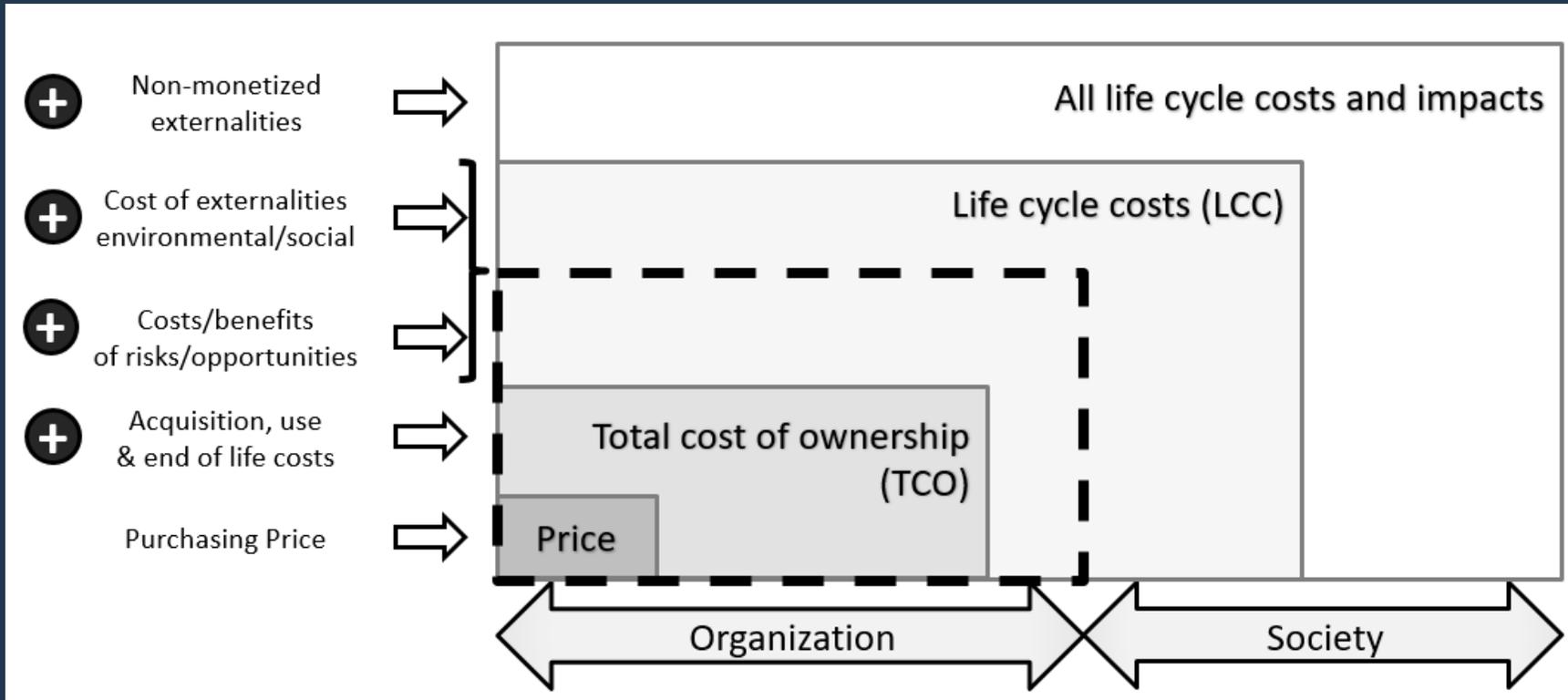
- ✓ Consider total cost of ownership
- ✓ Probe need – can procuring authority do with less or not at all?
- ✓ Consider social, economic and environmental impacts etc
- ✓ Use early market engagement
- ✓ Engage with stakeholders – to understand demand past & future, open up ideas
- ✓ Understand how the supply chain perceives you
- ✓ Horizon scanning
- ✓ Competition is amongst supply chains
- ✓ Is transparency required and possible?

Innovation



- ✓ Engage & Upskill
- ✓ Fosters new solutions
- ✓ Increases competition
- ✓ Supply chain resilience/adaptation
- ✓ Move to digital solutions
- ✓ Increase in the use of technology
- ✓ Requires internal and external investment (not necessarily financial)
- ✓ Requires collaboration

Whole life costing/ Total cost of ownership

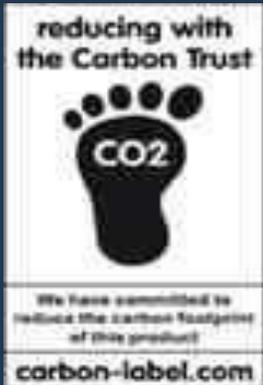


State social, economic and environmental requirements that:

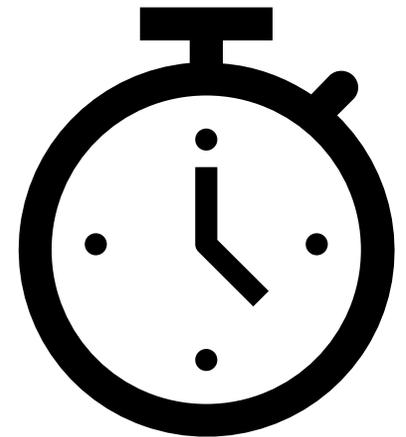
- ✓ Connect to the 'golden thread' through from policy and strategy
- ✓ Can be delivered by any bidder (including SMEs) as part of core contract delivery
- ✓ Are appropriate to risk, opportunity and scope to leverage
- ✓ Bidders can cost in pricing schedules
- ✓ Can include responsible sourcing standards
- ✓ Can be measured and reported
- ✓ Pass on any stakeholder / client requirements, appropriately
- ✓ Are, for example, minimum levels of performance required



Product labels: form of sustainability measurement that targets the consumer



THINK ABOUT
CURRENT CONTRACTS
AND PROJECTS YOU
ARE WORKING ON.
WHAT
SUSTAINABILITY
REQUIREMENTS HAVE
BEEN ADDED TO
SPECIFICATIONS?
(OPEN DISCUSSION)



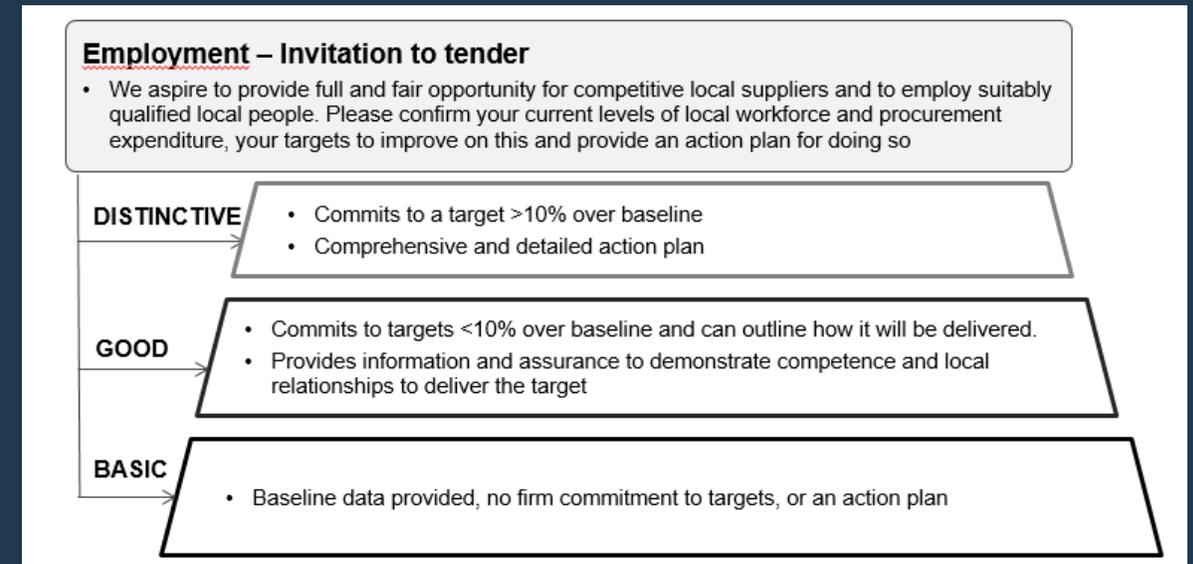
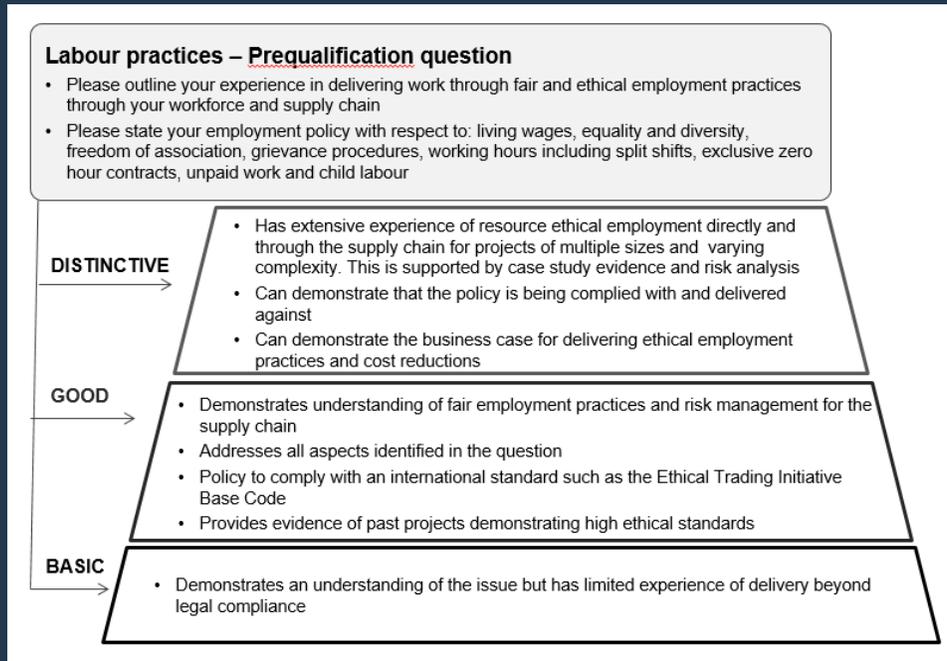
Test against requirements, score and include within balanced scorecard approach to shortlisting and contract award

Pre-qualification (1st stage)

- ✓ Test track record
- ✓ Identify any legal, regulatory or contractual non-compliance – disqualify if appropriate

Invitation to tender / negotiate (2nd stage)

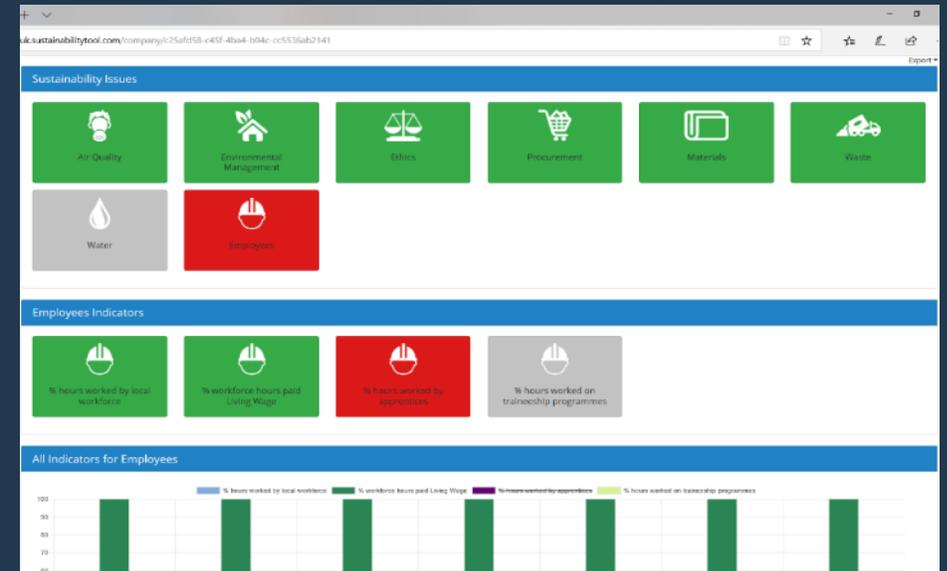
- ✓ Test appropriateness and feasibility of approach to delivering requirements e.g. by requesting [contractually binding] action plans
- ✓ Request [contractually binding] proposed targets – from scratch or against baselines
- ✓ Probe further in any interviews or site visits



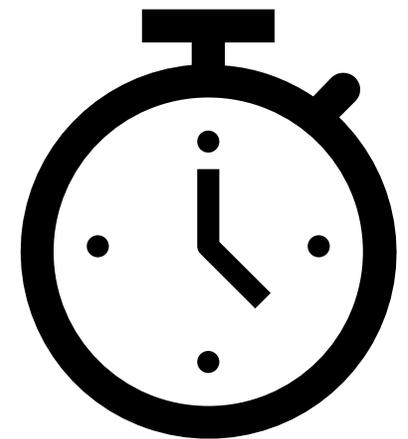
Managing the Contract

Don't expect supply chains to deliver sustainability commitments unprompted

- ✓ Hold successful bidders to commitments they made when tendering
- ✓ Collect and analyse data from the supply chain (including performance against minimum standards)
- ✓ Collect qualitative information from the supply chain
- ✓ Score performance – as individual and/or collated KPI(s)
- ✓ Integrate into a system of performance assessment e.g. via KPIs
- ✓ Attach penalties and incentivisation to sustainability KPIs (e.g. penalty for score of 0 or 1, no change to payments for 2, incentivisation payments for 3 or 4)
- ✓ Foster collaboration and strong, professional relationships



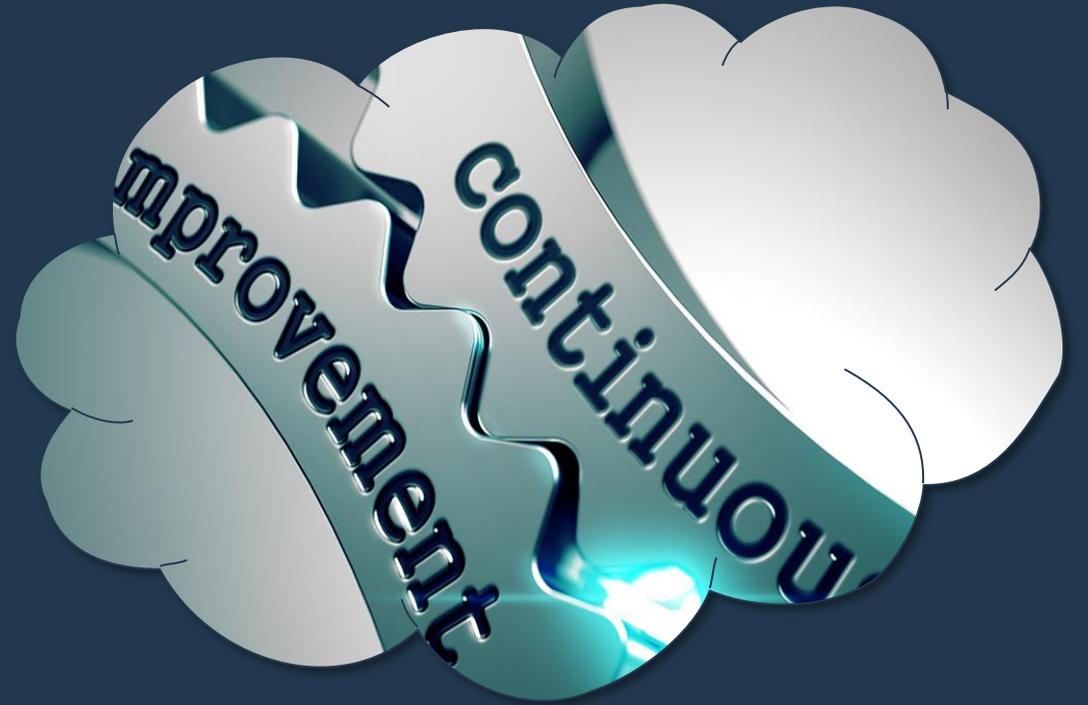
HOW COULD YOU
INTEGRATE
SUSTAINABILITY
PERFORMANCE INTO
CURRENT CONTRACT
MANAGEMENT
PROCESSES?
(OPEN DISCUSSION)



Reviewing and Learning

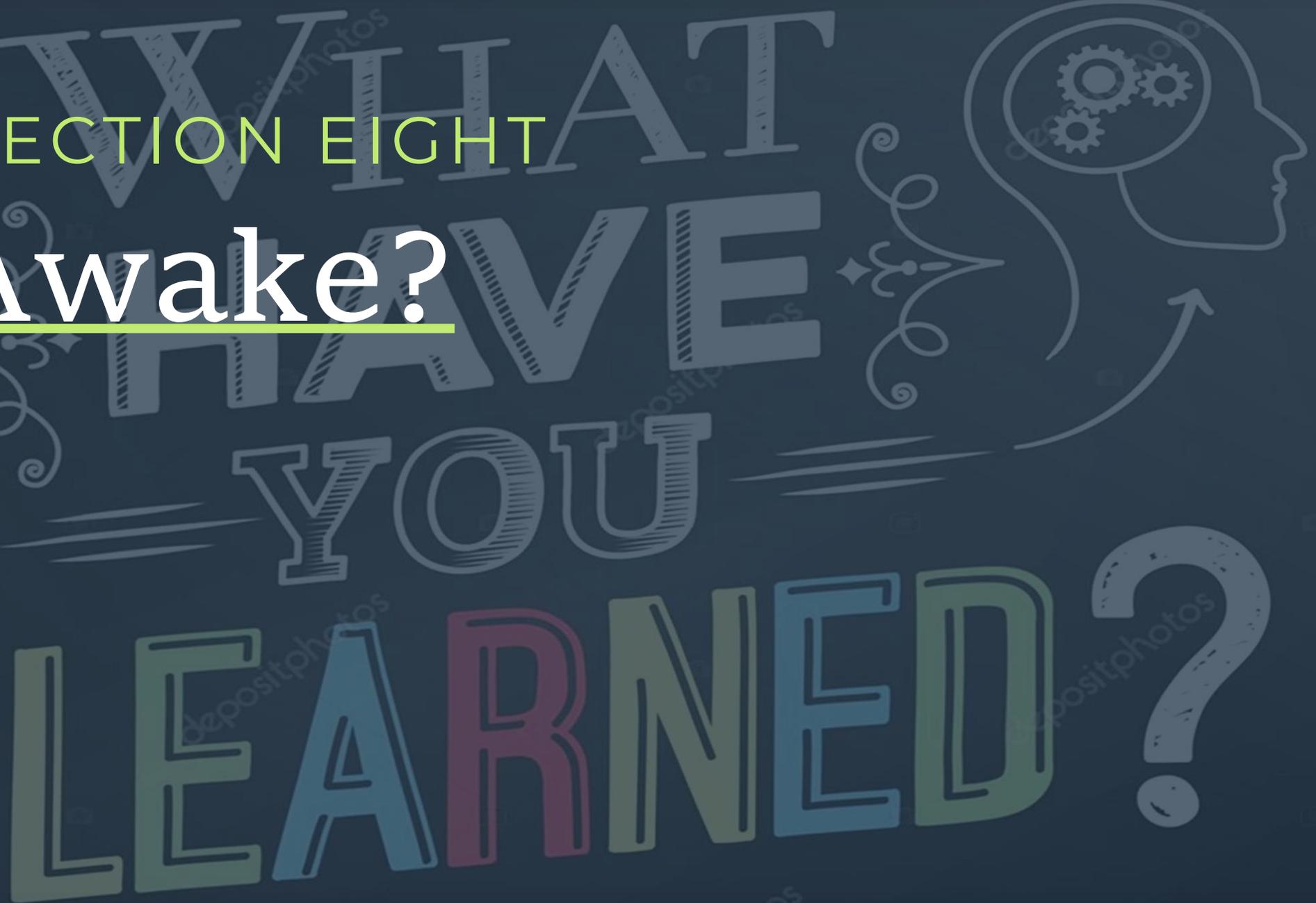
- ✓ Seek out perceptions of all stakeholders – particularly supply chain
- ✓ Document
 - ✓ What worked well?
 - ✓ What worked less well?
 - ✓ Benchmark levels of performance achieved?
 - ✓ Case studies?
 - ✓ What could be done differently next time?
- ✓ Share
 - ✓ Within organisation
 - ✓ Externally e.g. learning legacy webpage
 - ✓ Apply to other contracts

“... This is vital to ensuring that lessons learned during the life of the contract can be shared and continual improvements”



SECTION EIGHT

Awake?



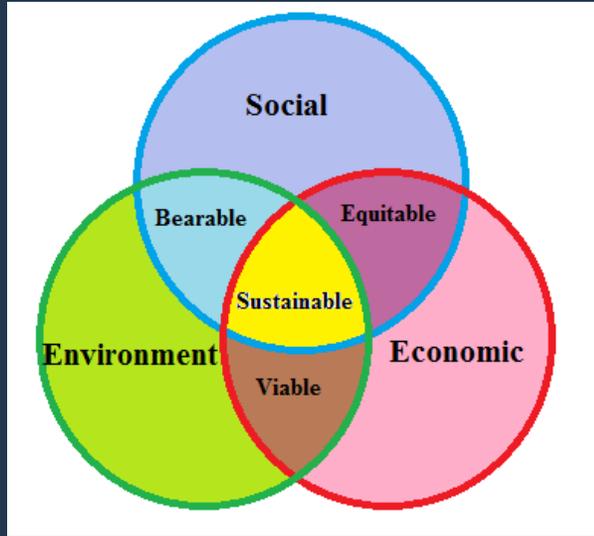
TEST YOUR KNOWLEDGE



Menti Code: 6963 6435

3 hours in less than 3 minutes

Sustainability



Sustainable procurement

“Procurement that has the most positive environmental, social & economic impacts possible over the entire life cycle”

Golden Thread



Business as Usual

SmartProcurement



Prioritised

	Insignificant	Low	Moderate	Significant	Major
Certain				1	1
Likely	2	3	5	2	2
Possible	3	3	4	3	2
Unlikely		11	5	5	1
Rare	2	3	2	1	

Questions



Please share your
feedback



[LINK](#)



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