

# A Sustainability Question Bank for Procurers

A resource produced by the Smart Procurement  
initiative of the Sustainable Business Network.



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## **This document will help you to:**

- Identify the supplier businesses you want to work with, based on their sustainability awareness and performance,
- Identify the sustainability risks and impacts that might matter at a tender/contract level for a given purchase.

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For more guidance documents from this series and to learn more about smart procurement, visit: [smartprocurement.org.nz](http://smartprocurement.org.nz)



For more information about the Sustainable Business Network, visit: [sustainable.org.nz](http://sustainable.org.nz)





# About SBN's Smart Procurement project

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The focus of the procurement function has shifted from minimising costs to maximising value.

**Sustainable Procurement is a better integrated, more strategic approach to procurement. It accounts for risks, impacts and value within and beyond the organisation, resulting in cost savings, risk mitigation and the opportunity to identify new business opportunities.**

In early 2017, the SBN Smart Procurement project explored the barriers and constraints to the take-up of sustainable procurement practices within New Zealand. It found several, including the need for buyers to be given a broader organisational mandate to pursue value, rather than merely minimising costs. It also found that buyers were not sufficiently confident in their knowledge of sustainability to be able to consistently apply the most relevant concepts and risks within their practices. This document seeks to arm buyers with a range of sustainability questions that they can select from for a given supplier base, tender or contract.

See the Smart Procurement Project Diagnostic Brief for more findings on the state of sustainable procurement practices within New Zealand.



# Introduction

**Each organisation will approach sustainability differently from one another, and differently for each tender/contract at hand.**

That's for good reason: at the level of the organisation, an approach should be informed by that organisation's vision/values/purpose, its strategic and material risks, its sustainability commitments and goals and any focus areas it has identified for procurement to prioritise.

This context will go a long way towards infusing your procurement with the known focus areas of your business.

Within a given organisational context, there will be considerable diversity in the sustainability considerations for individual categories and tenders. A procurer's questions should reflect the organisation's culture and sustainability drivers or goals, mission and issues that matter most and that can be incorporated through that tender.

It may not be sufficient, for example, to ask suppliers what practices they will use to improve sustainability performance, such as continuous improvement and innovation.

Yet without being overly prescriptive, you can give much better guidance to suppliers for a particular bid, improving both the quality of the information you receive and the ease with which you can assess bids, award contracts and monitor performance through Key Performance Indicators and Service Level Agreements.

# "How do I know what to ask?"

**This section is intended to provide some general prompts for considering sustainability in relation to a particular tender or contract in front of you.**

**Let's start with a working definition for procurement purposes:**

*Sustainable procurement is 'a process whereby organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment'.*

**- UK Government's Sustainable Procurement Taskforce, 2006**

You could be using your procurement function to build trust with stakeholders and customers. It could support aligned businesses and build partnerships for innovation. It could manage pressing or strategic organisational risks.

The tricky bit in building towards these chosen objectives is articulating what matters for a particular tender, contract and in ongoing relationships, to ensure a sustainable culture match with any future suppliers.

What follows is a comprehensive list of questions that could be relevant for any purchase or contract.



## **Please note!**

- This is not intended to be an exhaustive list; rather it should prompt and inspire ideas from procurers and their sustainability counterparts within a purchasing organisation.
- Nor should this list be foisted on suppliers in its complete form; some selection for relevance and prioritisation is necessary.



# A. Sustainability considerations for suppliers

**Organisations need to make sure their suppliers are contributing to their sustainability (and strategic) priorities and directions, not undermining or ignoring them.**

**That means they need to have a good reputation, a strong set of values, hold any relevant accreditations, certifications and consents and be working to improve their sustainability performance in the most critical areas for their business/industry (and, ideally, in yours too).**

## Question consideration

Drafting questions for prospective suppliers should always allow for a fair and productive assessment in terms of selecting competent suppliers to achieve your goals.

But it's also critical to understand what sort of response you are trying to obtain. What's sufficient? What's excellent and goes above and beyond expectation? What's poor?

## Question weighting

There may be some questions that - if not answered sufficiently - could potentially be a 'deal breaker'. In these circumstances, it would be advisable to consider a pass/fail mark, fail meaning that supplier is removed from further consideration.

For non-deal breaker questions, it's advisable to use question weighting to indicate the most important sustainability aspects and critical success factors of the work/project/service etc. This will ensure questions can be answered by suppliers with an understanding of their real importance for the tender.

That in turn should help to avoid wasted effort and time on the part of suppliers, and to ensure the best-performing supplier is recognised as such.

One important question that could always be asked of suppliers is:

**"What accreditations and certifications do you hold?"**

This question can be incredibly beneficial if answered positively, as accreditations can:

1. Afford a competitive advantage.
2. Encourage marketplace confidence by dint of regular, impartial, independent audits by an internationally respected body.
3. Prompt greater awareness and enhanced communication.
4. Reduce liability insurance and legal costs by being part of the risk management process.
5. Sustain continual improvement through assessment of system effectiveness, efficiency and competence.
6. Promote consistency and demonstrate equivalence of assessments via mutual recognition based on peer review.
7. Reduce multiple audits and remove barriers to trade in working towards the goal of 'certified once – accepted everywhere'.



**When certification isn't the answer!**

No one could fault you for thinking certification is more baffling than ever.

As a result, it's necessary to admit that - with few exceptions - certification is not always the only nor best way to demonstrate sustainability credentials and performance. In particular, when:

- Certifications are excessively expensive (disadvantaging small suppliers),
- There is a shortage of credible certifications (for an industry or issue), or
- Certifications don't significantly boost transparency or performance on an issue

... then you may be better off remaining neutral about them or clarifying with suppliers what exactly they demonstrate.

You can a reference list of certifications at: [sustainable.org.nz/guide-to-sustainability-certifications/](https://sustainable.org.nz/guide-to-sustainability-certifications/)

# General sustainability questions to ask suppliers

- ☐ How will doing business with you add value to our business by contributing to our sustainability goals and objectives?
- ☐ What are the most critical sustainability (social and environmental) risks for and impacts of your business (both in the short-term and strategically)? What are you doing about them?
- ☐ What is your purpose or vision?
- ☐ What kind of future are you working to create?
- ☐ What are your ethics or values as a company? Who could vouch for you on these?
- ☐ Do you have performance targets for your risks and impacts? Are they audited? Do you report on them? Can we see your reports?
- ☐ Whose responsibility is it to monitor, manage and report on your key sustainability risks and impacts?
- ☐ Do you have a regular, formal process for checking in with your various stakeholders?
- ☐ How does your company give back to NZ (i.e. how does it express its own corporate responsibility)?
- ☐ What leadership, development and training programmes have you put your team through?
- ☐ Have you won any awards?

- ☐ Who can provide a referral for doing business with you?
- ☐ Do you monitor the sustainability performance of your subcontractors? On which issues, and how? Can you vouch for their ability not to undermine our objectives? Do you reward suppliers for strong performance?
- ☐ Do you monitor the sustainability performance of your supply chain (materials, processes, etc.)? On which issues, and how?
- ☐ Which areas are you focused on innovating or continually improving in?
- ☐ What else do we need to know?

☐ Tick the boxes once you decide whether to include each question



# B. Sustainability considerations for tenders & contracts

**The sustainability questions you might want to ask will differ depending on what you are procuring.**

For ease of reference, this section separates out questions for i. Products, Materials & Equipment, ii. Services, and iii. Construction & Civil Works.

*Note: Professional services tenders and contracts should not be exempt from this process, but the questions in section A are probably sufficient for those industries.*

Remember that sustainability in procurement starts with addressing the perceived need of your organisation and asking whether procuring something new is actually the most efficient and favourable way to meet that need.



The circular economy is a framework to decouple economic growth from resource use by maximising the life cycles of products, optimising their usage and at the end of life ensuring all materials are fully reutilised. Drawing on this approach suppliers are beginning to offer many products in the form of services. Some examples including lighting ('pay-per-lux') and rental of printing machines, instead of outright purchase.

These new options create incentives for manufacturers and suppliers to design products to last, to be easily repaired and to be repurposed or recycled, given they themselves bear the costs of doing so.

# i. Products, Materials & Equipment

**Questions about products relate primarily to the materials and processes used in manufacture, impacts from the product’s lifespan (including inputs for running and maintenance), and the end of life considerations.**

**When procuring a product you are assuming responsibility for all its embodied social and environmental impacts.**

**That means you need to be confident in the knowledge and mitigation efforts of not only your supplier, but also their suppliers, and so on (i.e. the whole supply chain).**

Here are some sustainability considerations for Products, Materials and Equipment:

## Framing the choices

- ☐ What would be the optimal choice for us from a sustainability perspective, i.e. the product that minimises environmental and social impacts/risks over its lifespan?
- ☐ Are there refurbished or repurposed options available that might reduce the impacts of embodied materials/processes?
- ☐ What are the whole of life costs of each option?
- ☐ Are there options with higher upfront costs that will nonetheless increase product lifespan, and reduce running costs (and therefore impacts)?
- ☐ What promising innovations or future technologies/practices should I know about that might affect this decision?

## Materials

- ☐ What materials are used in these products and in the processes that are used to produce them?
- ☐ What social and environmental impacts or issues might be associated with extracting and processing these materials?
- Environmental: Which pollutants are generated during processing? What greenhouse gas emissions are associated with producing and distribution? How are these impacts managed by you or your suppliers?
- Social: At which stages are there large and/or risky labour components of production? Where geographically do these parts of production occur? What safeguards are in place to ensure appropriate working conditions and remuneration for workers, either by you or your suppliers?

Materials (cont.)

- ☐ How is this product designed to minimise impacts from materials and processing?
- ☐ Are the materials certified? By whom, and what do these certifications mean?
- ☐ Are any aspects of the process accredited or certified? If so, by whom, and what guarantee does that provide?
- ☐ What proportion of the materials are NZ-produced or NZ-sourced?

Transportation & Distribution

- ☐ Where are goods transported to and from? Where are the major processing sites for these products? Can you draw us a supply chain map?
- ☐ How (i.e. by which mode) and how far are they transported in total, and what are the greenhouse gas emissions impacts of that transportation?

Usage

- ☐ What is a typical/minimum lifespan for this product?
- ☐ What resources will be needed to keep this product in operation? Do you have average figures for its electricity, water, refrigeration requirements (as relevant)?
- ☐ What are the direct running costs? What indirect running costs do I need to consider/be aware of?
- ☐ Will using it produce waste? If so, which type and what volume? How will I need to dispose of or deal with this?
- ☐ How is it designed to minimise waste from usage?
- ☐ Will the people using this product/equipment need any type of training to use it effectively? E.g. Are there safety precautions, or pollutants that need to be managed?

End of life

- ☐ How do you as a supplier assist with the end of life solutions for these products?
- ☐ Can they be repurposed, meaningfully recycled, or must they be disposed of? If the latter, do we need to dispose of them or will you?
- ☐ Where do they end up, and under what conditions? What costs are involved?
- ☐ Is there anything else I need to know?



## ii. Services

**Cleaning and waste contracts are examples of procuring categories that fall under the Services umbrella. Building on the questions for Products, Materials & Equipment, which remain relevant, sustainability considerations for Services tend to relate primarily to the labour a supplier relies on.**

**When you procure a product you assume responsibility for its embodied impacts. Similarly, when you procure a service you are placing your trust and reputation in a supplier, its labour and other practices, as well as the equipment it uses. Consequently, questions should focus on these areas.**

Here are some sustainability starting points for Services:

### Labour management & processes

- ☐ Where do you look for new workers, e.g. do you specifically target groups that the labour market tends to disadvantage? Do you skill them up?
- ☐ What's your process for bringing new workers on board? What are the main risks for new workers (e.g. visa status, criminal records), and what safeguards do you have in place?
- ☐ What training do new workers undertake and how often are they retrained? What do these training sessions involve? Are there on-site inductions?
- ☐ How much experience will the specific teams in the tender have had? Can I get a referral for that particular team?
- ☐ How do you monitor the performance of your teams? How regularly are they audited? How do you move aside non-performers?

- ☐ Which sub-contractors do you use and what for? Do they have appropriate accreditation and H&S credentials? How long have you worked with them? How do you monitor their performance and safeguards (e.g. around visas and work hours for their employees)?

### Labour conditions

- ☐ Do you pay your workers a Living Wage? If not, why not? Are workers entitled to performance bonuses, or other benefits for excellent performance?
- ☐ How many hours does an average worker work? Do you monitor and manage worker hours? Do you cap hours to ensure work-life balance and prevent drops in quality of service?



**Labour conditions (cont.)**

☐ What evidence can you provide on your health and safety record? Have you had any infringements in the last three years?

☐ What entitlements do workers have, e.g. how much sick leave, annual leave, paid maternity and paternity leave, etc.?

☐ Beyond health and safety, how is attention paid to workplace culture?

☐ Are there training programmes in place to ensure safety of workers and others on-site, as well as to ensure efficient usage of materials?

*Note: for services contracts with notable impacts from materials (such as generation of e-waste from computers and other electronic equipment), consider using some of the questions from the Products, Materials & Equipment section above.*

**Equipment & Materials**

☐ Which materials or equipment will your workers be using?

☐ What impacts might it have, in generating waste, pollutants or emissions? Are there lower-impact alternatives that perform to an equivalent standard? Is the product certified, and if so what do the certifications mean?

### iii. Construction & Civil works

This section relates to buildings and other small-to-medium sized construction and civil works. For larger infrastructure projects, the Infrastructure Sustainability Council of Australasia (ISCA) provides the relevant framework for excellent design and performance with sustainability in mind.

While construction and civil works is listed as a separate section here, many of the considerations from previous sections remain highly relevant.

Specifically, this should include:

- Materials
- Usage
- End of life

(from i. Products, Materials & Equipment, as well as:)

- Labour management and processes
- Labour conditions

(from ii. Services.)

In addition, some of the following considerations should be canvassed:

#### Site management

☐

How will you ensure minimum disruption or impacts on neighbours and surrounding environments (including biodiversity, waterways and air)?

☐

What on-site policies and practices do you have to minimise, reduce and divert waste during construction?

☐

What policies or practices do you have that can ensure maximum contribution (including economic and social) to the local area?

#### Materials & design

☐

Have any of your products or materials had life cycle assessments? If so, please provide.

☐

What design alterations or changes in materials would you recommend to ensure longevity, reusability, and minimise impacts (such as carbon-intensity and hazards to health and environment)?

☐

How will you manage and reduce your carbon, water and materials impacts during construction?

#### Employment & diversity

☐

How do you plan to deliver: Targeted employment opportunities for disadvantaged groups? Supplier diversity (incl. social enterprises) within your supplier base?

#### Targets, monitoring & reporting

☐

What impacts or outcomes associated with these works will be actively monitored during construction?

☐

What targets have been set for these and whose responsibility is it to meet these targets?

# C. Homing in on critical impacts

The questions above are designed to elicit information from potential suppliers about the impacts involved in delivering on a given tender. They will also allow you to discern how aware and engaged suppliers are on the relevant impacts for the tender.

**Once critical risks and impacts have been identified, you might want to ‘home in’ on those impacts that are a risk for the tender or that your customers and clients are sensitive to.**

Further details can be sought from suppliers (or, further down the track, the winning bidder) on how they measure and manage their performance on these issues.

## Example 1: Carbon emissions

A procurer might potentially want to know:

- How suppliers measure their emissions, and the scope captured,
- Any targets they have set,
- Any initiatives or projects in place driving reductions, and
- How suppliers are performing, either against previous results, a baseline of no action or an industry average (or some other reference point).

## Example 2: Waste

A procurer might potentially want to know:

- Suppliers’ targets for waste reductions and diversion from landfill (where stuff goes and how they can prove it),
- What they have done to improve outcomes (e.g. efforts at purchase avoidance, designing out waste from products, use of low-impact products or techniques, or use of product stewardship schemes),
- How they ensure extreme care when discharging unavoidable wastes,
- How they are performing against their targets (as in the Carbon example, above).

## Summary: A general pattern

This general pattern of questioning can be applied to almost any risk or impact identified as critical for a tender/contract:

1. How do suppliers measure the impact in question?
2. How do they manage their performance on it?
3. What targets have they set?
4. What initiatives or projects have they put in place?
5. How are they performing?
6. Where – if anywhere – are they looking for help, or to stay abreast of relevant innovation?

## How to ask suppliers your questions

Although it's been left to last here, how procurers put this Question Bank to use will have as big an effect as whether they use it at all!

Suppliers are known to suffer from 'survey fatigue' already, so procurers need to be willing to ask only about - and commit to - the sustainability aspects they deem most important for a given contract or tender.

That means you should:

- ONLY ask questions that are relevant to your decision on the relationship, tender or contract,
- Be clear about what kind of evidence or performance you desire or require from potential suppliers,
- Be prepared to host engagement sessions for potential suppliers, and
- Be committed to following up on these aspects during contract management.

**The SBN Smart Procurement project is keen to ensure you get maximum value from putting this guide to use.**

**Please contact [sam@sustainable.org.nz](mailto:sam@sustainable.org.nz) for bespoke assistance on how to implement these guidelines and questions into your procurement process.**

**Please visit [www.smartprocurement.org.nz](http://www.smartprocurement.org.nz) for more resources and guidance.**