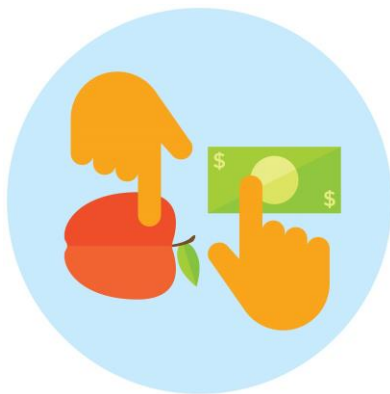


Pathway to Sustainability

Purchasing resource sheet

With every dollar you spend, you send a signal to the market about your expectations on the values and sustainability performance behind products and services.

There's never been a more fruitful time to align your purchasing with your business values and mission. Increasingly, businesses are looking to their suppliers and supply chains to not only reflect but improve their own sustainability performance.



This resource has been designed to help you choose good products and services for your business. It will help you to develop sustainable purchasing guidelines for your business; provide some questions for you to ask your suppliers when choosing products and services; and show you where to find sustainable products and services.

Where can I find products and services that are good for my business?

SBN supports the products and services of our members, and we encourage others to do the same. You can find more sustainable products and services on the [Sustainable Business Directory](#). See also [Environmental Choice New Zealand](#) and [Fairtrade Australia & NZ](#) for listings of sustainable products and the businesses providing them. Both [Buy NZ](#) and [Conscious Consumers](#) also have directories of businesses that meet their criteria.

To help you understand some of the main sustainability certifications in use in New Zealand, we've put together a [Guide to Sustainability Certifications](#).

How do I develop sustainable purchasing guidelines for my business?

At the Sustainable Business Network, we buy products and services that deliver on sustainability performance. Wherever possible, we get them direct from our members.

Although it won't be applicable to all other organisation types, it may be worthwhile to check out SBN's 'Yep-No Purchasing Flowchart' for inspiration and guidance.

The first step in devising purchasing guidelines is to become clear on *what procurement is intended to achieve for your organisation*. Particular emphasis is needed on how strategic the procurement function (for larger organisations) or purchasing process (for smaller ones) actually is.

For example, at the strategic end of the spectrum, the act of purchasing is increasingly considered as a way to extend, reflect and demonstrate a business' values and mission. Procurement plays a role in mitigating an organisation's critical risks and realising efficiency gains. It also creates a space and a process for constructive dialogue with suppliers on areas of future innovation.

This is the 'direction of travel' for procurement worldwide, and it's a great trend for sustainability concerns, which can often be addressed – and sometimes *need* to be addressed – through the purchasing process.

However, not all organisations will have the resources of expertise to pursue this holistic, strategic version of procurement. In many organisations, cost pressures will place some limitations on what can be achieved through procurement, even when it has a large, strategic mandate. In these cases it may be necessary to take a step back from the cutting edge.

One way to do this systematically is to figure out – through a risk and opportunities mapping exercise – which purchasing categories have the most sizeable, salient or hard-to-mitigate risks. These can be cross-referenced with categories where an organisation makes its largest purchases. Together these two reference points can provide a way to identify which categories of purchase require a broader, risk-mitigating and opportunity-seeking mandate, and which ones might be able to wait.

Questions for potential suppliers

When your business is going through the process of purchasing, you can refer to the newly-developed 'Sustainability prompts for the procurement process' resource for guidance. As that guide demonstrates, a large part of conducting strategic purchasing is in the questions that you ask potential suppliers. (Following up on relevant concerns with chosen suppliers is another crucial component.)

The following questions for potential suppliers derive from two SBN Smart Procurement project resources: the Basic Procurement Guidance for the SBN Membership and the Sustainability Criteria for the Procurement Process (currently under development).

Opening questions

These questions focus on the basics of organisational sustainability. They set a foundation for more customised (and ambitious) discussions specific to a given relationship or purchase.

A basic premise is that suppliers are expected to understand the particular risks inherent in their industry. You could therefore ask suppliers:

“What do you consider your main environmental and social risks (or advantages) to be, and how are you managing (pursuing) them?”

Or an alternative take on that same question:

“What is your sustainability story, and how is it compelling in light of your competitors’ stories?”

Such open-ended questions are asking suppliers to demonstrate an understanding of both their *and your* risks and impacts, and to draw out the connection between the two. Sometimes the supplier’s risks will relate to a buyer’s risk (i.e. the risk derives from the same source), and at other times the supplier’s risks or opportunities will have a bearing on the buyer’s commitments.

These questions are actually an invitation to suppliers to set out their own values and ethics, including by demonstrating how those are applied in practice. You want to know that suppliers ‘walk the talk’ and are someone they can be proud to do business with. You might also want to build stronger, deeper relationships with suppliers.

In some cases, suppliers will have their own policies, targets and commitments to draw on to demonstrate their integrity and ambition as a business. But whereas these may be necessary for some topics (see below), they may not be required for these open-ended questions.

General considerations while purchasing

Beyond the opening questions, there are some general sustainability considerations that tend to come up often. For smaller purchases and smaller risk purchases, these considerations might be sufficient to home in on the most critical sustainability concerns. Some of these are also reflected in the SBN ‘Yep-Nope Purchasing Flowchart’. (More detailed, topic-specific questions on supplier performance follow.)

- What are the direct running costs? For example, how much energy, water and other resources will also be used over the lifetime of the product or service?
- What are the indirect costs of running this product? For example, less energy-efficient IT equipment adds to the cost of powering it, as well as potential cooling.
- Are there any administration costs involved? For example, consider the overheads from purchases that require special handling and disposal, such as certain pesticides and cleaning products.
- Spend money to save money. By purchasing more durable or energy efficient products, which may initially be more expensive, you can achieve long-term savings for your business.
- How much training is involved? If the product is not user friendly it may entail time, money and effort in training staff to operate it.
- Is the product recyclable? Some purchasers can create markets for their own waste like toner cartridges by buying products containing recycled materials.
- Specify refurbished products for your business – don’t insist on new items when refurbished parts or products could be used.

Topic-specific questions

Going beyond the opening questions and these considerations, you might want to gauge supplier performance on a growing number of sustainability ‘topics’. These topics map onto some of the biggest current global challenges, on which buyers – especially large, branded businesses – are being publicly held to account.

As a potential buyer, you are highly likely to want to know suppliers’ positions, initiatives and performance on their: **carbon (and other) emissions, waste, community (including employees), and their own suppliers.**

You could ask these questions in general form (such as ‘What are your initiatives to reduce your organisation’s emissions?’) or in a more specific form for those topics or initiatives of highest relevance to the industry and/or your business. The lists set out below are possible actions that, on the one hand, would be relevant for suppliers to draw on in their responses, and on the other, may stimulate ideas for initiatives to pursue.

(A quick side note: Help for grappling with any one of these issues is readily available from SBN. As well as providing general advice, SBN staff can draw on the expertise and offerings of the rest of our membership, many of whose businesses are geared explicitly towards providing solutions on the topics below.)

1. Carbon (and other) emissions

Suppliers could be asked about:

- Targets for reduced usage and/or use of renewable sources
- Efforts to reduce usage (use of electric vehicles, car-sharing schemes, support for staff cycling, video conferencing)
- Offsets purchased and/or regenerative contributions made for unavoidable emissions (details should include type/source)

2. Waste & Kaitiakitanga

Suppliers could be asked about:

- Targets for waste reduction/diversion from landfill
- Recycling/composting/repurposing, etc.
- Efforts at purchase avoidance
- Use and development of low-impact products/techniques in production/processing/manufacturing
- Extreme care when discharging unavoidable wastes onto land, into water or other waste streams
- Shifts from ownership option to rental/service options
- Use of product stewardship/take-back schemes
- Other applications of circular economy thinking

3. Community

Suppliers could be asked about:

- Commitment to a healthy, fair and diverse workforce (including for those typically disadvantaged) as a starting point

- Understanding of relevant communities (including staff/customers/suppliers/neighbours) - 'What is our local?'
- Awareness of community needs and concerns (pressing issues)
- Active contributions to addressing local/relevant problems through business activity (the more integrated and strategic, the better, i.e. through redesign of products and services)

4. Supplier base

Suppliers could be asked about:

- Structured engagement on sustainability with supplier base (incl. targets and timeframes)
- Capability/practice of assessing suppliers/tenders on sustainability (community impacts & environmental impacts)
- Prioritisation of certified/accredited products/services (where beneficial)
- Practice of rewarding innovations/improvements/breakthroughs and building relationships over time (i.e. with continued business, or with sustainability dividends).

For more information and resources from the SBN Smart Procurement project, visit the project website at smartprocurement.org.nz or contact Sam McGlennon on sam@sustainable.org.nz.