

Handout 3. Definitions and descriptions of good practice – Procurement & Supplier Engagement

This framework has five activity areas (in red) below. *Sustainable procurement* has been abbreviated to S.P.

	People	Policy, strategy & communications	Procurement process	Engaging suppliers
Level 1	<ul style="list-style-type: none"> Role and responsibilities of procurement champion clearly set out within job description or job role with an accompanying news item created to introduce champion via relevant media. Reference made to champion within organisation chart. Goals included in champion’s list of personal objectives. Register of key staff who have attended basic training in S.P. Feedback is received from delegates on course delivery with actions arising from feedback recorded, progressed and feedback. Key employee induction guidelines created that make reference to sustainability as a topic for induction. A process flow created outlining how induction is undertaken. 	<ul style="list-style-type: none"> Key S.P. objectives are in place and are used to develop an organisational policy statement for sustainability. S.P. policy is in place and endorsed by the appropriate governing authority for the organisation. A section on S.P. authorised by a senior executive, is incorporated within the overall organisational strategy/policy. A regular sustainability agenda item is included on staff forums and team briefings by managers that informs on policy updates. Sustainability goals are publicised via supplier events and/or a designated area on internet or staff intranet is in place to promote goals. 	<ul style="list-style-type: none"> Expenditure information on commodities has been obtained via internal accounts-payable system and the top five commodities that are likely to have a high impact on sustainability (i.e. economic/environmental/social) have been identified. Sustainability criteria and weightings has been incorporated into supplier pre-qualification questionnaires and/or tender documentation. Template tender documentation has been created for use with all contracts with specific reference to sustainability criteria. Awarding of contracts clearly occurs on the basis of value-for-money and not lowest price in at least the top 5 commodities. 	<ul style="list-style-type: none"> Expenditure information on suppliers has been obtained via internal accounts payable system to identify the top 5 to 10 suppliers (by spend) that are likely to have a high impact on sustainability (economic/environmental/social). Communicate with key suppliers on the organisation's S.P. policy (or proposed policy if not in place). Communications plan are in place which detail how to engage key supplier views on proposed S.P policy, or involve them in the review process if the policy is already in place.
Level 2	<ul style="list-style-type: none"> Procurement staff have attended basic S.P. training with records maintained of staff attendance and trainer details. Feedback is received from participants on course delivery with actions arising from feedback recorded, progressed and communicated back to procurement staff. 	<ul style="list-style-type: none"> A process to review and update the institution’s S.P. policy is in place with the review occurring accordingly. A supplier survey (based on a representative sample) is undertaken to ensure understanding of the institution’s defined S.P. policy is clear and compliance is forthcoming. Analyse supplier responses and include relevant comments in policy revision. A statement to deliver key sustainability objectives/goals/targets as set out in the institution’s strategy on sustainability (if available) is included in the S.P. policy. A communications plan is in place to publicise any revisions to the S.P. policy to suppliers and staff. 	<ul style="list-style-type: none"> Expenditure information on commodities has been obtained via data systems and the top 20 commodities that are likely to have an impact on sustainability (i.e. economic/environmental/social) have been identified. An assessment tool that assesses the economic, social and environmental risks/benefits of buying sustainably has been implemented and used for purchases above \$1,000. A standard strategy document that includes a section on sustainability risk assessment has been developed and action plans to mitigate risks accompany the strategy. Key stakeholders or client departments are part of pre-tender planning for a procurement exercise with a “Planning Stage ”incorporated into standard procurement processes. Whole life cost analysis is included as the default method for evaluating tenders and a standard tender evaluation tool for tender assessments is utilised. Appropriate systems to capture relevant information beyond financial data have been set up as part of internal systems. 	<ul style="list-style-type: none"> Expenditure information on suppliers has been obtained via data systems to identify the top 25 suppliers that are likely to have an impact on sustainability (economic/environmental/social). A supplier engagement plan has been created that includes senior management involvement to explain the sustainability policy. Contract review meetings incorporate dialogue with suppliers on sustainability and involves senior supplier representatives.

Level 3	<ul style="list-style-type: none"> Process in place for key staff to receive refresher training in S.P. with records kept of staff attendance and trainer details. Evaluation and feedback is received from delegates on course delivery with actions arising from feedback recorded, progressed and communicated back to key staff. A system is established for agreeing personal objectives with staff and creating a schedule of meetings to review sustainable performance. Details of performance review are recorded and training needs are fed back and actioned through staff professional development plans. A simple employee incentive scheme is introduced with accompanied promotion of the scheme (via internet, intranet, newsletter, etc.). The outcome of any employee incentive schemes is recorded and publicised accordingly. 	<ul style="list-style-type: none"> A risk assessment is undertaken to identify key risks that can be evaluated and incorporated into a S.P. strategy. The procurement process showing sustainability inputs/touch points, including supplier engagement, is mapped and publicly available. Senior executive level acknowledgement and endorsement of the S.P. strategy and objectives. 	<ul style="list-style-type: none"> Create a formal risk/benefit register for use on all key contracts that allows for the recording and management of the political, economic, social, technological, environmental and legal risks and benefits of buying sustainably. Document the risk/benefit management process and include within formal procurement procedures. Ensure that all procurement staff record appropriate S.P. risks and benefits in the risk/benefit register for the duration of key contracts. Ensure that contract performance targets on key contracts include KPIs for supplier measurement. Ensure contract review meetings include sustainable performance improvement as a standing agenda item. 	<ul style="list-style-type: none"> Expenditure information on suppliers has been obtained via data systems to identify the majority of suppliers that are likely to have an impact on sustainability (economic/environmental/social). A supplier engagement plan endorsed by senior management has been developed that utilises all available media to publicise the sustainable procurement policy. An environment that supports improved S.P. for suppliers (e.g. promote S.P. with client departments) has been established. Contracts with suppliers allow for contract review meetings that incorporate sustainability as an agenda item. A supplier rating system that includes sustainability measures that can be discussed at contract review meetings is being utilised. Supply chain analysed for key sustainability impacts, benefits and risks and an action plan created to manage accordingly.
Level 4	<ul style="list-style-type: none"> Frameworks are adopted that include S.P. competencies. Key staff job descriptions include S.P. as part of criteria with sustainability questions included as part of the process for recruiting key staff. Details of induction programme is uploaded on staff intranet or incorporated within organisational policies and procedures guidance. Records are maintained of inducted employees including details of when their induction has been completed. Advice of which employees have completed training is sent through to Department Heads. 	<ul style="list-style-type: none"> A process to review and update the institution's S.P. strategy on an annual or bi-annual basis is in place. The review should include any new political, environmental, social, legal and technological developments and justification for their inclusion/exclusion. Regular meetings take place with relevant stakeholders including procurement staff and sustainability officers, to try and align procurement strategies to key organisational objectives. Any sustainable procurement strategy should be clearly aligned to the sustainability and social responsibility objectives of the institution. 	<ul style="list-style-type: none"> Expenditure information on commodities has been obtained via data systems and the majority of commodities that are likely to have an impact on sustainability (i.e. economic/environmental/social) have been identified. Incorporate current risk/benefit assessment tools/methods into the planning process that identifies significant sustainable risks and benefits. Ensure risks and benefits are regularly recorded, categorised and acted upon for all key contracts that have a high sustainability impact. Establish a contract review group that comprise senior personnel from within procurement and other appropriate functions, if relevant. Ensure that milestones identified for key contracts allow for review on sustainability inputs. Identify established methodologies and tools that allow for an assessment of the impact key commodities will have over the life cycle of a contract. Ensure impact assessment tools and methodologies become an established practice within the procurement process. 	<ul style="list-style-type: none"> Expenditure information on suppliers has been obtained via data systems to identify ALL suppliers that are likely to have an impact on sustainability (economic/environmental/social). Contract management processes allow for suppliers to suggest improvements to contract delivery that will improve or increase sustainability benefits. Appropriate sustainability questions are included on the suppliers supply chain provision within quality audit review questionnaires. Contract provisions include the right to audit suppliers and instigate sustainability improvement programmes. Programmes or award schemes highlight exceptional supplier performance in sustainability delivery. Significant sustainability achievements are recorded and publicised throughout organisation/sector. Senior management delivers keynote speech on sustainability to suppliers at appropriate events or conferences.
Levels	Measurements & results			
1	<ul style="list-style-type: none"> A general high-level assessment of the benefits of buying sustainability against economic, social and environmental factors has been undertaken. 			
2	<ul style="list-style-type: none"> A detailed assessment of the benefits of buying sustainability against economic, social and environmental factors has been conducted with key measures (KPI's) and targets derived from this assessment. A benefits tracking system to measure the perceived benefits of buying commodities sustainably is in place. Measurement against KPI's and targets for sustainability are systematically reported to senior management. 			
3	<ul style="list-style-type: none"> One objective relating to S.P. is incorporated into organisational objectives during the planning and/or review cycle and S.P. targets and KPI's align to and support organisational objectives and targets. A system to record the cascading of objectives from senior management to teams to individuals is introduced and personal objectives relating to sustainable procurement are recorded, monitored and reviewed against key performance measures. 			
4	<ul style="list-style-type: none"> KPI's measure S.P. performance based on the organisation's S.P. strategy. A system for measuring S.P. performance that reports on progress achievement to senior management is introduced. Promotion of S.P. performance via established programmes that assess procurement capability. Participation in sector wide or local work streams/forums to compare results and improve S.P. performance. Benefits tracking system from which sustainable benefits can be measured, recorded and reported upon is in place. 			