Sustainable Procurement

Session 6 - Demonstration of Training Tools

United Nations

Christopher Browne

creating a better place

Christopher Browne

- Procurement Background
- Full time job is to let contracts
- Not just a policy advisor
- 20 years Procurement Experience
- Led Sustainable Procurement activity for 12 years
- One of the lead people in Sustainable Procurement in the UK

Format

- Background
- Procurement approach
- Training event
  - Strategy development
  - Risk Assessment
- Supply Chain Management
- Supplier Training
- Benchmarking
- Conclusion

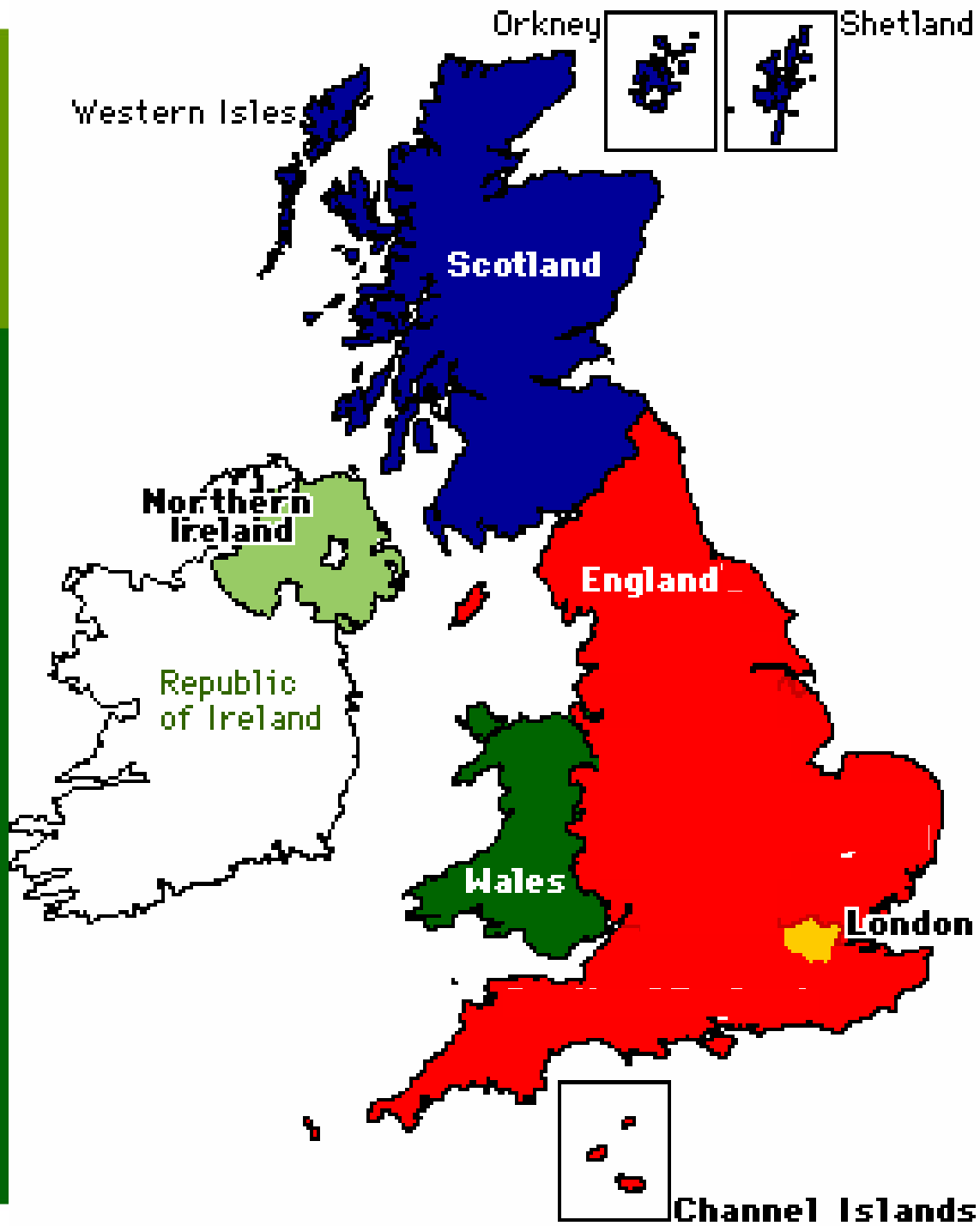
General Background

United Kingdom

creating a better place

UK:

- England
- Scotland
- Wales
- Northern Ireland



How sustainable are the British?

- 60 Million People
- Land mass 241,000 sq km
- Worlds 4th largest economy £3.1 trillion
- 73% services, Industry 26%, Agriculture 1%
- Average wage £24,000
- 70% Home ownership
- Population below poverty line 17%
- Unemployment 4%
- Consumer led economy
- Pressure on land through housing
- Each household generates 1 tonne waste per year (10% recycling)
- Met Kyoto targets of 12.5% reduction in greenhouse gases
- Targeting 20% reduction by 2010

General Background

Environment Agency for England and Wales

creating a better place

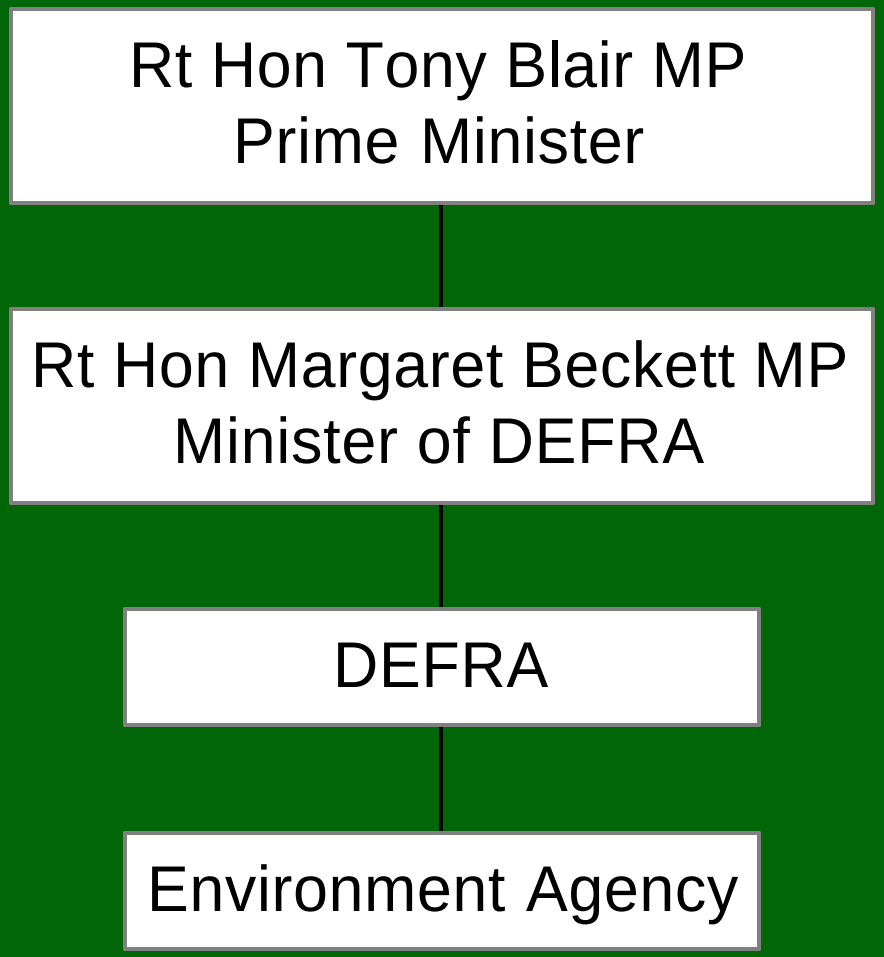
Environment Agency

- Formed in 1996 to provide integrated management of air, land and water
- Water Management
- Environmental Protection
- Fisheries & Conservation
- 12,000 staff

A better environment for England and Wales for present and future generations

Environment Agency

How do we fit into Government?



HM Government

Securing the future

delivering UK sustainable development strategy

Environment Agency

The UK Government Sustainable Development Strategy

Presented to Parliament by the Secretary of State for Environment, Food and Rural Affairs by Command of Her Majesty
March 2005

Cm 6467

£26

Securing the future

In 1999 my government first set out our strategy to help deliver a better quality of life through sustainable development. Six years on we have reviewed that strategy to take account of changes within the UK – devolution to Scotland and Wales, and to regional bodies and local government – and internationally with the World Summit on Sustainable Development in 2002.

Make the wrong choices now and future generations will live with a changed climate, depleted resources and without the green space and biodiversity that contribute both to our standard of living and our quality of life. Each of us needs to make the right choices to secure a future that is fairer, where we can all live within our environmental limits. That means sustainable development.

This is an agenda for the long-term. There is no magic wand that government or any one else can wave to make sustainable behaviour and activity the norm overnight. We will only succeed if we go with the grain of what individuals and businesses want, and channel their creativity to confront the environmental challenges we face. Development, growth, and prosperity need not and should not be in conflict with sustainability.

Over the past six years scientific opinion has moved decisively to an almost universal consensus that climate change is happening and is the result of human activity. That means we can move the debate from whether there is a problem to how to deal with it. Yes, climate change represents a potentially catastrophic threat, but it is within our control to address it – and address it we must. Climate change will not only affect the UK but all parts of the world, and it stands to most damage those areas least able to adapt to it particularly sub-Saharan Africa. However, we must also respond to this challenge at home. Our 2003 Energy White Paper set us on a clear path to a low carbon economy. Our task now is to deliver at home and find ways to get international agreement through the G8 and other forums to strengthen the global effort to tackle climate change.

Although climate change is the most serious global environmental threat, promoting new, modern, sustainable ways of living, working, producing and travelling also stand to achieve wider benefits to human health and well being. We need to maintain our duty of care towards our natural resources, for our own benefit and for the benefit of future generations.

We are increasingly aware of the need to make case for the environment as integral part of policy making from the start, rather than dealing with the consequences of neglect down the line. We need to regard the local environment as a major public service (like the NHS or education) which benefits us every day. Looked at this way, it is

Securing the future

- Government will lead by example. The UK Government buys £13 billion worth of goods and services each year. For the wider public sector this figure is £125 billion. We want to ensure that we spend your money sustainably, starting with a commitment to buy cleaner cars and by our new offsetting scheme to reduce the carbon impacts of unavoidable air travel. In this document we show how every government department will contribute to this strategy. I want every government department to produce its own action plan by the end of the year so we can ensure delivery

- To show we are serious about delivery, we will stop reporting our own progress and hand that task over to a strengthened Sustainable Development Commission, which will act as the independent "watchdog" of government progress.

This is a truly challenging agenda. It will involve working across departmental boundaries and through all levels of government – from the neighbourhood to the United Nations. It involves channelling the power of business by stimulating the market to innovate and to produce more cost effective and sustainable options for all purchasers. It needs the commitment of voluntary groups, and it involves influencing the individual everyday choices we all make.

Most of all, it means focussing on long-term solutions, not short-term fixes. Targeting prevention now, rather than putting right later. Ensuring we get the full environmental, social and economic dividend from every pound we spend.

We have spent a long time getting to grips with the concept of sustainability. I want to declare a moratorium on further words. I want this new strategy to be a catalyst for action to secure our future.

Tony Blair

Key issues

- Clear commitment to Sustainable Procurement
- Agenda to lead by example
- Leader in the EU by 2009
- Web site support for buyers
- KPI’s
- Sustainable Procurement Taskforce
- Theme of Prime Minister’s chairmanship

Procurement Approach

Leading by example

creating a better place

Our Objectives

- Best Value
- Best Practice
- Most Sustainable Outcome

Key Facts 2004/ 05

• Operating Costs	£925M
• Expenditure with Suppliers	£518M
• Top 500 Suppliers	£369M
• Top 25 Suppliers	£213M
• 250 + National Contracts	£290M
• Contracts let per annum	700
• Total number of suppliers	8,986

ACHIEVEMENT

WINNER

IN ASSOCIATION WITH Supply Management

The Kelly's CIPS Awards

for Excellence in Purchasing & Supply 2002

in association with Supply Management

Name: Environment Agency

is winner of

Category: Best Ethical Purchasing

Signed: K W James

Ken James, CIPS Chief Executive

Signed: B H Gallagher

Brian Gallagher - Kelly's Publishing Director

CERTIFICATE OF ACHIEVEMENT

kellysearch.com

Reed Business Information

www.kellysearch.com

Sustainable Procurement

Our approach

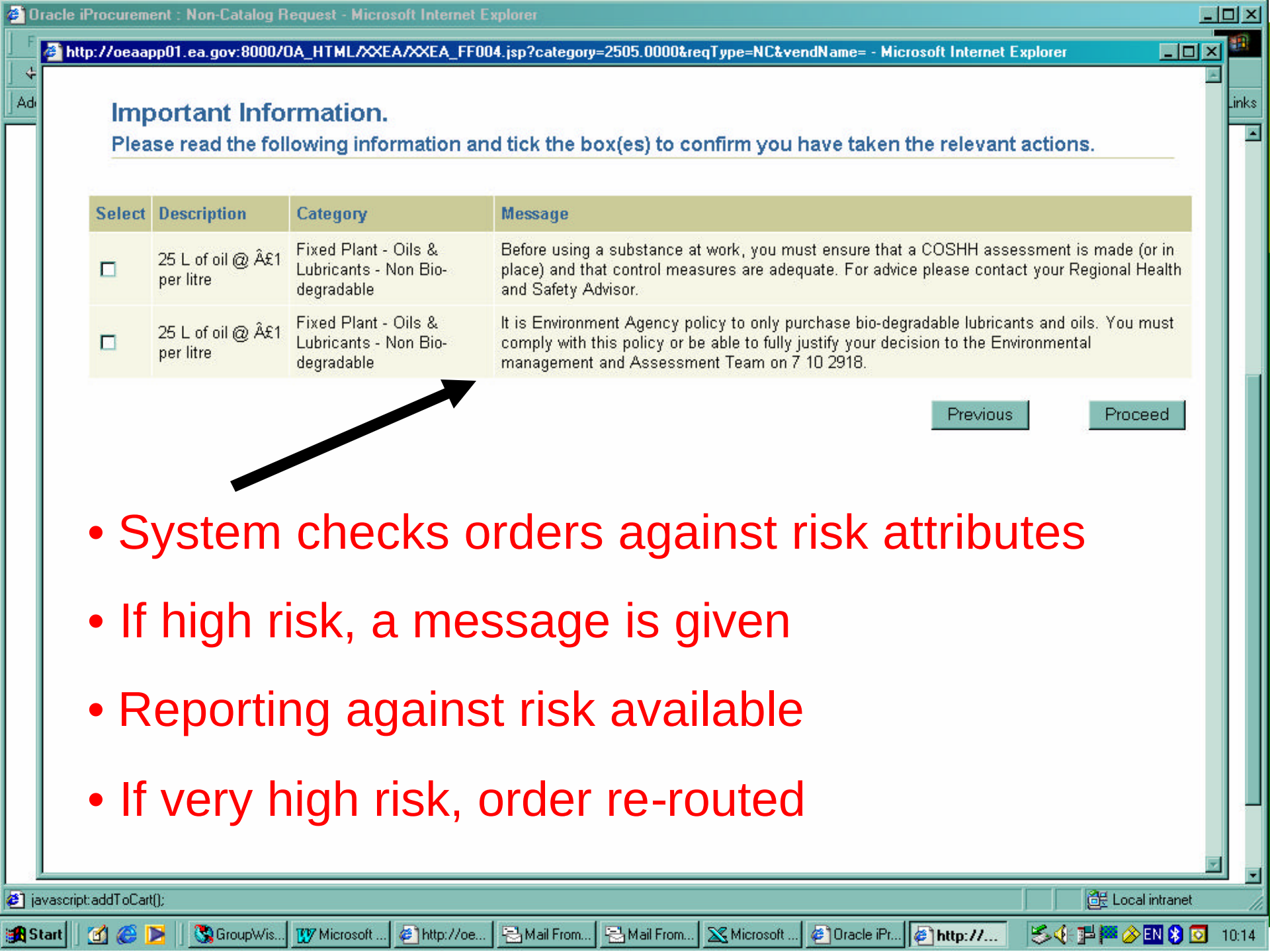
creating a better place

How do we train?

- Our buyers:
  - 1 day workshop every year
  - Follow up 1-2-1 as needed
  - Targets & Objectives
- Suppliers
  - CD Training Package
- Other organisations
  - CIPS Training Programme
  - Workshops

How do we manage?

- Very controlled, structured approach
- Targets, some public
- Transparent IT systems
  - See all documents produced
  - All orders are checked for risk
- Reporting and action for any non-compliance
- Audit programme
- Supplier development programme
- Benchmark every 4 years



- System checks orders against risk attributes
- If high risk, a message is given
- Reporting against risk available
- If very high risk, order re-routed

Summary

- Environment Agency is a regulator
- Lead by example
- Approach is structured and controlled
- Wider Government approach led by DEFRA
- Environment Agency provides support
- Prime Minister has made commitments
- Profile in the UK is high
- UK wants to be a leader in Europe

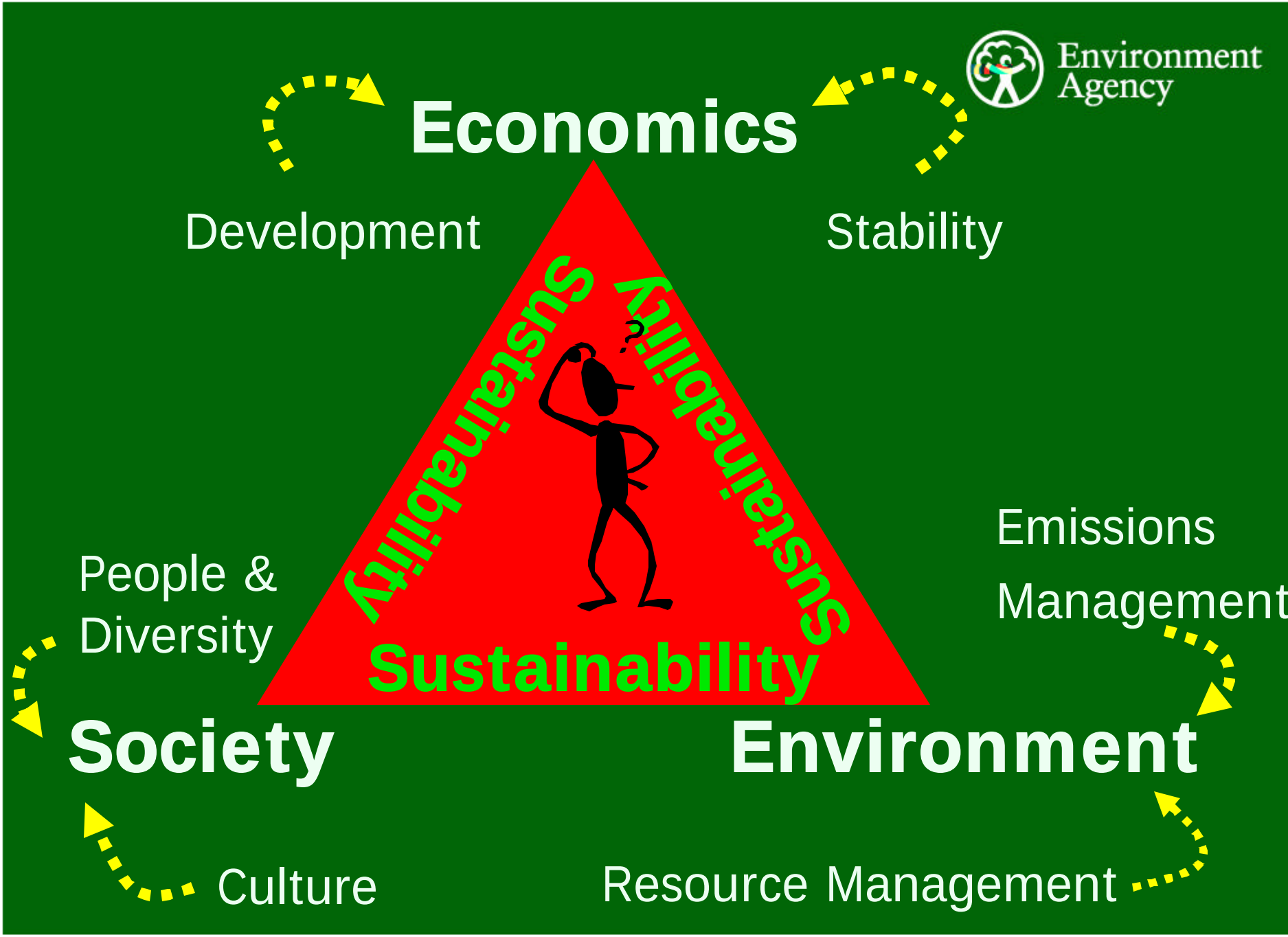
Sustainable Procurement

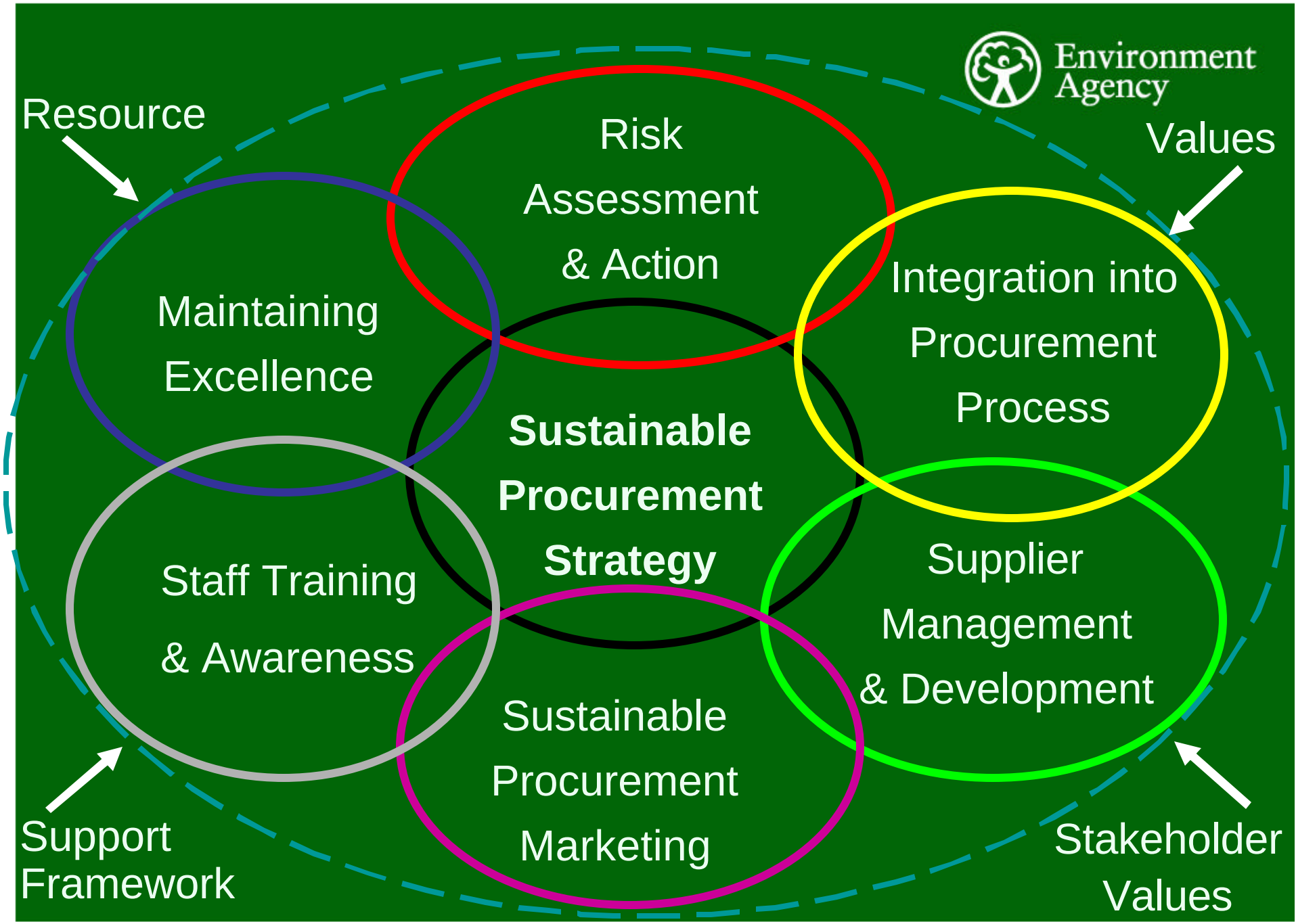
Training event

creating a better place

Training Topics

- Background
- What is sustainability?
- Developing a strategy
- Risk assessment
- Life cycle thinking
- Impact mapping
- Strategic/ market risks
- Resolution Actions


Environment Agency
Economics
Development
Stability
Sustainability
Sustainability
Sustainability
People & Diversity
Emissions Management
Society
Environment
Culture
Resource Management


Environment Agency
Resource
Values
Risk Assessment & Action
Maintaining Excellence
Integration into Procurement Process
Sustainable Procurement Strategy
Staff Training & Awareness
Supplier Management & Development
Sustainable Procurement Marketing
Support Framework
Stakeholder Values

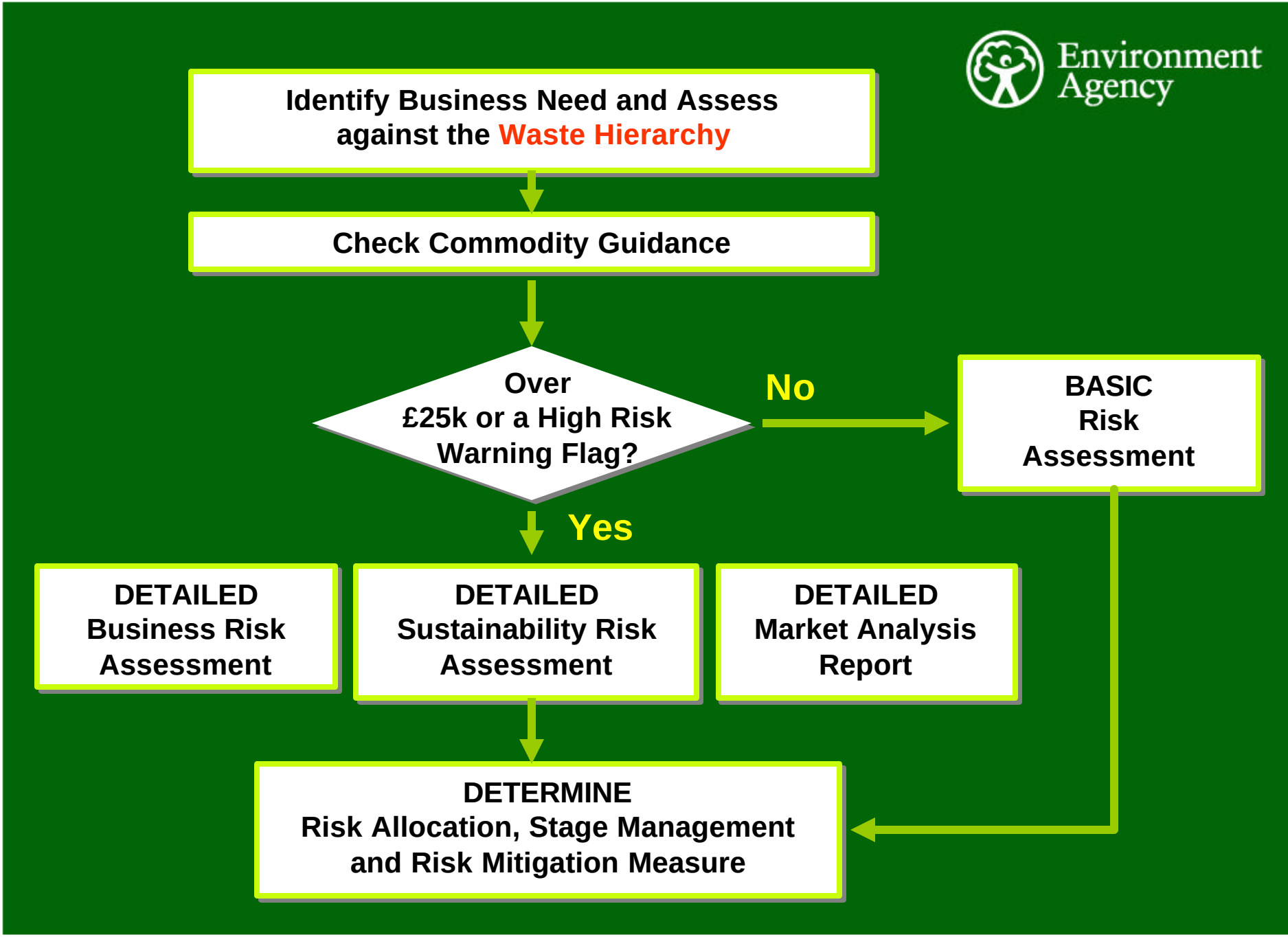
Task A:
Sustainable Procurement Strategy:

Split into 3 groups, from within the group pick one country and organisation, imagine you are helping them to develop their Sustainable Procurement Strategy, determine the organisational values, stakeholder values, support framework and resources available

Sustainability Risk Assessment

Our two tier approach

creating a better place


Environment Agency
Identify Business Need and Assess against the Waste Hierarchy
Check Commodity Guidance
Over £25k or a High Risk Warning Flag?
No
BASIC Risk Assessment
Yes
DETAILED Business Risk Assessment
DETAILED Sustainability Risk Assessment
DETAILED Market Analysis Report
DETERMINE Risk Allocation, Stage Management and Risk Mitigation Measure

Commodity Guidance

- Sand
- Gravel
- Aggregate
- Concrete
- Plastic
- Steel
- Wood
- Textiles
- Paper
- Glass
- Electricity
- Gas
- Oils
- Iron
- Copper
- Clay
- PVC
- Electronics
- Software
- Telecoms
- Machinery
- Janitorials
- Construction
- Transport
- Printing
- Photography
- Horticulture
- Lighting
- Paints
- Varnishes
- Adhesives
- Cables
- De-greasants
- Solvents
- People / Labour / Consultants

Quick Check Assessment

- High energy consumption?
- Unsustainable materials?
- Regulated by IPPC?
- Developing world supply chain?
- Reputation risk?

Sustainability Risk Assessment

Detailed - Adhesives

creating a better place

Life Cycle Thinking?

Identify Life Cycle Inputs and Outputs

Raw Materials	**Manufacture**
Use	**Disposal**

Raw materials?

Raw Materials

Oil & Plastic

Solvent

Rubber

Metals

- Oil
- Solvents
- Formaldehyde
- Phosgene
- Propane
- Butane
- Dimethyl ether
- Rubber
- Plastic
- Metals
- Cardboard
- Paints
- Inks
- Energy

Manufacturing?

Manufacture

Energy

Chemicals

Emissions

Plant

People

VOC

- Mining
- Oil/ Gas extraction
- Harvesting
- Refining
- Drying
- Curing
- Transportation
- Energy (G,W,E)
- People
- Plant
- Emissions /VOC
- By products/ waste
- Packaging
- Noise

Use?

Use

VOC Emissions

Packaging

People

- Water
- Applicators
- PPE/ Clothing
- Extractors
- Cardboard
- Tins
- Tubes
- VOC
- Solvent abuse
- COSHH

Disposal?

Disposal

Non-biodegradable

Hazardous substances

VOC’s

- Waste water treatment/ sewage
- Pollution potential
- VOC emissions
- Special waste
- Hazardous materials
- Packaging contamination
- Can’t recycle
- Landfill
- Non-biodegradable

Raw Materials

Oil & Plastic

Solvent

Rubber

Metals

Use

VOC Emissions

Packaging

People

Manufacture

Energy

Chemicals

Emissions

Plant

People

VOC

Disposal

Non-biodegradable

Hazardous substances

VOC’s

Environment Agency

Task B:
Life Cycle Mapping Exercise:

Split into 3 groups, agree a contract/ commodity to assess and map the key life cycle impacts

creating a better place

Impact Mapping

Environmental, Social and Economic

creating a better place

Where are the impacts?

- Raw materials
  - Extraction of base materials
  - Primary processing
  - Manufacture of components
- Manufacture of finished article
- Use
- Disposal

Identify key aspects/ impacts

- Natural resource use
- Energy
- Water use & Water Pollution
- Air emissions
- Solid waste
- Hazardous substances
- Packaging
- Noise
- Developing world supply chain

Natural Resource Use

Aspect/ Impact	*Raw materials/ Pre manufacture*			*Manufac-ture* & assembly of finished article	*Use*	*Disposal*
	Extraction of Base Material	Primary Processing	Manufacture of components			
Non renewable or natural resource use	✓	✓	✓	✓		

- Oils/ metals extraction
- Oil processed to make solvent, gases, plastics
- Non-renewable energy

Energy

Aspect/ Impact	*Raw materials/ Pre manufacture*			*Manufac-ture* & assembly of finished article	*Use*	*Disposal*
	Extraction of Base Material	Primary Processing	Manufacture of components			
Energy	✓	✓	✓	✓		

- Energy is used in extraction
- Energy in Manufacture

Water Use and Water Pollution

Aspect/ Impact	***Raw materials/ Pre manufacture***			***Manufac-ture*** & assembly of finished article	***Use***	***Disposal***
	Extraction of Base Material	Primary Processing	Manufacture of components			
Water Use and Pollution	✓	✓	✓	✓	✓	✓

- Metal extraction
- High pollution potential
- Significant water use
- Water/ solvent used for washing out applicators
- Leachate from any landfill

Air Emissions / VOCs

Aspect/ Impact	***Raw materials/ Pre manufacture***			***Manufac-ture*** & assembly of finished article	***Use***	***Disposal***
	Extraction of Base Material	Primary Processing	Manufacture of components			
Air Emmissions / VOCs	✓	✓	✓	✓	✓	✓

- Dust emissions from mining
- Co2 emissions due to high energy inputs in manufacture
- VOC's in manufacture, use, disposal/ incineration

Solid Wastes

Aspect/ Impact	***Raw materials/ Pre manufacture***			***Manufac-ture*** & assembly of finished article	***Use***	***Disposal***
	Extraction of Base Material	Primary Processing	Manufacture of components			
Air Emmissions / VOCs		✓	✓		✓	✓

- Processing and manufacture
- Tins/ drums/ applicators are special wastes and non-biodegradable

Hazardous Substance

Aspect/ Impact	***Raw materials/ Pre manufacture***			***Manufac-ture*** & assembly of finished article	***Use***	***Disposal***
	Extraction of Base Material	Primary Processing	Manufacture of components			
Hazardous Substances	✓	✓	✓	✓	✓	✓

- One hazardous impact = all hazardous impacts
- Major Health & Safety issue
- COSHH substance
- Special waste in disposal

Packaging

Aspect/ Impact	*Raw materials/ Pre manufacture*			*Manufac-ture* & assembly of finished article	*Use*	*Disposal*
	Extraction of Base Material	Primary Processing	Manufacture of components			
Hazardous Substances				✓	✓	✓

- Raw materials minimal packaging (bulk)
- Packaging of components (drums etc)
- Packaging of final product

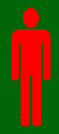
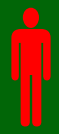
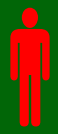
Aspect/ Impact	***Raw materials/ Pre manufacture***			***Manufac-ture*** & assembly of finished article	***Use***	***Disposal***
	Extraction of Base Material	Primary Processing	Manufacture of components			
Non renewable or natural resource use	✓	✓	✓	✓		
Energy	✓	✓	✓	✓		
Water use and pollution	✓	✓	✓	✓	✓	✓
Air emissions/ VOC	✓	✓	✓	✓	✓	✓
Solid waste		✓	✓	✓		✓
Hazardous Substances	✓	✓	✓	✓	✓	✓
Packaging				✓	✓	

Task C:
Environmental Impact Mapping:

In your group, using the commodity identified map the environmental impacts

creating a better place

Social - Noise

Aspect/ Impact	***Raw materials/ Pre manufacture***			***Manufac-ture*** & assembly of finished article	***Use***	***Disposal***
	Extraction of Base Material	Primary Processing	Manufacture of components			
Social Impact: Noise						

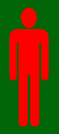
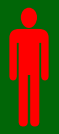
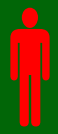
- Mining/ extraction/ harvesting of metals/ oils/ rubber
- Plant and machinery
- Pressing/ injection moulding of packaging

Social - Developing World

Aspect/ Impact	*Raw materials/ Pre manufacture*			*Manufac-ture* & assembly of finished article	*Use*	*Disposal*
	Extraction of Base Material	Primary Processing	Manufacture of components			
Social Impact: Developing world supply chain						

- Mining/ Processing of Oils/ Metals
- Rubber harvesting/ processing
- Adhesives manufacture

Social Impact - UK Contribution

Aspect/ Impact	*Raw materials/ Pre manufacture*			*Manufac-ture* & assembly of finished article	*Use*	*Disposal*
	Extraction of Base Material	Primary Processing	Manufacture of components			
Social Impact UK Contribution:						

- Whole industry based on an unsustainable substance
- Oil sector is however a major employer
- Adhesives is a key employer in some locations
- VOC and solvent abuse issues
- Wasting a valuable product

Economic Impact - UK

Aspect/ Impact	*Raw materials/ Pre manufacture*			*Manufac-ture* & assembly of finished article	*Use*	*Disposal*
	Extraction of Base Material	Primary Processing	Manufacture of components			
Economic Impact UK Contribution:	£	£	£	£	£	£

- Oil largest single contributor to the UK economy
- Adhesives are used in many other products
- Principle ingredients can be home produced, but are also imported
- Special waste is costly to dispose of and is unsustainable

Task D:
Socio-economic Impact Mapping:

In your group, using the commodity identified map the socio-economic impacts

creating a better place

Strategic Risks?

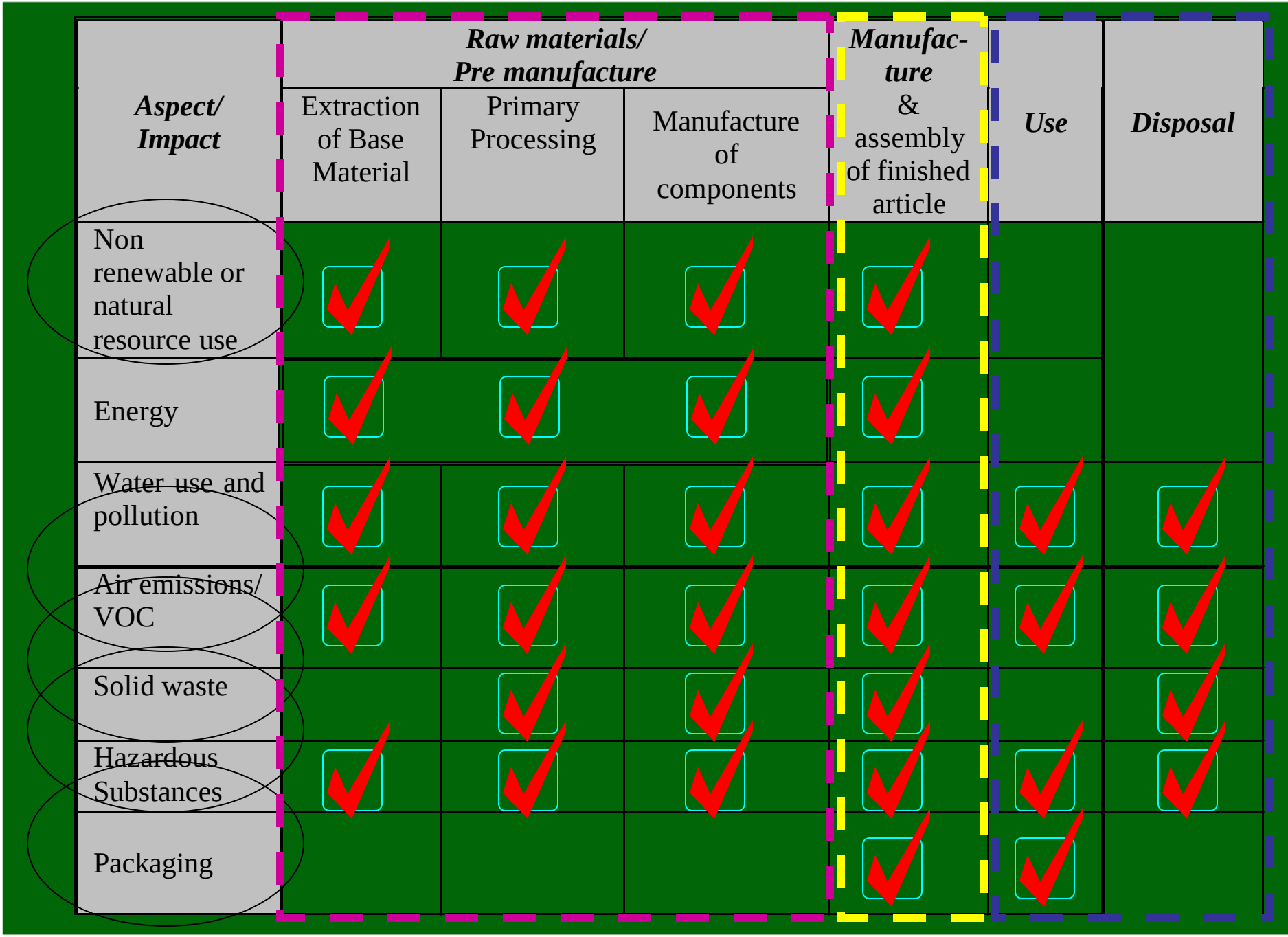
- Legislation?
  - Yes, special waste, EU Directives
  - NETREGS
- Industry subject to Government Inspections?
  - No
  - NETREGS/ IPPC Directive

Strategic Risks?

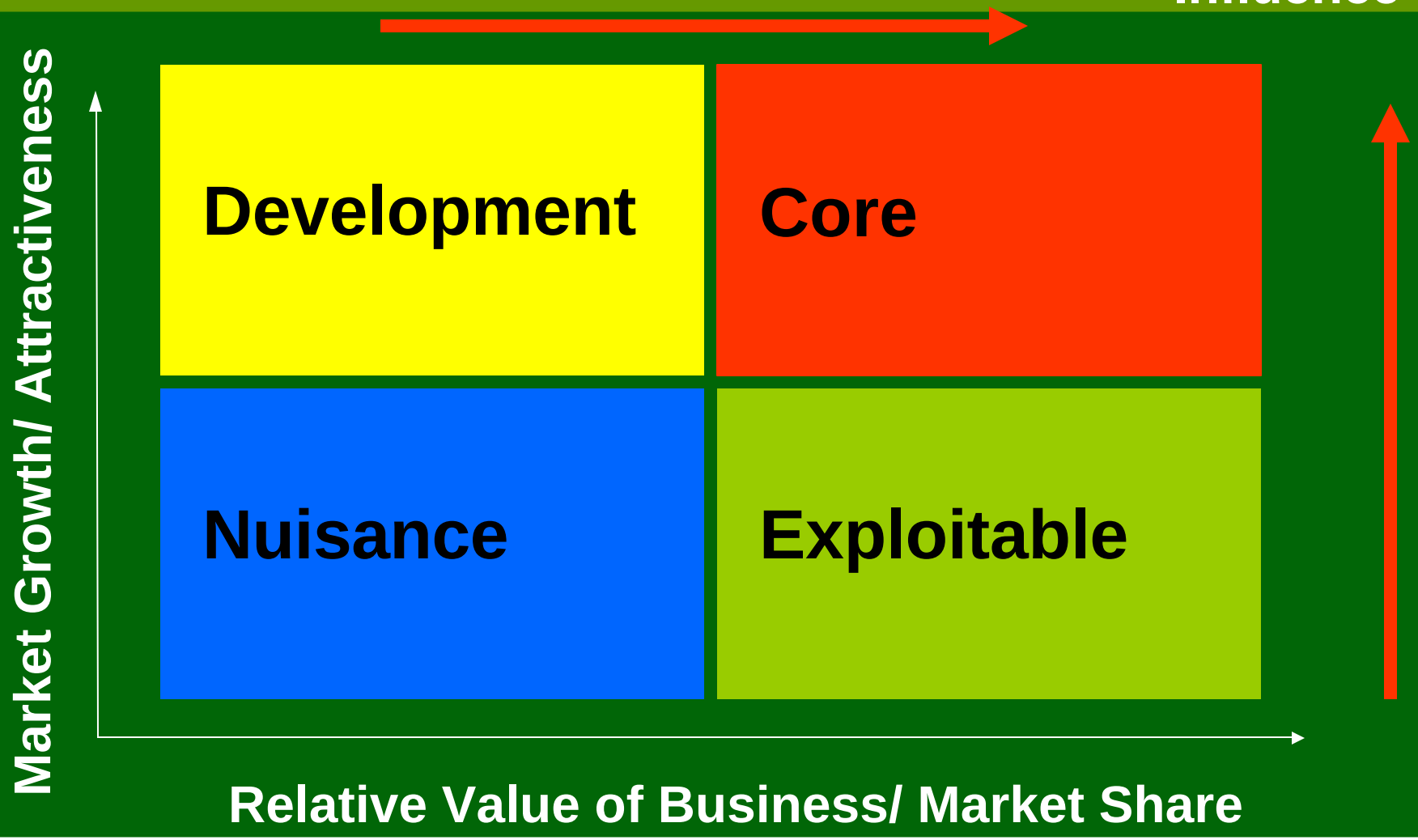
- Pressure Group campaigning?
  - Not really
  - Use judgement or see main pressure group web sites
- Developing World Supply Chain?
  - Yes, raw materials in particular
  - Judgement based on Life Cycle Mapping

Management Approach

- Impacts at **Raw Materials** stage, mitigate by:
  - Specification, suppliers ethical supply chain management policy, systems, measures
- Impacts in **Manufacture** mitigate by:
  - Supplier selection, appraisal, suppliers own ethical policy, EMS, measures
- Impacts in **Use** mitigate by:
  - Specification, end user education
- Impacts in **Disposal** mitigate by:
  - Specification, supplier take back, end user awareness


Aspect/ Impact
Raw materials/ Pre manufacture
Extraction of Base Material
Primary Processing
Manufacture of components
Manufac-ture & assembly of finished article
Use
Disposal
Non renewable or natural resource use
Energy
Water use and pollution
Air emissions/ VOC
Solid waste
Hazardous Substances
Packaging

Assess your influence



Approach to the market

- High degree of influence
  - demand sustainable performance of both the suppliers business/ the product
- If there is moderate influence
  - target requirements into a few key areas and explore development opportunities
- If there is low influence
  - encourage the supplier to develop through differentiation and wider marketing

Task E:
Strategic risk, Supplier Preferencing and management

In your group, using the commodity identified agree strategic risks, determine influence and agree method of management

Summary

- Sustainable Procurement Strategy
- Life Cycle Thinking
- Environmental Impact Mapping
- Socio Economic Impact Mapping
- Supplier preferencing
- Determine Actions
- Undertaken risk assessment
- Used commodity guidance

Supplier Management and Development

Driving the sustainability agenda?

creating a better place

Motivating Suppliers

- Supplier Development Programme
  - 20 suppliers
  - Environmental Audit
  - Action Plans
  - Continual Review
- Supplier Monitoring
  - Policies and systems
  - Diversity
  - Size

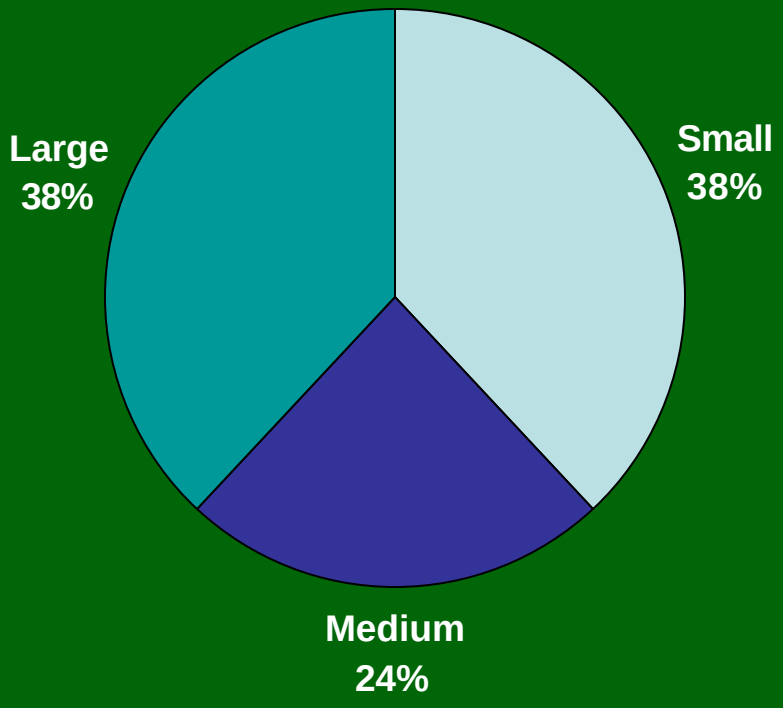
Review of 500 Suppliers

Assessed suppliers in the following areas:

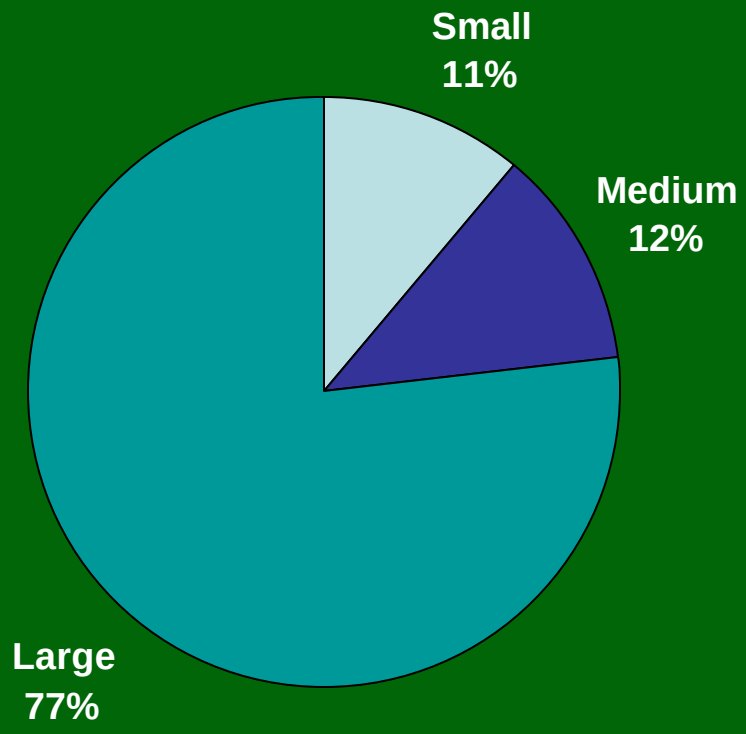
- Operating Sector
- Turnover
- Size
- Environmental Policy
- Environmental Risk Assessment
- Level of Environmental Responsibility
- Assessment of Environmental Impacts
- Targets and Measures
- Public Reporting
- EMS
- Accreditation
- Management of Overseas Operations and Suppliers
- Working conditions
- Minimum age
- Equality
- Pay
- Union membership
- Policy and Effectiveness
- Diversity

Size of suppliers

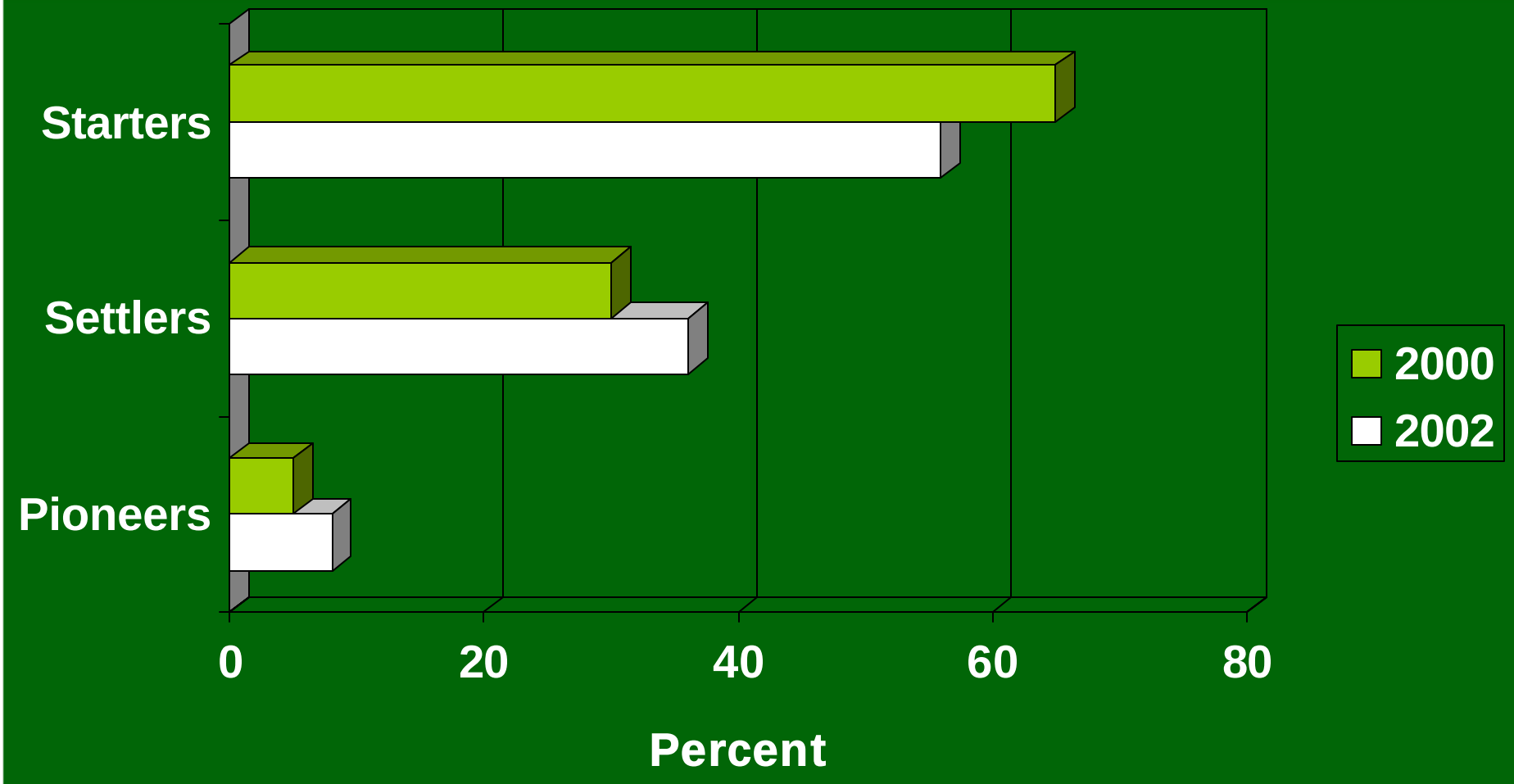
Number



% of Expenditure



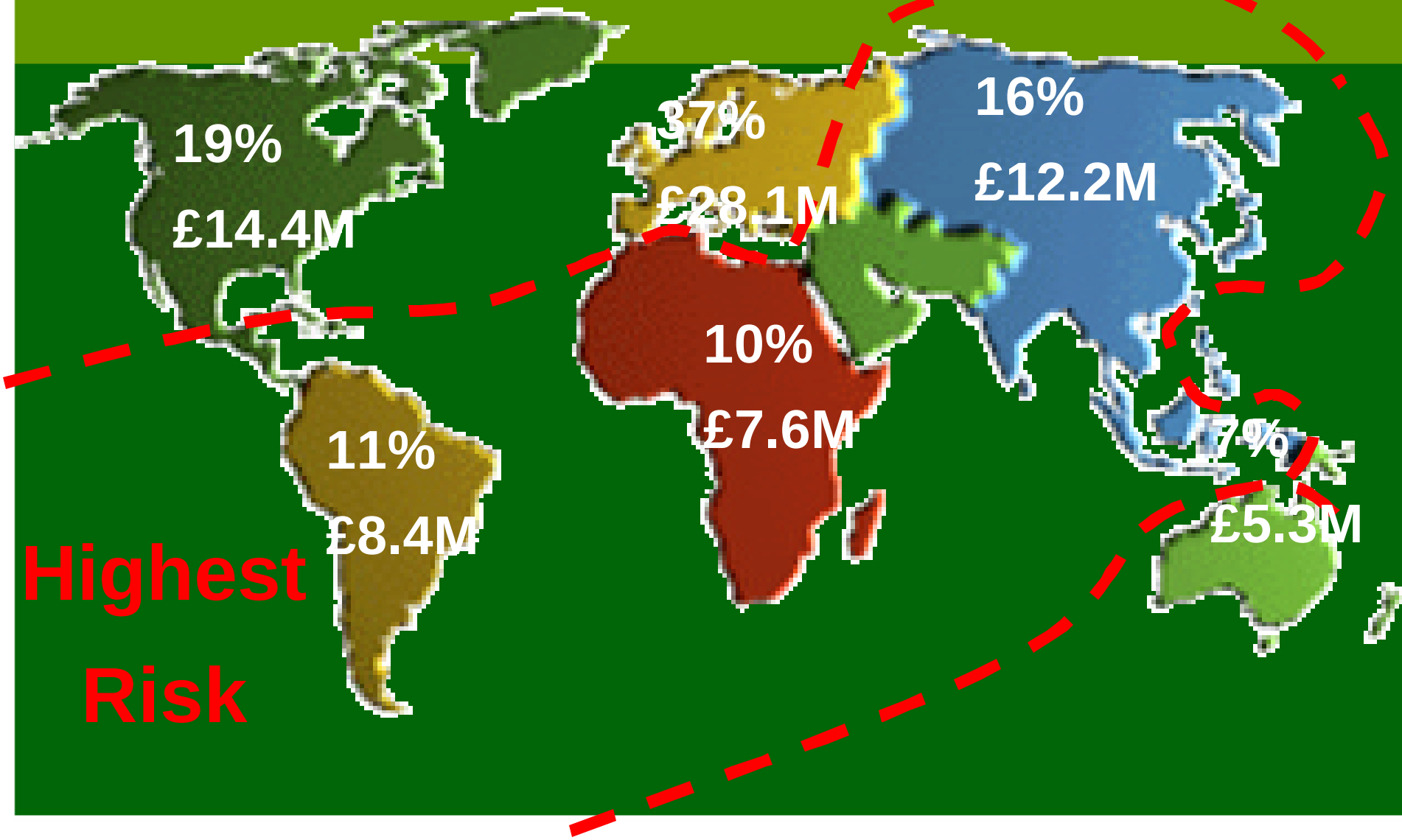
Suppliers overall environmental scores



Sustainability Risk

Overseas Operations (circa £76M)

Environment Agency



Summary

- 62% suppliers are SME's
- Environmental performance slowly improving
- 30% suppliers source from abroad
- 58% have no sustainable procurement policy
- Policies that do exist cover:
  - Working conditions 20%
  - Employee Age 12%
  - Fair Pay 16%
  - Trade Union 10%
  - Natural Resource 12%
  - Emissions/ Waste 10%

Environment Agency turns up 'green' heat on suppliers

Robin Parker

Agency raises social pressure on suppliers

Robin Parker

Actions post review

Supply chain mapping - Timber

creating a better place

Summary

- Timber is legal
- Most sustainable we can get
- Research into alternate species
- Health & Safety Issues
- Community liaison improvements
- Purchase justified to Greenpeace and Parliament
- Continuing risk exposure
- Cost of visit £900 justified

Managing Director,

GREENPEACE

CANONBURY VILLAS, LONDON N1 2PN

TELEPHONE : 020 7865 8100
FAX : 020 7865 8200 / 8201

20.10.04

Dear Sirs,

The use of timber from legal and sustainable sources for public sector projects

It has come to our attention that continue to supply significant quantities of timber to public sector projects in the UK.

As I am sure you are aware, four years ago the UK Government introduced a policy to ensure that all the timber they purchase can be shown to come from 'legal and sustainable sources. Increasingly, Local Authorities are also demanding confirmation that the timber they buy comes from well-managed forests.

Greenmatters CD

Supplier Training Tool

creating a better place

greenmatters

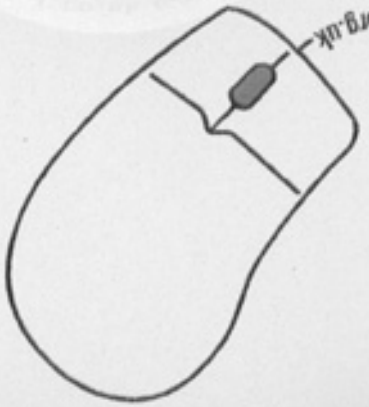
THE VIRTUAL BUSINESS ENVIRONMENTAL TRAINING PACKAGE

ECO Training
Excellence in E-Learning

ENVIRONMENT AGENCY

ncfe
national awarding body

www.greenmatters.org.uk



How do we measure and evaluate ourselves?

Benchmarking

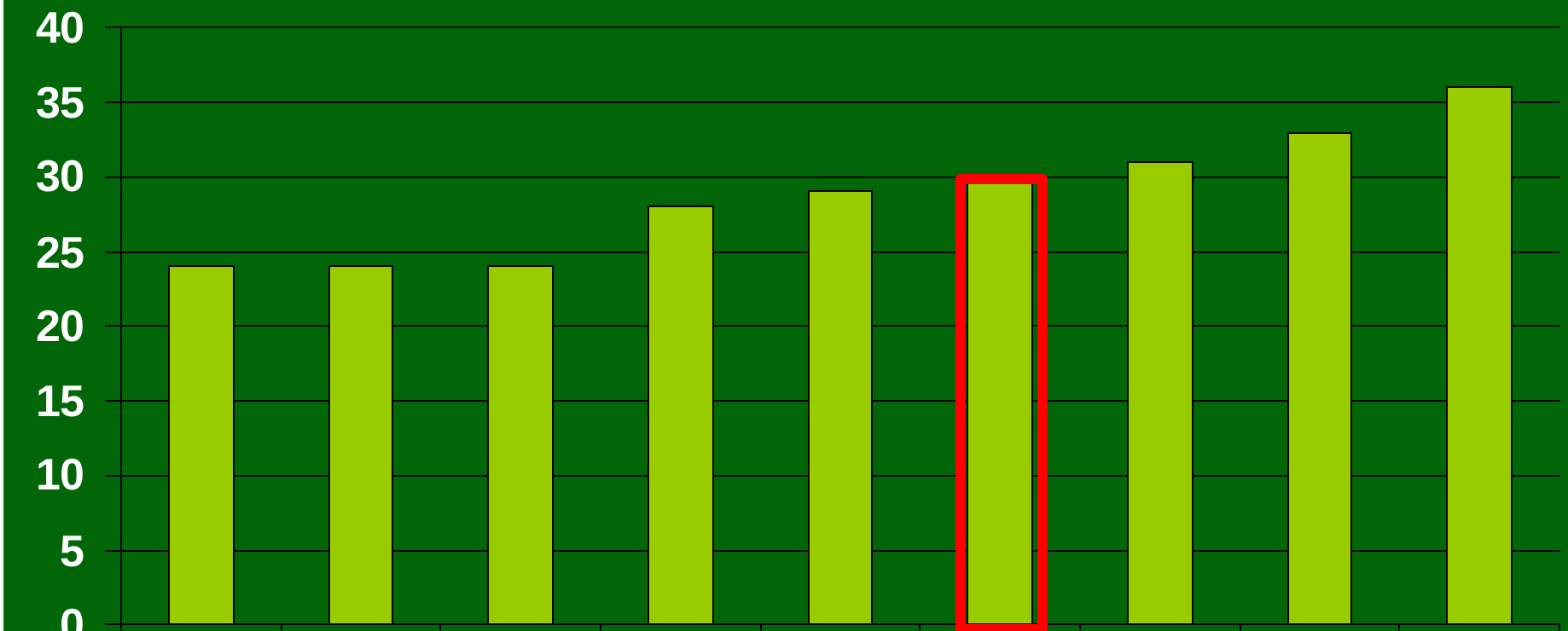
creating a better place

Benchmark Measures 2001

- Organisational Drivers
- Commitment
- Prioritising Action
- Procurement Tools
- Approach to Suppliers
- Management
- Training
- Use of IT
- Measurement
- Strategy
- Lessons Learned

ENVIRONMENTAL

Benchmark Scores 2001



	Sony	Barclays	DME	Skanska	BMW	EA	Canada	Volvo	DEPA
Score	24	24	24	28	29	30	31	33	36

2005 Review

- Policies and strategies
- Responsibilities and accountabilities
- Targets
- Staff awareness
- Prioritisation of action
- Provision of guidance, training, expertise
- Supply chain development
- Best practice sharing
- Measuring and monitoring results

SUSTAINABILITY

Who's Participating

- US EPA
- US Rutgers University
- Volvo
- Ikea
- Austrian Dept of Env.
- Swiss Dept of Env.
- Christchurch Council New Zealand
- National Health Service
- British Telecom
- Co-op Bank
- Dept of Work & Pensions
- Jackson Construction
- Leeds University
- Welsh Procurement Initiative

What do we get out of it?

- Heath check
- Tangible comparisons
- Incentive to change
- Builds relationships
- Defence mechanism
- Saves time
- Motivates people
- Future development plan

Summary, Key Messages and Conclusion

creating a better place

Overall Summary

- UK wants to be a leader by 2009
- Environment Agency shows good practice
- Training targeted at Buyers and Suppliers
- Challenges in removing subjectivity
- Workshop and multimedia training used
- Challenge of supply chain management
- Benchmarking is our used for self assessment

Key messages

- Approach has evolved over time
- Start simple, but make a start
- Led by Procurement professionals
- Targeted Training
- Extensive support and back up
- Targets and Objectives
- Suppliers need training as well

Conclusion

- Start with an overall strategy
- Prioritise and use risk assessment
- Focus on high risk/ high value areas
- Use freely available materials
- Apply a structured logical process
- Train staff in agreed tools
- Measure, review and enhance
- Promote successes
- Use as marketing for Procurement

Sustainable Procurement

Session 6 - Demonstration of Training Tools

Christopher Browne

creating a better place