

## Developing a policy - Guidance

### Developing a sustainable procurement policy

At a whole-of-agency level, real long-term gains can only be made if policies are developed and implemented that support the principles of sustainability. Developing a policy for procurement (or any other aspect of an organisation's operations) requires commitment from all levels of management, some basic information and a good working relationship with suppliers.

Following are the key steps to developing a policy in your organisation.

#### Gather support for the policy

Gaining executive-level support for a policy is essential, particularly if there are financial implications. Strong support must be forthcoming from the CEO, Executive, and key directors such as finance, asset management or corporate services.

People responsible for implementing the policy must be engaged early. This includes procurement officers, store-persons, personal assistants, administration officers and others who deal with day-to-day purchasing within an organisation. These people will provide invaluable input into how realistic the policy is and whether or not it can be implemented.

Suppliers may be apprehensive about the impact of the policy on their business and should be engaged as early as possible.

#### Analyse purchasing practices

Before developing a sustainable procurement policy, current purchasing practices need to be understood as well as key stakeholders, legal and policy frameworks and types of products purchased. Key considerations include:

- Centralised versus decentralised purchasing.  
Implementation strategies may vary depending on whether purchasing is centralised or done through multiple small units.
- Use of government supply contracts  
A wide range of sustainable products is available on Government supply contracts. Agencies may need to work with suppliers to source 'green' goods or services not available on contract.
- Stand-alone contracts  
Appropriate sustainability specifications need to be incorporated into contracts for the supply of specific products not available on government supply contracts or for particularly large projects such as capital works (see [Purchasing Sustainable Products](#)).
- Outsourcing of services  
Sustainable procurement requirements need to be incorporated into contracts for outsourced services. This is particularly important when dealing with major projects, e.g. construction.

Existing procurement policies and practices that support sustainability need to be identified and acknowledged, for example 'Buy Australian-made', regional employment initiatives or a buy-recycled or product stewardship policy.

#### Target a few products initially

Sustainable procurement initiatives may take a while to fully bed-down so getting some quick wins are essential to demonstrate that the policy works. Focus on a couple of products initially to gain support and win over the sceptics. Strategies to get the initiative off to a good start include:

- Focus on products with a high potential or actual impact on the environment. Such products may make up small quantities of overall purchases but have significant impacts, for example, pesticides, toxic cleaning products, large electrical appliances and vehicles.

- Identify the largest purchases by volume and by money spent and their resulting potential to benefit the environment. These products will have a higher profile and used more commonly by staff.
- Tackle products where sustainable alternatives are readily available (e.g. recycled-content paper, energy-saving products).
- Identify strategic products that could be of particular concern to your organisation (e.g. old-growth forest products, imports from countries with a poor environmental record, toxic materials hazardous to staff and others).

A broader range of products can be addressed once the policy has been successfully trialled and delivered some tangible outcomes.

### **Work with suppliers**

Establishing an open and honest relationship between key purchasing staff and suppliers is critical to implementing the policy. New sustainability requirements can affect suppliers requiring them to change their processes and possibly products.

A comprehensive understanding of the relationship with suppliers is essential. Some of the key considerations include:

- which suppliers pose the greatest risk to the environment (with associated implications for regulatory, financial and reputation risks);
- whether some suppliers may be unfairly disadvantaged by the initiatives, for example, smaller suppliers;
- who can provide the greatest efficiency and cost savings or have the capacity to source and supply cost-effective sustainable products;
- what are the best means to engage and communicate effectively with suppliers.

Involving suppliers early will help to reduce anxiety about changes that could affect their business (especially in highly competitive markets such as IT equipment) and give them lead time to prepare for implementation of the policy. Feedback from suppliers will 'reality test' any policy and play a major role in shaping sustainable procurement policies and practices. Suppliers are also a great source of information about materials, alternative products and market innovations.

Provide guidance to suppliers before the policy comes into force. Face-to-face workshops are a useful way to explain to suppliers what is required of them and to clarify issues before the policy is implemented. This process also allows suppliers to ask questions or seek advice regarding their own environmental performance.

Developing written guidance for suppliers can help if specific requirements are to be incorporated into contracts. Set out clearly what the policy will require of suppliers and why. Ensure a contact person is available who can answer questions suppliers may have about the policy.

Organisations need to encourage suppliers to move towards best environmental practice both within their own organisations and the products they supply. While suppliers may not achieve sustainability in the short or even medium term this can be a potentially major undertaking for small to medium suppliers so expectations must be made clear.

Maintaining open and constructive communications with suppliers is essential for the policy to work effectively