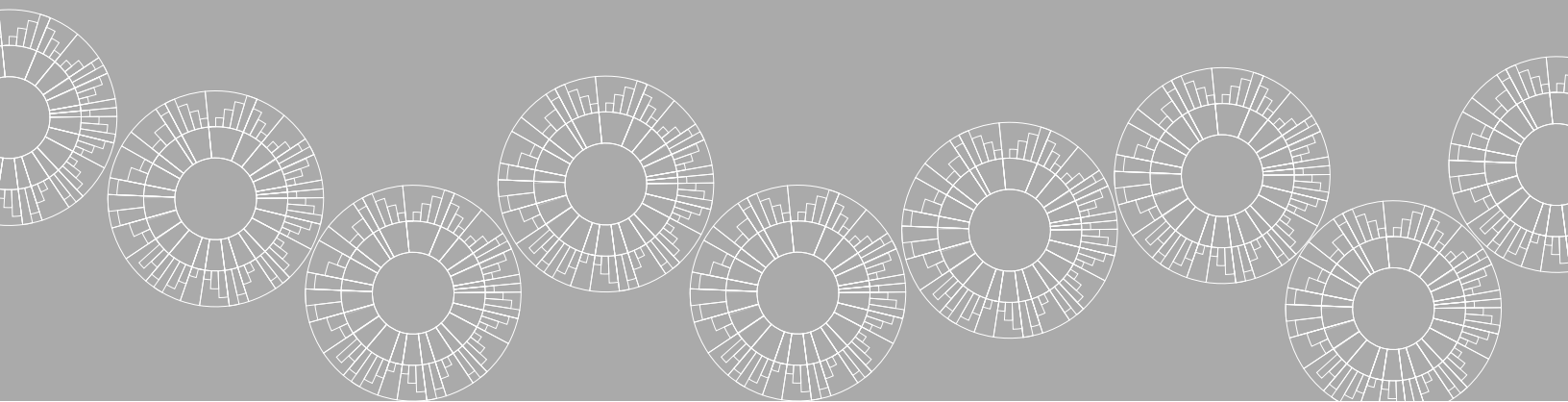


Sustainable Procurement:

A TIP SHEET FOR SMES



Stephanie Bertels
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Sustainable Procurement:

A Tip Sheet for SMEs

Prepared by Stephanie Bertels and Rachel Dekker.

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Who is this for?

This tip sheet helps leaders and purchasers in small and medium-sized enterprises (SMEs) to improve the human rights outcomes of their company's buying decisions and to avoid adverse impacts on social and environmental systems.

Companies large and small are recognising that the goods and services they buy contribute to their environmental and social footprint, often quite significantly. Integrating human rights considerations into your company's purchasing decisions can help you to ensure you respect human rights and to improve the impact your company has on the environment and on communities.

Sustainability means ensuring the resilience of the environmental and social systems around you. Being a sustainable company starts with your own operations and your direct impacts on workers, communities, and the environment. But it also includes the impacts of your suppliers and your customers' use of your products and services.

This tip sheet focuses on helping you to improve the sustainability outcomes of your company's buying decisions. Even if you don't have the resources to do everything right away, just start with making one key purchase more sustainable and build from there. Here are some tips to get you started.

1. Understand what you buy

Start by understanding your company's purchasing patterns. What products and services do you currently buy? What do you expect to buy in the future? Which products do you buy frequently and in large quantities? Where is your highest spend? These products and services are a good place to start.

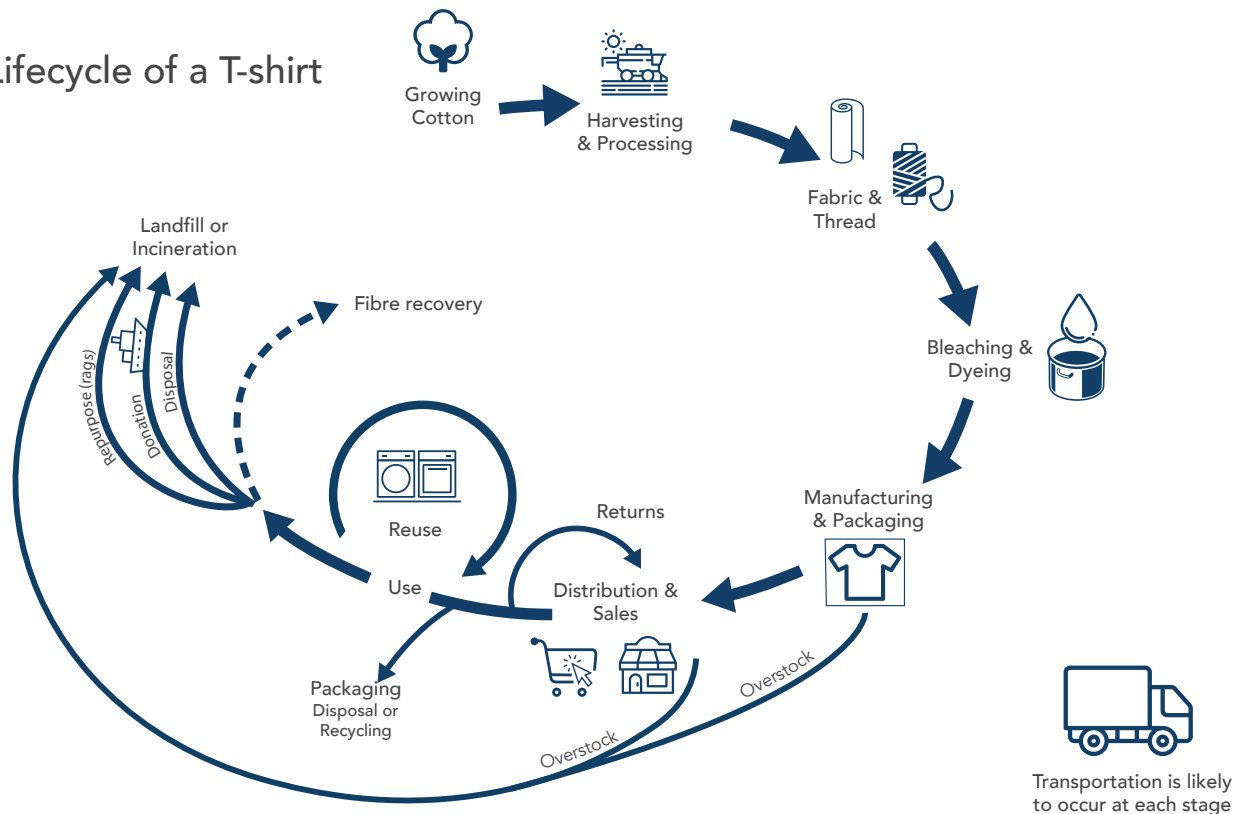
Just remember that in many cases, the most sustainable procurement decision you can make is to find ways to buy less, or in the case of some products or services, not to buy them at all. An important step in managing your company's environmental footprint is to ask yourself: do we really need to purchase this?

2. Understand the full 'life cycle' of your key purchases

Sustainability and human rights impacts happen across the life of a product or service. In products, this cycle extends from raw materials, through production and use, and right through to the end of life. In the case of a service, impacts can occur right from the decisions taken about service preparation, through service production, delivery, and consumption, and in any maintenance activities after service delivery.

Pick one of your key products or services to explore. Think about (or better yet, draw) its full life cycle. Who sold it to you? How far did it need to be transported? Or how far did your service contractor need to travel? Did they require a hotel room? What materials, processes, or services did your supplier, or their suppliers, need to produce their product or to deliver their service? Now imagine where the products or the used materials will go: at the end of their life, can they be recycled or reused? Consider creating a simple 'map' of the life of your key purchases, from beginning to end, like the example of a cotton t-shirt on the next page. A blank template has been included at the end of this tip sheet.

Lifecycle of a T-shirt



3. Explore the (possible) impacts of your key purchases

Next, you will want to try to identify the key sustainability issues that may be associated with the materials, production, distribution, or use of your key purchases or services, as well as their adverse impacts at end of life. Are there opportunities for recycling or reuse? You will also want to understand where the products or the materials come from. Different regions face their own production challenges and will also impact how far your product travels.

A quick internet search often goes a long way. For example, when you search 'cotton' and 'sustainability issues,' you'll quickly find that there are challenges with water and pesticide use. When you do the same with 'social issues', farmer poverty and forced and child labour are likely near the top of your search results.

4. Determine your sustainability priorities and how they will inform your purchasing decisions

If your company only makes small purchases, you will want to focus on doing your homework on your suppliers and you can skip to point 6 below.

If your company regularly buys various products and services, a decision-making framework can be helpful. To integrate your key priorities into your buying decisions, consider creating two lists. The first is a list of criteria that a purchase *should absolutely meet* (for example, “respect for human rights” or “no toxins in products”). The second will be a list of criteria that will *increase the desirability of a purchase* (for example, “local supplier” or “recyclable materials”).

The first set of criteria forms the minimum bar to clear: if a supplier doesn’t meet these, your company will not consider them. The second set will help you rank your options. For example, in addition to assigning a weighted score to criteria such as price, quality, expertise, and/or timeline, you could allocate 10-20% of that weighting to sustainability criteria.

Impacts often have interconnected effects. Water pollution, for example, can affect both nearby communities and the environment. And reducing negative impacts in one area can create issues elsewhere: a new electric car means more mining somewhere else. Decisions about sustainability are often a question of trade-offs. You will need to assess what issues are most relevant in your supply chain and ensure your decisions don’t have outsized negative effects elsewhere.

5. Align your processes and procedures

Now that you know your focus and how you'll make decisions, you need to make sure your company is set up for success. Review your processes and requirements. Speak with your existing suppliers – and potential ones, if you can – to see what you could be doing to support them to meet your new criteria and whether your company creates any barriers for the kinds of companies you want to buy from. Consider whether you can reduce or eliminate these barriers. For example, you may be able to pay your suppliers more promptly, but you may not be willing to waive your requirement that they pay a living wage. If your company creates contracts with its suppliers, ensure that your processes involve adding your sustainability expectations into those supplier contracts.

6. Do your homework on your suppliers

Take a bit of time to learn more about your suppliers. Review the company website of an existing or new supplier: search for relevant certifications, memberships, awards, and commitments. Does the website explain how the company approaches relevant sustainability issues? Do their values align with yours? And their goals? Next, do a basic internet search on the company. What does this tell you? Are there lawsuits on sustainability issues? Are there public benchmarking reports on key sustainability topics? Are there evaluations by employees? For larger companies, especially, there likely is a good amount of relevant information you can access freely, right from your phone or computer. Consider the following search strategy:

- Search for "Company (or product) AND human rights"
- Search for "Company (or product) AND human rights violations"
- Search for "Company (or product) AND sustainability news"
- (For larger companies) check what score the company has received in independent human rights or ESG performance assessments like the [Corporate Human Rights Benchmark](#) or [Refinitive](#) or check whether the company reports to the [UN Global Compact](#). Or check if the [Business and Human Rights Resource Centre](#) tracks the company. Consider: How does the company perform against its peers? Has its performance been improving over time?
- (For specific products) Does your supplier participate in initiatives that trace products to their origin and provide information about human rights risk on their website?

7. Ask your suppliers questions

It's easy to underestimate the power of asking questions. Even if your company is small, you can still contact your main suppliers and ask them how they manage your sustainability concerns. If you have many suppliers, you could consider creating a supplier sustainability questionnaire that explains your company's commitment to sustainability and asks suppliers about their environmental, human/Indigenous rights, and health & safety policies, their waste management practices, community contributions program, and/or their energy use and GHG emissions. When companies hear their customers asking about these topics, it has an impact. And if you're willing to pay a higher price or accept slightly different performance for a more sustainable option, tell your suppliers. This is important market information that may help shift or expand your suppliers' offering to more sustainable alternatives.

8. Evaluate your outcomes

You will want to understand the success of your efforts and the progress you're making towards supply chain sustainability and improving your company's impacts. To do so, consider creating a review schedule, once a year ideally, where you track the performance of your procurement against your key priorities. Are you seeing an increase in the percentage of purchases that scored higher on your sustainability criteria? What percentage of suppliers have made progress on your key sustainability issues? Are there areas where you're not making progress? Are there alternative options you could explore?

Navigating your company's sustainable procurement journey

For most companies, sustainability is a journey towards doing their part to support a healthy planet and society. Tackling sustainable procurement may require some trial and error. It is unrealistic to expect that you will be able to roll out a 'perfect' supplier sustainability program right away. And you will likely learn new things about the impacts of your supply chain along the way. The important thing is to learn from your experiences and try to do better moving forward.

The awareness and expectations for companies to do their part in upholding human rights continue to grow. Using the tips outlined here, we hope you can contribute to this important movement.

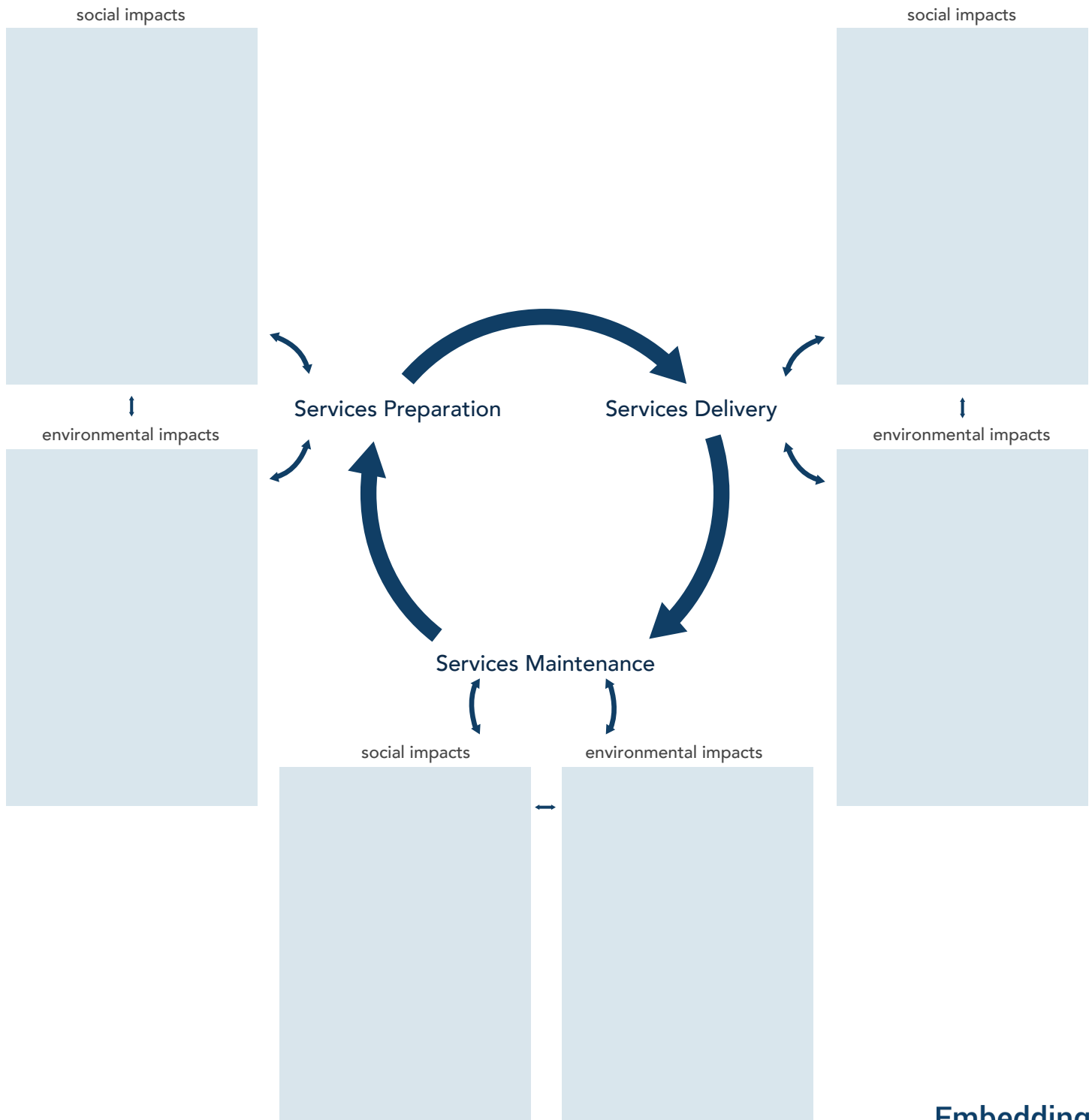
If you are interested in learning more about sustainable procurement, visit <https://www.embeddingproject.org/resources/pathway/integrate/practice/procure-and-supply>.

Worksheet: Life Cycle of a Service

CONSIDER AT EACH STAGE:



- Materials
- Logistics
- Labour



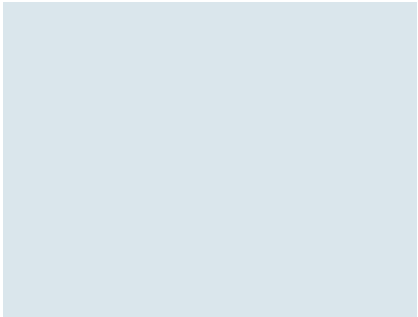
Worksheet: Life Cycle of a Product

CONSIDER AT EACH STAGE:



- Materials
- Logistics
- Labour

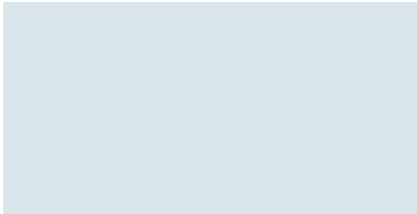
social & environmental impacts



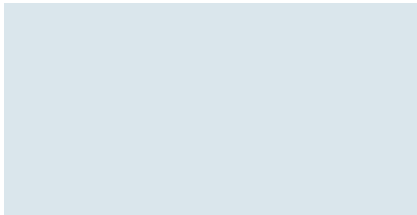
Incineration
or combustion

Uncontrolled
release

social & environmental impacts



social & environmental impacts



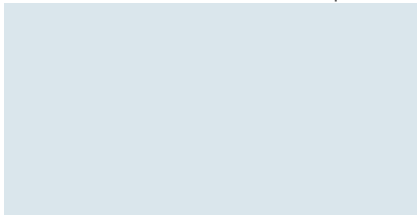
Disposal

Landfill

Materials
Recovery or
Composting

Natural
Resources

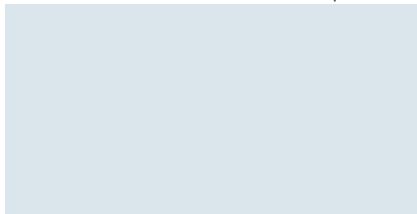
social & environmental impacts



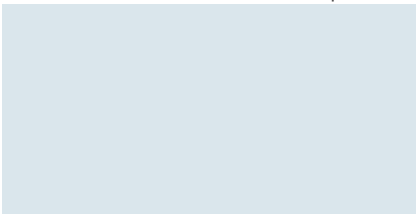
Raw Material

Material
Processing

social & environmental impacts

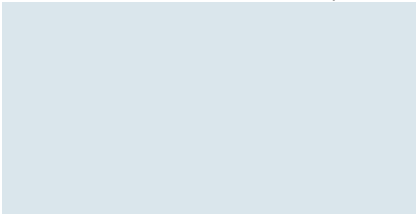


social & environmental impacts



Use &
Maintenance Reuse

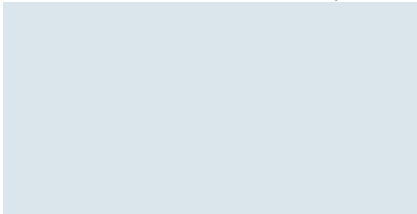
social & environmental impacts



Distribution &
Purchase

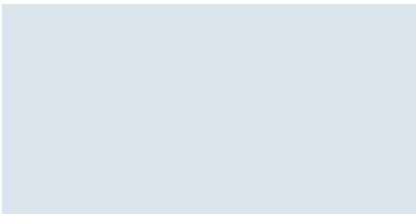
Component
Manufacturing

social & environmental impacts



Assembly &
Packaging

social & environmental impacts



Acknowledgments

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