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Sustainable procurement — Guidance

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Foreword

ISO (the International Organization for Standardization) is a worldwide federation of national standards bodies (ISO member bodies). The work of preparing International Standards is normally carried out through ISO technical committees. Each member body interested in a subject for which a technical committee has been established has the right to be represented on that committee. International organizations, governmental and non-governmental, in liaison with ISO, also take part in the work. ISO collaborates closely with the International Electrotechnical Commission (IEC) on all matters of electrotechnical standardization.

The procedures used to develop this document and those intended for its further maintenance are described in the ISO/IEC Directives, Part 1. In particular the different approval criteria needed for the different types of ISO documents should be noted. This document was drafted in accordance with the editorial rules of the ISO/IEC Directives, Part 2 (see www.iso.org/directives).

Attention is drawn to the possibility that some of the elements of this document may be the subject of patent rights. ISO shall not be held responsible for identifying any or all such patent rights. Details of any patent rights identified during the development of the document will be in the Introduction and/or on the ISO list of patent declarations received (see www.iso.org/patents).

Any trade name used in this document is information given for the convenience of users and does not constitute an endorsement.

For an explanation on the voluntary nature of standards, the meaning of ISO specific terms and expressions related to conformity assessment, as well as information about ISO's adherence to the World Trade Organization (WTO) principles in the Technical Barriers to Trade (TBT) see the following URL: www.iso.org/iso/foreword.html.

This document was prepared by Project Committee ISO/PC 277, *Sustainable procurement*.

In the development of this document, ISO Guide 82 has been taken into account in addressing sustainability issues.

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Introduction

Every organization has environmental, social and economic impacts.

Procurement is a powerful instrument for organizations wishing to behave in a responsible way and contribute to sustainable development and to the achievement of the United Nations Sustainable Development Goals. By integrating sustainability in procurement policies and practices, including supply chains, organizations can manage risks (including opportunities) for sustainable environmental, social and economic development.

Sustainable procurement represents an opportunity to provide more value to the organization by improving productivity, assessing value and performance, enabling communication between purchasers, suppliers and all stakeholders, and by encouraging innovation.

This document assists organizations in meeting their sustainability responsibilities by providing an understanding of:

— what sustainable procurement is;

— what the sustainability impacts and considerations are across the different aspects of procurement activity:

  — policy;

  — strategy;

  — organization;

  — process;

— how to implement sustainable procurement.

Figure 1 presents the structure of this document.

This document is applicable to any organization, public or private, regardless of its size and location. It is intended to be understood by any stakeholder involved in, or impacted by, procurement decisions and processes. The implementation of this document takes into account the particular context and characteristics of each organization, scaling the application of the concepts to suit the size of the organization. The adoption of this document by large organizations promotes opportunities for small and medium-sized organizations in their supply chains.

Clause 4 provides an overview of sustainable procurement. It describes the principles and core subjects of sustainable procurement and examines why organizations undertake sustainable procurement. Important consideration is given to managing risks (including opportunities), addressing adverse sustainability impacts through due diligence, setting priorities, exercising positive influence and avoiding complicity.

Clause 5 provides guidance on how sustainability considerations are integrated at a strategic level within the procurement practices of an organization, to ensure that the intention, direction and key sustainability priorities of the organization are achieved. It is intended to assist top management in defining a sustainable procurement policy and strategy.

Clause 6 describes the organizational conditions and management techniques needed to successfully implement and continually improve sustainable procurement. The organization ensures that such conditions and practices are in place in order to assist individuals with responsibility for the procurement of goods or services integrate sustainability considerations into the procurement process.

Clause 7 addresses the procurement process and is intended for individuals who are responsible for the actual procurement within their organization. It is also of interest to those in associated functions, as it describes how sustainability considerations are integrated into existing procurement processes.

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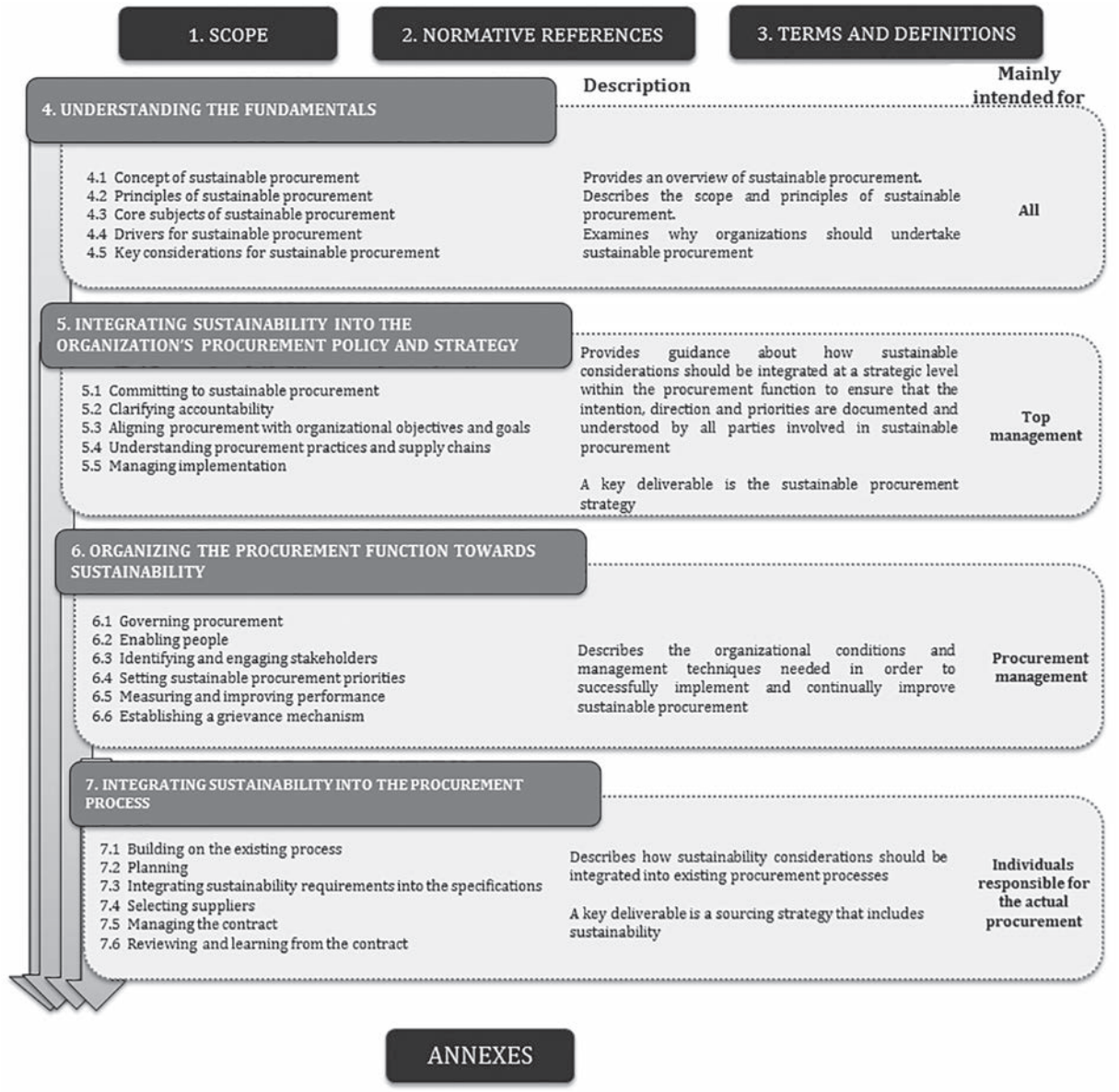


Figure 1 — Schematic view of the content of ISO 20400

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Sustainable procurement — Guidance

1 Scope

This document provides guidance to organizations, independent of their activity or size, on integrating sustainability within procurement, as described in ISO 26000. It is intended for stakeholders involved in, or impacted by, procurement decisions and processes.

2 Normative references

There are no normative references in this document.

3 Terms and definitions

For the purposes of this document, the following terms and definitions apply.

ISO and IEC maintain terminological databases for use in standardization at the following addresses:

— ISO Online browsing platform: available at http://www.iso.org/obp

— IEC Electropedia: available at http://www.electropedia.org/

3.1
circular economy
economy that is restorative and regenerative by design, and which aims to keep products, components and materials at their highest utility and value at all times, distinguishing between technical and biological cycles

[SOURCE: Adapted from Ellen MacArthur Foundation[24]]

3.2
decent work
work performed in conditions of freedom, equity, security and human dignity

[SOURCE: Adapted from ISO 26000:2010, 6.4.1.1, Box 8]

3.3
due diligence
process through which *organizations* (3.16) proactively identify, assess, prevent, mitigate and account for how they address their actual and potential adverse impacts as an integral part of decision-making and *risk management* (3.22)

3.4
environmental label
claim which indicates the environmental aspects of *goods* (3.7) or *services* (3.23)

Note 1 to entry: An environmental label or declaration may take the form of a statement, symbol or graphic on a product or package label, in product literature, in technical bulletins, in advertising or in publicity, amongst other things.

[SOURCE: ISO 14020:2000, 2.1, modified — The alternative term “environmental declaration” has been deleted, and the words “product or service” have been replaced by “goods or services” in the definition]

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3.5
ethical behaviour
behaviour that is in accordance with accepted principles of right or good conduct in the context of a particular situation and is consistent with *international norms of behaviour* (3.9)

[SOURCE: ISO 26000:2010, 2.7]

3.6
fair operating practices
operating practices that concern ethical conduct in an *organization* (3.16) and with other organizations, such as *suppliers* (3.30), with which it has relationships

Note 1 to entry: In a *sustainable procurement* (3.38) context, fair operating practices can potentially extend to include the relationships between organizations, their suppliers and organizations and others that interact with the suppliers. These include interactions with government agencies, partners, suppliers, sub-contractors, and communities, with the aim of promoting a healthy relationship between the companies that buy *goods* (3.7) or *services* (3.23) and those providing them.

[SOURCE: Adapted from ISO 26000:2010, 6.6]

3.7
goods
items or materials that, upon the placement of a purchase order, are being manufactured, processed, handled or transported within the *supply chain* (3.32) for usage or consumption by the *organization* (3.16)

[SOURCE: ISO 28001:2007, 3.11, modified — The word "purchaser" has been replaced by "organization"]

3.8
indicator
measurable representation of the condition or status of operations, management, or conditions

[SOURCE: ISO 14031:2013, 3.15]

3.9
international norms of behaviour
expectations of socially responsible organizational behaviour derived from customary international law, generally accepted principles of international law, or intergovernmental agreements that are universally or nearly universally recognized

Note 1 to entry: Intergovernmental agreements include treaties and conventions.

Note 2 to entry: Although customary international law, generally accepted principles of international law and intergovernmental agreements are directed primarily at states, they express goals and principles to which all *organizations* (3.16) can aspire.

Note 3 to entry: International norms of behaviour evolve over time.

[SOURCE: ISO 26000:2010, 2.11]

3.10
key performance indicator
KPI
indicator (3.8) of performance deemed by an *organization* (3.16) to be significant and giving prominence and attention to certain aspects

[SOURCE: ISO 14031:2013, 3.17]

3.11
labour practices
practices relating to work performed within, by or on behalf of the *organization* (3.16), including subcontracted work

[SOURCE: Adapted from ISO 26000:2010, 6.4]

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3.12
life cycle
consecutive and interlinked stages of a *goods* (3.7) or *services* (3.23) system, from raw material acquisition or generation from natural resources to final disposal

[SOURCE: ISO 14044:2006, 3.1, modified — The word "product" has been replaced by "goods or services"]

3.13
life cycle approach
consideration of *life cycle* (3.12) in decision-making or development processes

3.14
life cycle costing
LCC
method for calculating the costs of *goods* (3.7) or *services* (3.23) throughout their *life cycle* (3.12)

3.15
objective
result to be achieved

[SOURCE: ISO 9000:2015, 3.7.1, modified — Notes to entry have been deleted]

3.16
organization
person or group of people that has its own functions with responsibilities, authorities and relationships to achieve its *objectives* (3.15)

Note 1 to entry: The concept of organization includes, but is not limited to, sole-trader, company, corporation, firm, enterprise, authority, partnership, association, charity or institution, or part or combination thereof, whether incorporated or not, public or private.

[SOURCE: ISO 9000:2015, 3.2.1, modified — Note 2 to entry has been deleted]

3.17
policy
intentions and direction of an *organization* (3.16) as formally expressed by its top management

[SOURCE: ISO 9000:2015, 3.5.8, modified — Note 1 to entry has been deleted]

3.18
procurement
activity of acquiring *goods* (3.7) or *services* (3.23) from *suppliers* (3.30)

Note 1 to entry: The procurement process considers the whole cycle from identification of needs through to the end of a services contract or the end of the life of goods, including disposal.

Note 2 to entry: Sourcing is a part of the procurement process that includes planning, defining *specifications* (3.26) and selecting suppliers.

3.19
requirement
provision that conveys criteria to be fulfilled by *goods* (3.7), processes or *services* (3.23)

[SOURCE: ISO/IEC Guide 2:2004, 7.5, modified — The words "goods, processes or services" have been added at the end of the definition]

3.20
risk
effect of uncertainty on *objectives* (3.15)

Note 1 to entry: An effect is a deviation from the expected — positive and/or negative.

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Note 2 to entry: Objectives include maximizing the contribution to *sustainable development* (3.37).

Note 3 to entry: Risk is often characterized by reference to potential events and consequences, or a combination of these.

Note 4 to entry: Risk is often expressed in terms of a combination of the consequences of an event (including changes in circumstances) and the associated likelihood of occurrence.

Note 5 to entry: Uncertainty is the state, even partial, of deficiency of information related to, understanding or knowledge of, an event, its consequence, or likelihood.

[SOURCE: ISO Guide 73:2009, 1.1, modified — Note 2 to entry has been changed]

3.21
risk assessment
overall process of *risk* (3.20) identification, risk analysis and risk evaluation

[SOURCE: ISO Guide 73:2009, 3.4.1]

3.22
risk management
coordinated activities to direct and control an *organization* (3.16) with regard to *risk* (3.20)

[SOURCE: ISO Guide 73:2009, 2.1]

3.23
service
results generated by activities at the interface between a *supplier* (3.30) and a customer and by supplier internal activities to meet customer needs

[SOURCE: ISO 5127:2001, 5.5.01]

3.24
small and medium-sized organization
SMO
organization (3.16) defined by a number of employees or size of financial activities that fall under certain thresholds, which vary from country to country

3.25
social responsibility
responsibility of an *organization* (3.16) for the impacts of its decisions and activities on society and the environment, through transparent and *ethical behaviour* (3.5) that

— contributes to *sustainable development* (3.37), including health and the welfare of society;

— takes into account the expectations of *stakeholders* (3.28);

— is in compliance with applicable law and consistent with *international norms of behaviour* (3.9); and

— is integrated throughout the organization and practised in its relationships

Note 1 to entry: Activities include *goods* (3.7), *services* (3.23) and processes.

Note 2 to entry: Relationships refer to an organization's activities within its *sphere of influence* (3.27).

[SOURCE: ISO 26000:2010, 2.18, modified — The word "products" has been replaced by "goods" in Note 1 to entry]

3.26
specification
document stating *requirements* (3.19)

[SOURCE: ISO 9000:2015, 3.8.7, modified — Example and Notes to entry have been deleted]

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3.27
sphere of influence
range/extent of political, contractual, economic or other relationships through which an *organization* (3.16) has the ability to affect the decisions or activities of individuals or organizations

Note 1 to entry: The ability to influence does not, in itself, imply a responsibility to exercise influence.

Note 2 to entry: Leverage in the context of the UN Guiding Principles on Business and Human Rights is a specific form of influence considered to exist where an organization can effect change in the wrongful practices of an entity that causes harm.

[SOURCE: ISO 26000:2010, 2.19, modified — Note 2 to entry has been changed]

3.28
stakeholder
individual or group that has an interest in any decision or activity of an *organization* (3.16)

[SOURCE: ISO 26000:2010, 2.20]

3.29
subcontractor
organization (3.16) or individual contracted by the *supplier* (3.30) to perform a specific part of a contract

3.30
supplier
organization (3.16) that provides *goods* (3.7) or *services* (3.23)

[SOURCE: ISO 9000:2015, 3.2.5, modified — The words "a product or a service" have been replaced by "goods or services"]

3.31
local supplier
supplier (3.30) to the *organization* (3.16) that is based in the same geographic market

Note 1 to entry: The term "local" can refer to the surrounding community operations, to a region within a country, or a country.

3.32
supply chain
sequence of activities or parties that provides *goods* (3.7) or *services* (3.23) to the *organization* (3.16)

[SOURCE: ISO 26000:2010, 2.22, modified — The word "products" has been replaced by "goods"]

3.33
sustainability
state of the global system, including environmental, social and economic aspects, in which the needs of the present are met without compromising the ability of future generations to meet their own needs

Note 1 to entry: The environmental, social and economic aspects interact, are interdependent and are often referred to as the three dimensions of sustainability.

Note 2 to entry: Sustainability is the goal of *sustainable development* (3.37).

[SOURCE: ISO Guide 82:2014, 3.1]

3.34
sustainability aspect
aspect of an activity or *goods* (3.7) or *services* (3.23) that, during the *life cycle* (3.12) of the activity, or goods or services, is related to *sustainability* (3.33), positively or negatively

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3.35
sustainability claim
claim which indicates the *sustainability aspects* (3.34) of *goods* (3.7) or *services* (3.23)

Note 1 to entry: A claim can take the form of a label, declaration, statement, symbol or graphic on a product or package label, in product literature, in technical bulletins, in advertising or in publicity, amongst other things.

3.36
sustainability issue
topic included in *sustainability aspect* (3.34)

3.37
sustainable development
development that meets the needs of the present without compromising the ability of future generations to meet their own needs

Note 1 to entry: Sustainable development is about integrating the goals of a high quality of life, health and prosperity with social justice and maintaining the earth's capacity to support life in all its diversity. These social, economic and environmental goals are interdependent and mutually reinforcing. Sustainable development can be treated as a way of expressing the broader expectations of society as a whole.

[SOURCE: ISO 26000:2010, 2.23]

3.38
sustainable procurement
procurement (3.18) that has the most positive environmental, social and economic impacts possible over the entire *life cycle* (3.12)

Note 1 to entry: Sustainable procurement involves the *sustainability aspects* (3.34) related to the *goods* (3.7) or *services* (3.23) and to the *suppliers* (3.30) along the *supply chains* (3.32).

Note 2 to entry: Sustainable procurement contributes to the achievement of organizational sustainability *objectives* (3.15) and goals and to *sustainable development* (3.37) in general.

3.39
tier 1 supplier
supplier (3.30) providing *goods* (3.7) or *services* (3.23) directly to the procuring entity

3.40
transparency
openness about decisions and activities that affect society, the economy and the environment, and willingness to communicate these in a clear, accurate, timely, honest and complete manner

[SOURCE: ISO 26000:2010, 2.24]

3.41
universal design
design of *goods* (3.7), environments, programmes and *services* (3.23) to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design

Note 1 to entry: Universal design shall not exclude assistive devices for particular groups or persons with disabilities where this is needed.

Note 2 to entry: Terms such as universal design, accessible design, design for all, barrier-free design, inclusive design and transgenerational design are often used interchangeably with the same meaning.

[SOURCE: ISO/IEC Guide 71:2014, 2.18, modified — The word "products" has been replaced by "goods"]

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