This guide is part of a series of documents focussed on ‘Integrating Sustainable Procurement into Practice’. This material was developed by Sustainable Procurement Limited for the United Nations Marrakech Taskforce for Sustainable Procurement of which the New Zealand government is a member. The series is based around a typical procurement process with a guide for each relevant stage as identified below:

Please see the separate guidance notes referenced for other stages of the procurement process.

First Published July 2010
Government Procurement Development Group | Ministry of Economic Development
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TO WHAT EXTENT DOES YOUR AGENCY UNDERTAKE SUSTAINABILITY RISK ASSESSMENTS IN PROCUREMENT?

Background
This guidance document gives a step-by-step starter process, for the identification and management of sustainability risks in contracts. It then details how these risks can be turned into specific actions for a contract, having taken into account the degree of influence the procuring organisation has with the supplier. It then identifies which stage of the procurement process it is best to manage the action. Finally, it uses the degree of sustainability risk, coupled with the value of the contract to inform the procurement strategy that should be applied during the procurement process.

Steps within this guide

1. Determine which sustainability impacts to address
2. Risk questions to ask during your procurement process
3. Quick and simple risk assessment
4. Thresholds for risk assessment
5. Determine your influence with suppliers to drive the sustainability agenda
6. Managing sustainability risks at different stages of the procurement process
7. Reducing subjectivity in the risk assessment
8. Positioning the contract to inform prioritisation/procurement strategy
9. Apply the appropriate sustainable procurement strategy

Why is this Important?
Procurement actions and decision making needs to be logical and structured so it can withstand scrutiny. Using a risk based approach ensures that sustainability impacts that are most important to the agency are managed appropriately and that decisions taken can be justified and explained in a logical manner.

How to use this guide
The guide is structured in a chronological process, so you need to determine your current status in this activity and start at the appropriate stage of the guide. However, the guide does follow a logical order so it is recommended to start at the beginning and work through to avoid any confusion.

Determining which sustainability impacts to address
In taking a risk-based approach to sustainable procurement, one of the first actions necessary is to determine the key impacts or issues that you require your sustainable procurement approach to address. Sustainable procurement encompasses social, environmental and economic aspects and for any approach to be truly sustainable it must deal with all three aspects. In developing an approach for a public sector organisation you need to be supportive of:

- Government sustainable procurement objectives (see www.procurement.govt.nz)
- Your individual agency’s sustainable development objectives
A detailed explanation of the approach necessary to identify the most important sustainability impacts is explained in Guide 1 Identifying Sustainable Procurement Priorities. This guidance on risk assessment assumes that you have already identified and agreed the sustainability impacts you wish address as an agency. If this is not the case then please refer to Guide 1 Identifying Sustainable Procurement Priorities.

**Risk questions to ask during your procurement process**

This is not a simple issue, as it will vary between different agencies and different commodities (goods, services and works). However, assuming that you have determined the sustainability issues that are of most importance to you the risk questions applied will be informed by those impacts.

In simple terms, sustainability risk issues are informed by:

- How important is this issue to the government?
- How important is this issue to my agency?
- What scope is there to improve?
- Will the market be able to respond this issue?

So in determining which risk questions to apply, you must be mindful of the links to both its overall importance and how deliverable improvement will be. If an issue is not important or to improve the situation is almost impossible then there is little point in spending time dealing with that issue. A common mistake is to try and solve all the world problems, spending time debating risk issues that cannot yet be resolved. It is best to focus on key issues, deploying Procurement resources as efficiently as possible. What you determine as key will be informed by your appraisal of sustainability impacts.

**Starting a risk assessment process**

When introducing risk assessment principles into procurement, it is best to start as simple as possible and have a few key questions. These can always be changed and added to as time progresses and procurers become used to thinking about sustainability risk issues in their contracts.

There is no set formula for this, as the risks you choose to assess need to be based on the key sustainability issues your agency wishes to support. See Guide 1 Identifying Sustainable Procurement Priorities. However, to illustrate an example, the following are a simple set of risk questions that could be applied to any procurement. The idea here is to identify simply and quickly key risks, it should not be seen as comprehensive, but as a place to start. It could however, be used to decide if more detailed risk assessment is necessary.

**Table 1 – Illustrative example of a simple risk assessment questions**

<table>
<thead>
<tr>
<th>Issue of concern</th>
<th>Quick Risk Question</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO(^2) reduction</td>
<td>Does the purchase have potential for high-energy consumption?</td>
<td>Consider if the item or service being contracted for is typically a high energy use such as a pump, a bus, a service provider of power washing services etc.</td>
</tr>
<tr>
<td>Public image protection and enhancement</td>
<td>Is there a sustainability risk to our agency’s reputation?</td>
<td>Taking the answers into account, is there the potential for negative press through the letting of this contract, possible areas include timber, buying from big polluters, child labour in the supply chain, switching suppliers, causing a supplier to go out of business etc</td>
</tr>
</tbody>
</table>
Efficient use of natural resources

Is the product made of or does the service provider use unsustainable material?

This is a potentially complex question, in the first instance consider if the materials that the product is made or the service provider uses actually regenerates itself within 50 years such as softwood timber, as opposed to metals/plastics etc.

Fair Pay

Is there the likelihood of a developing world supply chain?

Is this supplier operating in the developing world or in a country that has difficulty enforcing a minimum wage? E.g. Africa, South America, parts of Australasia/Asia. This is often the case for electronic components, metals, hardwoods, textiles etc.

NOTE: The questions highlighted in table 1 above are just an example designed to illustrate typical sustainability issues that could be addressed through a more sustainable approach to procurement.

The approach here is to create a few key questions that could be applied to any procurement (goods, services or works). By keeping the number of questions short and by making them “yes” or “no” issues it should not be too difficult for procurers and/or specifiers to consider them as part of the procurement process. This style of approach is particularly beneficial to people starting sustainable procurement as there will be a strong need to buy people into the subject, so keeping things as quick and simple to begin with will help in selling the change. The approach and questions can always be enhanced over time.

Using the example set of questions detailed above, below is an illustrative example of how they could be applied to the procurement of computer equipment.

Table 2 – Completed example of simple risk assessment for computers

<table>
<thead>
<tr>
<th>Risk Question</th>
<th>Answer</th>
<th>Justification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does the purchase have potential for high-energy (Gas, Water, Electric, Petroleum derivatives etc) consumption?</td>
<td>Yes</td>
<td>Computer equipment includes both desktops and lap tops as well as peripherals and servers. Due to the volumes consumed, power use is a key factor.</td>
</tr>
<tr>
<td>Is there a sustainability risk to our organisations reputation?</td>
<td>Yes</td>
<td>Computer equipment has a developing world supply chain, uses energy and if often made of unsustainable materials and is now becoming subject to pressure group scrutiny.</td>
</tr>
<tr>
<td>Is the product made of or does the service provider use unsustainable material?</td>
<td>Yes</td>
<td>Computer equipment is often made from virgin non-renewable materials such as plastic, metals etc.</td>
</tr>
<tr>
<td>Is the industry that supplies this inspected by Government to ensure compliance with environmental standards?</td>
<td>No</td>
<td>Note this will depend on the country in question. However, many countries do not regard computer equipment manufacture as a high risk activity</td>
</tr>
<tr>
<td>Is there the likelihood of a developing world supply chain?</td>
<td>Yes</td>
<td>It is highly likely that both product assembly and component manufacture will be in the developing world.</td>
</tr>
</tbody>
</table>
In applying a simple approach such as this, you must be aware of its limitations and the need to supplement high sustainability impact areas with an additional appraisal. However, it can provide a good start and get the agency on the way to integrating sustainability into procurement practice.

**Thresholds for risk assessment**

This is a difficult issue as in effect you are giving a cut off for the assessment of sustainability risks. However, given the volumes of contracts let in an agency it is not going to be possible to assess every contract, each time it comes up for procurement. In making this decision you primarily have three choices:

- Value based e.g. all contracts over a certain $ value
- Risk based e.g. all contracts identified as high risk
- Commodity based e.g. an identified set of spend areas where you want sustainability issues to be assessed

All of these approaches have advantages and disadvantages. Value based is the simplest to understand and enforce as its easy to measure, but has the inherent limitation that it would not pick up low value, but high sustainability risk items. It is suggested that agencies prioritise risk effort based on a matrix of expenditure that takes, risk and value of different commodities into account as follows:

**Table 3 – Illustrative example of prioritised risk approach**

<table>
<thead>
<tr>
<th>High Risk</th>
<th>Secure</th>
<th>Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Civil Engineering</td>
<td>New School Construction</td>
<td>Buses</td>
</tr>
<tr>
<td>Recycled Paper</td>
<td></td>
<td>Computer Equipment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Routine</th>
<th>2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textiles</td>
<td>Softwood Timber</td>
</tr>
<tr>
<td>Recycled Paper</td>
<td>Software Development Services</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Low Value</th>
<th>$1M</th>
</tr>
</thead>
</table>

Source: Matrix based on original works courtesy of PMMS Consulting Group

Ideally your agency should review its expenditure annually using a simple risk based approach, plotting expenditures on a matrix (as detailed above). It is then possible to ensure that more detailed risk assessment is only applied in areas of highest importance (zone 1 above) or if resources allow the top two quadrants (Secure and Critical) as the highest sustainability risk commodities would be positioned in these areas.
Determine your influence with suppliers to drive the sustainability agenda

Before the strategy can be determined to manage the risks you have identified, you must first identify the degree of influence you have with your suppliers. To do this, you must try to look at your agency from the markets perspective. It is likely that where you are an attractive customer, that you will be more able to specify and achieve more sustainable outcomes.

There is no definite method to determine this influence as most suppliers will be complementary about your relationship as they want to safeguard your business. However, there are some key questions you could consider that may assist in informing the suppliers’ view of your agency as a customer. The list of issues below are not exhaustive and indeed for starting agencies, it is recommended that you select the key issues that you believe are important for your agency. The aim for starting organisations is to have around 5 questions to consider influence, so that the assessment is not seen as bureaucratic for procurers. It must however be recognised that this type of assessment is as much about good procurement as sustainable procurement. If you do not understand your influence, how are you planning your tactics to get the best deal.

So thinking, about your agency from a suppliers perspective, consider:

Is your organisation easy to work with?

Consider the likely approach of your organisation to contract management. Will the geography/make up of the organisation make you disjointed and difficult to work with. Determine if your expectations are realistic and if your people will do everything they can to make the contract a success. The easier you are to work with, the more desirable you are as a client as the working relationship will usually be pleasant and the cost of managing you will be cheaper, so more profitable for the supplier.

Do you have intelligent clients in your organisation who know about the good/service being supplied?

Reflect upon your knowledge of this commodity/service, can you hold your own in technical discussions with the supply base. Intelligent clients, whilst often more demanding are usually easier and quicker for a supplier to work with.

Is your organisation efficient in its business dealings (do you meet time commitments)?

Is adequate time and resource available to service this contract internally. Is the organisation really committed to making this work and will you give supplier problems a high priority during contract management.

Do you pay on time?

This is a critical issue for many suppliers, managing cash flow is essential for all businesses and vital for smaller ones. Customers that are bad payers will usually be avoided if possible. The time for payment is usually agreed in the contract, but should typically be no more than 30 calendar days from receipt of invoice.

Is your organisation a key client to have in order for suppliers to win other business with other organisations?

Reflect upon your brand and its weight to the supplier. By having you as a client will the supplier gain credibility with other clients. Also consider sustainability issues, will the supplier see benefit to their own sustainability approach/credentials by having you as a client. If your organisation has a good reputation for sustainability a supplier to you will also benefit from your reputation.

Does your organisation spend typically represent more than ½% of the suppliers’ turnover in this market place?
Reflect upon the suppliers’ turnover (see their annual financial report and accounts) and determine if this contract is more than \( \frac{1}{2} \% \) of their turnover. If it is this will be considered a significant purchase from a value perspective. Typically, the supplier may only have around 20 clients who singularly account for more than \( \frac{1}{2} \) a percent of their turnover.

**Is your organisation open to change to make itself easier to work with?**

Reflect upon your organisation’s ability and desire to change to make the contract work more efficiently. Is this possible or too sensitive/difficult? e.g. re-structuring.

**By working with your organisation does the supplier improve?**

Consider how your organisation develops suppliers, do you bring new ideas to a supplier that improves their performance or makes them a more marketable company. Particularly, think about any supplier development programme you have and any focus on sustainability.

**Are the suppliers operating in a saturated market?**

Determine if there are numerous other suppliers in the market, all of whom are competing for your business. Examples of this typically include consumer goods, computer equipment, vehicles, stationery etc.

**Does your organisation have high switching costs from one supplier/product to another?**

Reflect upon how difficult and expensive it would be for your organisation to change from supplier to supplier/product to product once the initial purchase has been made. For example switching paper supplier is relatively easy, whereas switching a heating system in a school would be much more expensive due to the level of integration with other parts of the building.

**Degree of strength / influence**

Using these questions as an indicator determine the degree of strength/influence you believe you may have with the supply base. To determine your attractiveness as a client, reflect upon the number of “yes” statements you have to the previous questions. Also consider whether any individual question is such a high influencing factor, that in itself, it makes the contract highly desirable. For example, if your agency is a key client that influences whether other businesses buy from that supplier, then this in itself may give you a high degree of influence even if you have answered “No” to everything else. In this situation the supplier simply has to have your business in order to survive e.g. major road builders will usually need to have the lead organisation.

It is possible to plot a supplier against another matrix to inform the degree of influence you have as a buyer with that supplier. Attractiveness is informed by the assessment previously undertaken, see above and value is informed by whether your business is more than \( \frac{1}{2} \% \) of the suppliers’ annual turnover. Each box in the diagram is labelled with a description that aims to summarise the suppliers’ attitude to various clients.

*Note:* As a check it should easily be able to verify the suppliers attitude to you as a client by simply examining their approach to dealing with supply problems, cost changes and general queries. The degree of responsiveness is indicative of the relationship.
If you believe that the supplier considers your agency to be an attractive client then it is possible to be very demanding about sustainability issues, both in the product or service being supplied as well as in the way the supplier manages their own business. However, if you are not an attractive client it will be extremely difficult to push sustainability issues, other than those that are fairly easy for the supplier to deal with. In this situation, your options are to either work to improve the working relationship or change supplier to one who will value your business more.

It is important to consider this degree of supplier influence before determining the procurement strategy for the contract. The level of influence will be essential in determining how demanding you can be as a client as well as informing which is the appropriate stage of the procurement process to manage the risk issue. See below.

### Managing sustainability risks at different stages of the procurement process

Having answered the key risk questions and reviewed the degree of influence you have with the supplier, you must now determine at which stage of the procurement process you will deal with different risk issues. There is no prescribed answer to this issue, as each contract will be different, so it will be necessary to determine the appropriate answers for each contract.

For example, if you decided that you needed to ensure that the suppliers’ procurement of softwood timber was as sustainable as possible you could deal with this issue in a number of ways as follows:

---

1 Softwood is a generic term used in woodworking and the lumber industries for wood from conifers (needle-bearing trees from the order Pinales). Softwood-producing trees include pine, spruce, cedar, fir, larch, douglas-fir, hemlock, cypress, redwood and yew.

As the name suggests, softwoods are obviously softer than hardwoods, but there are notable exceptions; Douglas fir, a softwood, is harder and stronger than many hardwoods, while balsa, technically a hardwood, is much softer than even most softwoods. Definition © Wikipedia 2007
**Table 5 - Illustrative example of possible options to manage the sustainability of softwood timber**

<table>
<thead>
<tr>
<th>Option</th>
<th>Procurement Stage</th>
<th>Possible Action to manage the sustainability issue identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supplier Selection</td>
<td>Only allow suppliers to bid who have been approved by FSC (Forestry Stewardship Council)</td>
</tr>
<tr>
<td>2</td>
<td>Specification</td>
<td>Specify that you will only buy sustainable timber that has been certified by FSC</td>
</tr>
<tr>
<td>3</td>
<td>Bid Evaluation</td>
<td>Ask the suppliers to propose the most sustainable timber possible and evaluate which you believe is best</td>
</tr>
<tr>
<td>4</td>
<td>Contract Management</td>
<td>Ask the supplier to provide timber, then work with them during the contract to improve sustainability</td>
</tr>
</tbody>
</table>

Another example, could be the issue of energy efficiency and CO2 reduction. This again could be dealt with in a number of ways as follows.

**Table 6 - Illustrative example of possible options to manage the sustainability issue of energy efficiency and CO2 reduction**

<table>
<thead>
<tr>
<th>Options</th>
<th>Procurement Stage</th>
<th>Possible Action to manage the sustainability issue identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Supplier Selection</td>
<td>Only allow suppliers to bid who have an Environmental Management System with CO2 reduction targets.</td>
</tr>
<tr>
<td>2</td>
<td>Specification</td>
<td>Specify that you will only buy rated energy efficient equipment such as Energy Star etc.</td>
</tr>
<tr>
<td>3</td>
<td>Bid Evaluation</td>
<td>Ask the suppliers to propose the most energy efficient/lowest CO2 impact products.</td>
</tr>
<tr>
<td>4</td>
<td>Contract Management</td>
<td>Ask the supplier to provide any equipment, then work with them during the contract to reduce CO2 impacts.</td>
</tr>
</tbody>
</table>

The most demanding positions are those taken in supplier selection and specification, as suppliers who do not meet the requirement cannot bid. Actions that support sustainability in bid evaluation, give more options to the supplier to demonstrate innovation and allow buyers to evaluate various options including their cost impacts. Actions in contract management are potentially the weakest actions, as they rely on a positive attitude from both supplier and buyer to deliver them.

When determining which stage of the procurement process is best to manage a particular action, it is worth considering which stage of the product or service life cycle the action relates to. For example, actions that relate to:

- **Raw material issues**: should ideally be focused on either the specification and/or the suppliers own supply chain management techniques
- **Manufacture/Service delivery**: should ideally be focussed on the supplier selection stage, examining the suppliers sustainability management of their business and products/service delivery
• **Use of the product/service**: should ideally focus on the specification and your own users awareness of the sustainability issues they need to manage themselves when they use the product/service

• **Disposal of the product/Conclusion of the service**: should ideally focus on the suppliers responsibility for disposal, your own users must also be aware of any long-term disposal legacy.

This is not an exact science and indeed it is possible to deal with issues at all stages of the procurement process, the issue is to think about the action and where you believe it is best to manage it.

**Reducing subjectivity in the risk assessment**

It must be recognised that sustainability risk assessment requires both quantitative and qualitative judgements to be made. Subjectivity is inevitable in a subject as broad ranging as sustainable procurement. It can however be minimised in two ways, firstly by comprehensive analysis of sustainability risks using a life cycle approach. That is examining in detail the sustainability impacts associated with every component at every stage of its life (raw material, manufacture, use and disposal) for a given good, service or work. However, this is rarely applied as it is time consuming and expensive to complete. Practically subjectivity is best minimised through consultation and teamwork, with a broad range of parties including suppliers. By combining different experiences, views and opinions this acts as a “sense check” and helps to ensure that any judgements made are as reasoned as possible.

For day-to-day procurement activity consultation requirements can be minimal, in effect just liaising with the specifier or other experts concerning any proposed sustainability criteria. The degree of consultation necessary tends to increase as the procurement activity becomes more strategic, with critical items often requiring much wider consultation on the proposed approach. As these items are both high value and high risk, it is crucial that the risk management strategy adopted meets the needs of the organisation and therefore numerous stakeholders may need to be bought into the procurement strategy developed.

Supplier or market consultation is also useful to ascertain market readiness for the proposed procurement strategy. It must however be recognised that some suppliers may be resistant to change and to take their opinions without validating views more widely could constrain a sustainable procurement approach. The same is also true for internal clients and is symptomatic of any initiative that pushes boundaries.
**Prioritising the contract**

Having completed a risk assessment, it is now possible to accurately position the specific contract on a sustainable procurement prioritisation matrix. See below:

**Table 7 – Illustrative example of sustainable procurement prioritisation**

<table>
<thead>
<tr>
<th>Risk</th>
<th>Value &gt; $1M</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td></td>
</tr>
</tbody>
</table>

Secure
- Hardwood timber
- Textiles
- Recycled Paper

Critical
- Civil Engineering
- New School Construction
- Buses
- Computer Equipment

Routine
- Software Development Services
- Softwood Timber

Drive

Source: Matrix based on original works courtesy of PMMS Consulting Group

**Applying the appropriate sustainable procurement strategy**

The analysis and positioning of a contract using the sustainability matrix does not only inform the priority for procurement resource that should be applied, but it also informs the indicative procurement strategy as follows:

**Table 8 Suggested procurement strategy for “Acquisition” commodities**

**Routine** (Low Value & Low Sustainability Risk – Lowest priority for resource allocation)
- Specify simple sustainability criteria in the specification
- Numerous suppliers should exist, so prefer those with good sustainability practice
- Do not pay a price premium for sustainability
- Change suppliers to better cost/sustainability regularly
- Minimise transaction cost as far as possible

Matrix based on original works courtesy of PMMS Consulting Group
Table 9 Suggested procurement strategy for “Drive” commodities

<table>
<thead>
<tr>
<th>Secure</th>
<th>Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine</td>
<td>Drive</td>
</tr>
</tbody>
</table>

**Drive** (High Value, but Low Sustainability Risk – Medium to High, priority for resource allocation)

- Really tough focus on total cost reduction
- Drive cost down, drive sustainability as far as possible (Minimal sustainability issues)
- Specify the sustainability criteria in the specification
- Numerous suppliers should exist, so prefer those with good sustainability practice
- Change suppliers to better cost/ sustainability regularly

Table 10 Suggested procurement strategy for “Secure” commodities

<table>
<thead>
<tr>
<th>Secure</th>
<th>Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine</td>
<td>Drive</td>
</tr>
</tbody>
</table>

**Secure** (Low Value, but High Sustainability Risk – Medium to High priority for resource allocation)

- Specify either detailed sustainability criteria in the specification and/or ask the suppliers for proposals to improve sustainability
- Include sustainability in pre-tender and tender assessments
- Select the most sustainable supplier
- Few suppliers will typically exist, so ensure you are a preferred client for their business
- Identify alternate suppliers/products/services you could utilise if this contract goes wrong

Table 11 Suggested procurement strategy for “Critical” commodities

<table>
<thead>
<tr>
<th>Secure</th>
<th>Critical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine</td>
<td>Drive</td>
</tr>
</tbody>
</table>

**Critical** (High Value and High Sustainability Risk – Highest priority for resource allocation)

- Focus on both sustainability and cost
- Develop a close supplier relationship
- Ensure suppliers selected operate in a sustainable manner
- Specify minimum sustainability criteria in the specification
- Challenge the suppliers for proposals to improve sustainability and cost
- Negotiate hard to improve sustainability and minimise cost
- Ensure supplier has a culture you can work with to improve sustainability year on year
- Identify alternate suppliers/products/services you could utilise if this contract goes wrong

*Note: High sustainability risk contracts should have a higher focus on sustainability risk reduction, therefore cost premiums are considered in order to mitigate risks.*
The strategies shown above are indicative and give a general guide to overarching principles that should be considered when determining a sustainable procurement strategy for any given contract. It is however, important to recognise that Procurement need to balance both cost and sustainability needs. As such the approach outlined is to drive costs down in low sustainability risk commodities and use savings, if needed to off set any cost premium necessary to mitigate high sustainability risks elsewhere. It must however, be recognised that the more sustainable solution is not necessarily more expensive and Procurers must always have a tough focus on cost.

Summary

Identification of sustainability risks is a critical activity as it informs numerous actions and decisions throughout the procurement process. Importantly, it identifies the key areas of sustainability concern in the contract and enables Procurement to focus its efforts for maximum return. It also provides a logical foundation to justify any decisions made.

Analysing sustainability risks in as much detail as possible ensures that the appropriate procurement strategy is applied and the best possible supplier and contract are secured for your organisation. The approach also reviews the influence you have with the supplier, which is essential in determining how far sustainability issues can be pushed with the supplier. Finally, this approach also informs the decisions that should be made about cost in the awarding of the contract. Applying the logic that high sustainability impact contracts may justify a cost premium to reduce risks. Whereas, low risk contracts could be awarded purely on cost grounds.

The activity described in this guidance document is of paramount importance, as it informs resource allocation, priority setting of both sustainability impacts and contracts for action, as well as the overall procurement strategy taken. It is therefore essential that close attention be applied to the risk assessment described in this guidance to ensure it is as accurate as possible and is reviewed regularly during the life of the contract, to ensure actions are still valid. If this approach is applied correctly, it will ensure that the maximum sustainability benefit is derived from the Procurement resource available, delivering optimum benefits for the buying agency, public sector and the wider society.