

Sustainable Procurement Opportunities



Resource Recovery, NPDC

Businesses have a key role to play in the transition from a linear to a circular economy. Sustainable procurement is a critical tool in enabling this transition and is one of the biggest levers of influence organisations have in reducing waste.

The circular economy is based on three principles that can all be influenced by procurement: designing out waste and pollution; keeping products and materials in use at the highest possible value; and regenerating natural systems.



Image: Design out waste and pollution. Keep products and materials in use. Regenerate natural systems.

Source: The Ellen MacArthur Foundation

What is sustainable procurement?

While it is broad in scope, sustainable or environmentally preferable procurement can involve:

- Creating strategies that reduce demand and extend the life of products.
- Considering life-cycle costs of the good or service and building this evaluation into policies in the planning processes. Considering factors such as emissions from transportation and potential increases in energy prices.
- Encouraging sustainable solutions and innovation in tenders.
- Measuring and improving sustainability throughout the life of the procurement.
- Planning what happens with a product at the end of the contract. How it will be re-used, recycled or disposed of, and encouraging potential suppliers to address this from the beginning.

Please note that this guide contains general advice and is not instructions or NPDC procurement policy. Check with the required procurement guidelines for your sector and organisation, and any government legislation, contract requirements or Health and Safety standards that your business must meet.

Why prioritise sustainability in procurement?

Sustainable procurement ensures that a company's key sustainability values are upheld throughout the product or service life cycle. Incorporating sustainability into your purchasing decisions and relationships with suppliers can **create a range of positive outcomes for your business:**

- Save costs
- Reduce resource consumption and waste
- Lower operational, reputational, and regulatory risks to your business
- Create opportunities for product innovation and local business development
- Improve relationships and resilience through greater security of supply
- Create new markets for products or services
- Provide a point of difference and competitive advantage

- Reduce workload for staff and leverage supplier knowledge and experience
- Enhance stakeholder relationships through better understanding of your vision and goals.



Steps to incorporate sustainability into procurement:

I. Identify the need for the goods or services

Wherever possible, avoid waste by avoiding unnecessary purchasing in the first place. Encourage staff to ask, 'Is this really needed?', and to first carry out stocktakes or ask others what is already stored or available to borrow.

If a product is needed, identify alternatives to buying, including borrowing from another department or partner organisation, leasing, hiring, buying an existing product second hand, or sharing goods or services with other businesses or departments. Aim to align with the Waste hierarchy (below). Platforms such as [Mutu](#), Civil Share and TradeMe can support this.

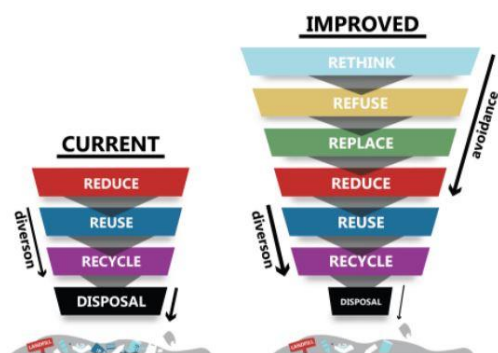


Image: The Waste hierarchy and the 6Rs

Source: [Motivation for rethinking plastics \(pmcsa.ac.nz\)](https://pmcsa.ac.nz)

The current waste hierarchy can be updated to prioritise avoiding the use of the material if feasible.

2. Identify and prioritise sustainability outcomes

Once the need for the good or service has been identified, next determine and prioritise potential sustainability outcomes from the procurement. When determining your priorities, you should consider your business policies as well as relevant government sustainability and environmental policies. Then select the relevant sustainability criteria (see the table below) to include in tenders and contracts, or when working through the selection of material or product options.

- Define the functional and performance requirements of products to ensure the purchase meets the required function. Consider if you can consult with the market to encourage innovation.
- Identify actions to reduce the amount of goods or services to be purchased. For example combining behaviour change (supporting the desired behaviours) and technology, or sharing items across teams.
- Are there sustainability risks associated with the product or service, and how can these be minimised through tailored criteria?
- Identify and prioritise the sustainability outcomes of your procurement. Does the purchase align with your sustainability goals and standards? If your sustainability goals are not clear, take some time to define them. Ensure that sustainability is included as a weighted attribute.

Key environmental factors to consider in sustainable procurement:

- Energy source and consumption
- Greenhouse gas emissions
- Reduction of waste
- Use of recycled content
- Reduction in hazardous substances
- Water efficiency
- Zero waste packaging
- End-of-life recycling or composting.



Social and economic considerations:

What social and ethical factors are important to your business and your existing commitments? These may include ethical and social considerations such as safe working conditions, workers’ rights, Fair Trade, Living Wage, and supplier history.

Economic considerations may include prioritising buying products that last and reduce costs over their lifetime, buying products that can be repaired or upgraded, or ensure cleaning, maintenance and repair is included in a contract or service agreement. Buying products made locally can reduce import costs and emissions and support the local economy.

Tool: Example sustainability criteria for procurement These questions can help to identify and assess opportunities to improve the sustainability outcomes of procurement:
Can circular procurement be included in the scope of service, such as a requirement that the supplier takes back hard-to-recycle items at the end of their life in a formal or informal product stewardship scheme ?
Is the product reusable, refillable or rechargeable ? Or will be it shared with others for reuse while still in working condition?
Is Electronic procurement an option?
Is recycled content used when manufacturing the goods or undertaking the service, to support the recycling market and avoid virgin material and the extra energy, water, emissions and waste from harvesting new materials?
Is the product made from renewable resources , or does it reduce the use of timber? (e.g., Recycled plastic products instead of timber). Does the supplier ensure negative impacts on biodiversity are managed , or take steps to improve biodiversity? (e.g., Forest Stewardship Council certification, planting programmes or biodiversity or carbon credits.)
Is the product made to be easily repaired , and can damaged parts be replaced ?
Is the product recyclable and end of life , made of material that can be reprocessed in New Zealand or an available international market?
If it is not recyclable, how will the good be disposed at end of life? Can it be taken back by the supplier , and what is the impact from disposal? If it is compostable , is a commercial compost collection available locally?
Is the good or service low in greenhouse gas emissions (e.g. electric, low carbon, Toitū Carbon Zero certified, Enviro-Mark certified) and energy efficient (e.g. 4 Energy Star Rated or above). Can the supplier monitor and report on actual energy/emissions performance?
Is the product made locally or in New Zealand ?
Is the product water efficient (e.g., 4 Star Rated or above) or does it use non-potable water from rainwater tanks or greywater? Is a water management plan provided, or will actual water use data be provided?



Continued: Examples of sustainability criteria:

Is the product **non-toxic, low-toxic and non-hazardous** (e.g. organic, water based-inks, process or elemental chlorine free paper, Good Environmental Choice certified etc.), to reduce harm to the environment, workers and cleaners?

Is the product made from **responsible sources** or by a credible supplier (e.g., Forest Stewardship Council certified, Living Wage employer, B Corp)?

Does the product have **Environmental Product Declarations** or **certifications** (eg. Cradle to Cradle certified, Environmental Product Declaration (EDP's))? Does the supplier have a **Responsible Procurement Framework** or **sustainability policy**? Can they **monitor and report on actual sustainability performance** throughout the contract at agreed intervals? Are there other innovations they could take to reduce environmental impacts?

What type of **packaging** is used? Is the packaging made of reused or recycled content materials, such as shredded cardboard or paper? Will packaging such as pallets or reusable covers be taken back by the supplier? Will recyclable packaging materials be used, such as cardboard, plastic 1, 2 or 5? If compostable packaging is proposed, does your organisation have a commercial compost collection?

What are the available options to **extend the longevity of the product**? For example, reuse, cleaning, maintenance, repair, modify, upgrade, remanufacture, repurpose?

Who to work with in incorporating sustainability criteria into procurement:

- Procurement department and key purchasers
- Owners, managers, and other decision makers in procurement
- Administrators and others who order stationery and consumables
- Suppliers, contractors, sub-contractors
- Caterers
- HR team, to discuss procurement guidelines and sustainability criteria when on-boarding new staff.

Helpful links:

NZ Government: [Reducing emissions and waste](#)

MBIE Environmentally Sustainable Procurement guide:

www.procurement.govt.nz/assets/procurement-property/documents/broader-outcomes/environmentally-sustainable-procurement.pdf

Thinkstep ANZ: [Responsible procurement guide - what you need to know](#)

Ellen McArthur Foundation: [Circular economy procurement framework](#)

Sustainable Business Network: [Sustainable procurement Activator course](#)