
Sustainable procurement — Guidance

Achats responsables — Lignes directrices

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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.

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.

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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.

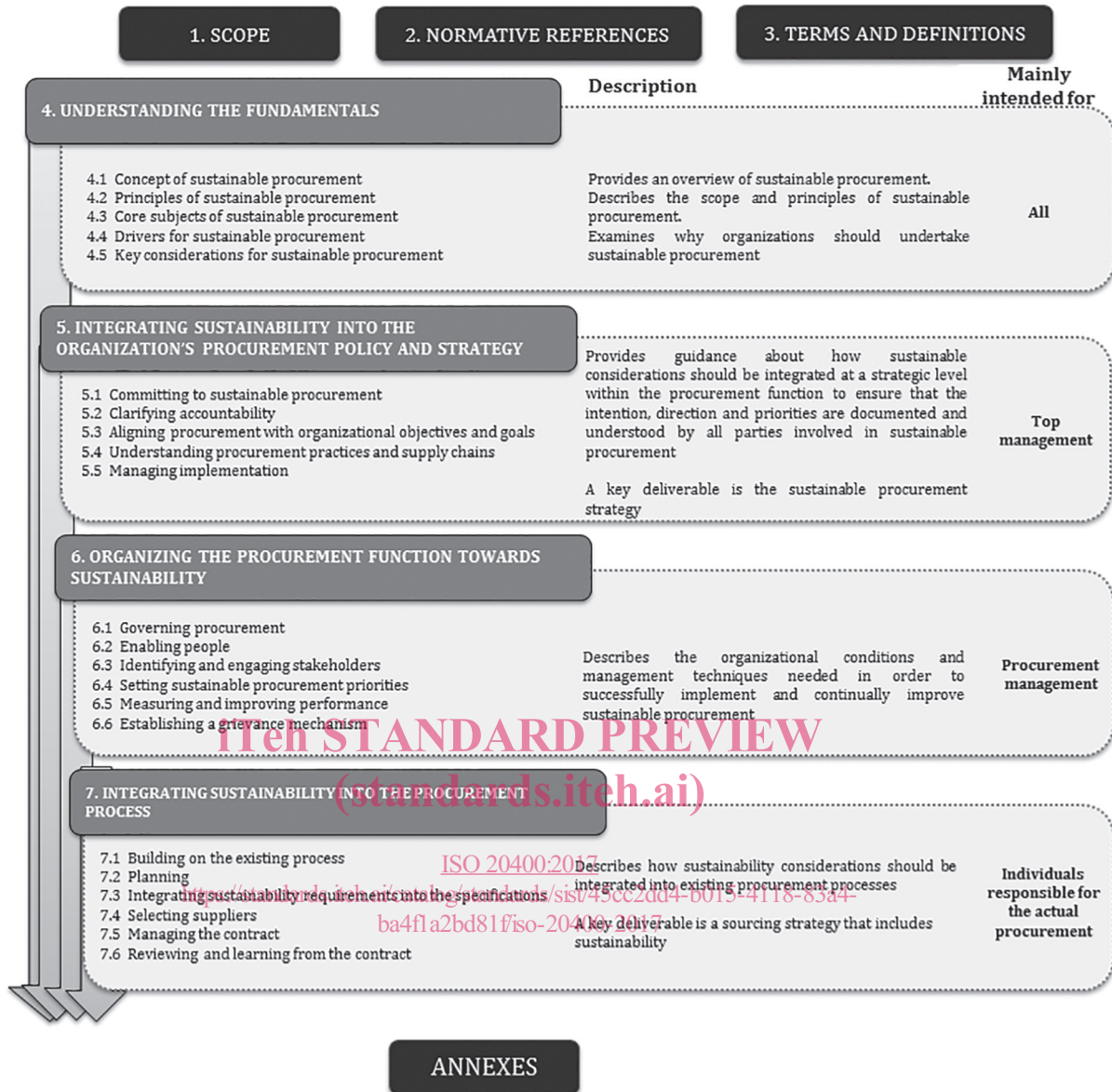


Figure 1 — Schematic view of the content of ISO 20400

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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]

**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]

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**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]

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]

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

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 (3.23) 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”]

4 Understanding the fundamentals

4.1 Concept of sustainable procurement

Sustainable procurement is procurement that has the most positive environmental, social and economic impacts possible across the entire life cycle and that strives to minimize adverse impacts.

Sustainable procurement is a powerful instrument when an organization considers sustainability requirements and its own contribution to sustainable development.

4.2 Principles of sustainable procurement

The main principles for sustainable procurement are the following.

- **Accountability:** An organization should be accountable for its own impacts on society, the economy and the environment. In the context of procurement, this specifically includes accountability for impacts and for those on the organization's supply chains, with a life cycle perspective on goods or services.
- **Transparency:** An organization should be transparent in those decisions and activities that impact the environment, society and the economy. In the context of procurement, this specifically includes being transparent in its procurement decisions and activities and encouraging its suppliers to be transparent. Transparency is the basis for stakeholder dialogue and collaboration.
- **Ethical behaviour:** An organization should behave ethically and promote ethical behaviour throughout its supply chains.
- **Full and fair opportunity:** An organization should avoid bias and prejudice in all procurement decision-making. All suppliers, including local suppliers and small and medium-sized organizations (SMOs) should have a full and fair opportunity to compete.
- **Respect for stakeholder interests:** An organization should respect, consider and respond to the interests of stakeholders impacted by its procurement activities.
- **Respect for the rule of law and international norms of behaviour:** An organization should strive to be aware of any violations throughout its supply chains. It should actively encourage its suppliers to abide by these rules and assess and address compliance as situations require.
- **Respect for human rights:** An organization should respect internationally recognized human rights.
- **Innovative solutions:** An organization should seek solutions to address its sustainability objectives and encourage innovative procurement practices to promote more sustainable outcomes throughout entire supply chain.
- **Focus on needs:** An organization should review demand, buy only what is needed and seek more sustainable alternatives.
- **Integration:** An organization should ensure that sustainability is integrated into all existing procurement practices to maximize sustainable outcomes.
- **Analysis of all costs:** An organization should consider the cost incurred over the life cycle, value for money achieved, and the costs and benefits for society, the environment and the economy resulting from its procurement activities.
- **Continual improvement:** An organization should work towards continually improving its sustainability practices and outcomes, and encouraging organizations in its supply chains to do the same.