

SUSTAINABLE PROCUREMENT CHARTER NEWSLETTER



可持續採購約章 通訊



November 2019

Issue 3

SPC UPDATE: SITE VISITS

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Members visited various environmental facilities

October 2019: Exclusive site visit: O-Park1

Sustainable Procurement Charter members were invited to visit to O-Park1 (formally known as Organic Resources Recovery Centre (ORRC)) on October 9th and 15th. O Park is an environmental facility commissioned by the Environmental Protection Department of the Hong Kong SAR Government to recycle source-separated organic waste (food waste), into useful products such as electricity and compost, thereby minimizing requirement for landfill disposal.

Members were very fortunate to be one of the early few to have an exclusive tour to this new state of the art facility that was commenced in late 2018. The opening of the visitor center is scheduled to be completed in end of 2020.



October 9th: Arctech, HKT/PCCW and INAX in attendance



October 15th: Ocean Park, Chung Tai Printing, Baguio in attendance



Introduction presentation to O-Park



Information from Big Waster

August 2019: Founding Members meeting #4 with site visit to the Hong Kong Electric – Smart Power Gallery

Coinciding the fourth Founding Member meeting, SPC members visited Hong Kong Electric's Smart Power Gallery situated in Sheung Wan. This 5-storey building hosts Hong Kong Electric's gallery, providing an interactive way for visitors to learn more on the story of Hong Kong Electric. Through the use of multimedia and games, visitors will also learn more about Hong Kong Electric's power system, as well as other relevant topics such as climate change, renewable energy, smart city and smart power services.



Founding members pose for a group photo at the Smart Power Gallery



Hong Kong Electric also shared their procurement experience



Members learning more about solar PV panels commonly used in Hong Kong



There are interactive games for visitors to have some fun

June 2019: All Members meeting with site visit to the Towngas headquarters

All Sustainable Procurement Charter members met up the first time in Towngas headquarters in North Point this June. Members toured around Towngas, learning more about its facilities, including the customer hotline, as well as environmental facilities located at the roof of the building. The meeting also served as a great opportunity for all members to network.



Experience sharing of sustainable procurement by Towngas



Touring the Customer Service Hotline



Touring the eco-roof of the Towngas headquarters

UPDATE ON SPC INITIATIVES

Objective of the Benchmarking Survey

To understand the situation of an organization in implementation of sustainable procurement that will help organization indirectly to identify the areas for improvement.

How will the data be used?

Data obtained by Green Council on the overall progress of SPC members will be consolidated and analyzed. It will help members to identify the more/less common practices and to prioritize resources for implementation of sustainable procurement.

Benchmarking survey:

With reference to ISO20400, the Benchmarking Survey is an annual online survey for members on the company's current procurement practice. The survey consists entirely of multiple-choice questions with a 5 point Likert scale.

Based on ISO20400, questions are asked based on the following topics: (1) Top Management Commitment; (2) Social & Environmental Compliance; (3) Supply Chain Risk Management; (4) Green Procurement; (5) Life Cycle Costing; (6) Supplier Diversity; (7) Governance; (8) Supplier Relationship; (9) Continuous Improvement. The following were some of the results and observations based on each member's answers:

1. Top Management Commitment

- Most respondents have environmental policy but sustainable procurement policy is still working to set up and communicate.

2. Social & environmental compliance

- Most respondents have informed suppliers about their social & environmental expectations.
- Only a few respondents has set the objective and/or arranged regular training on social and environmental compliance, or set program on compliance factory audits.

3. Supply Chain Risk Management

- Most respondents have conducted formal assessment on internal procurement processes.
- Commonly adopted risk management measures on suppliers: ISO certification and 2nd party factory audit, instead of 3rd party.
- Risk Management Processes: guidelines are rare, most respondents have identified risks but few has monitored regularly on mitigation plans.

4. Green Procurement

- 55% of respondents are always practicing green procurement.
- Rare operational guidelines to support green procurement in bidding scores, min. & operational requirements, performance requirements.

5. Life Cycle Costing

- **Rare guidelines** for Life Cycle Costing
- Very few respondents have set objectives on life cycle costing

7. Governance

- Less than half respondents have **clear procedures, responsibility and system** to implement sustainable procurement.

8. Supplier Relationship

- Most respondents meet suppliers regularly for enhancing communication and grievance mechanism is set up.

- Only about half of respondents will provide **tender evaluation criteria**, include sustainability requirements in contract, and give **additional scores** to those suppliers who demonstrate environmental advantages in their proposal
- Only few respondents have strong engagement with suppliers e.g. **joint initiatives, supplier awards**
- Respondents rarely arranged **de-briefing** with unsuccessful tenderers after tendering.

9. Continual Improvement

- Half of respondents **measures sustainable procurement performance** and reports to top management.

QUICK WINS:

Green Council has introduced 10 "Quick Wins" for members to accomplish in 2020. These "Quick Wins" are simple initiatives in sustainable procurement. It is an improvement that is visible with immediate social benefit or cost savings, and can be delivered quickly to the organizations. Many members have implemented some of these 10 initiatives:

- Procurement policy with economic, environmental, social considerations
- Copying paper with recycled contents or FSC-certified or equivalent
- T5 fluorescent lamp or LED lamp
- Refillable stationery items & refills
- Recycled toners for printers
- Stop purchase of one-off plastic bottle water
- Installation of flow controllers on water taps on own premises
- Souvenirs, trophies and flags from social enterprises
- Catering services for special occasions from social enterprises
- Name card printed with recycled paper

Criteria for quick wins:

- Requires minimal or no capital expenditure
- Low risk
- Known root cause and obvious solution
- Narrow and focused scope
- Many stakeholders will buy-in
- High confidence of a positive impact
- Improvements may be implemented within 60 – 90 days
- Project team authority to implement the changes

Seminar: Supply Chain Sustainability 2020+: What's IN? What's OUT?

Green Council is going to hold a seminar to explore the emerging trends and sound practices in ensuring sustainability along supply chain. Nowadays, every organization cannot ignore sustainability but pursuing it along supply network is challenging under globalization and multi-layered supply chain. The theme for this seminar is : Supply Chain Sustainability 2020+ : What's IN? What's OUT?

Date: 13th December, 2019 (Friday)

Time: 14:00-17:00

Venue: 3/F, Mira Hotel, TsimShaTsui, Kowloon

Language: English

Fee: Free of Charge for member of Sustainable Procurement Charter, CHKLI, CILT, CIPS, HKGLS, HKLA, IPSHK, ISMHK, others HK\$300

Enrollment: <https://www.greencouncil.org/seminars>

SPC's Supplier Award Program:

The new ISO 20400: Sustainable Procurement guidance stated that "suppliers with outstanding performance.....could be recognized, and possibly awards, in order to reward and promote efforts towards continual improvement. This also provides an example of good practice for other suppliers."

Co-organizer:



The Chartered
Institute of Logistics
and Transport



Chartered Institute of
Procurement & Supply
ASIA PACIFIC



HONG KONG
ASSOCIATION
香港物流協會



The Institute of Purchasing
& Supply of Hong Kong
香港物資採購與供銷學會



Institute for
supply management
Hong Kong
香港供應管理協會

Five (5) benefits in awarding your outstanding suppliers are:

1. Demonstrating to your suppliers that you are serious about excellent performance
2. Energizing and "raising the bar" for all your suppliers
3. Motivating your suppliers to compete for recognition
4. Developing and strengthening closer buyer-seller relationships
5. Generating a return that far exceeds the cost of event

Already, prominent Fortune 500 Global Companies are recognizing and awarding their outstanding suppliers e.g. 3M, AT&T, Barclays, BP, China Mobile, Daimler, DHL, GM, Intel, JR, McDonald, Petronas, Samsung, Shell, Sinopec, Toyota, Walmart, Volkswagen, etc.

In order to further publicize, promote and advance the practice of a supplier award, the Sustainable Procurement Charter is officially launching a Supplier Award Program in 2020 to provide an occasion and means for companies to recognize and award their leading sustainability suppliers.

Companies that decide to identify and award their outstanding supplier(s) will be involved in a ceremonial appreciation event. The Supplier Award Program is independent and voluntary basis,

Stay tuned for more information the upcoming months.

PROCUREMENT NEWS

Over the past decades, globalization and outsourcing have generated a lot of benefits to the society. Business and consumers have enjoyed products at lower costs but with higher quality. Products are always produced or assembled from components and raw materials all over the world, shipping through the global logistic network. However, transport emits CO₂ starting from the first mile of shipping raw materials to the last mile of delivering final product to final consumer. According to IPCC(2014), greenhouse gas emissions from transportation sector are responsible to 14% of the global GHG emission, primarily involve fossil fuels burned for road, rail, air, and marine transportation.

Who can determine the shipping arrangement? All the corporate buyers along the supply chain can design and decide the shipping arrangement including freight modes, packaging, container loading and utilization etc. during the procurement process. How could procurement reduce the climate impacts from transporting goods over the multi-layered supply chain? A Smart Freight Procurement Guideline was issued in September 2019 by Smart Freight Center and World Business Council for Sustainable Development for providing guidelines and examples to procurement professionals.

The guideline can be found at: <https://bit.ly/3270FqE>

The Guidelines provide professionals engaged in procurement and supply chain management, with an action-based guideline on how to reduce greenhouse gas (GHG) emissions.

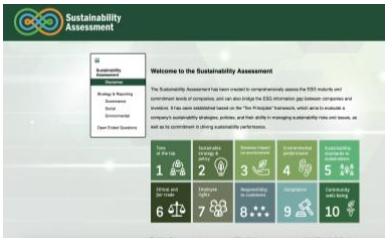
OTHER UPDATES

Sustainability Assessment

More companies are now reporting their environmental social and governance (ESG) performance and impacts through the sustainability/ESG reports. However, some of these reports might not be robust, high quality, fully or fairly reflected the



Sustainability Assessment



The online Sustainability Assessment

sustainability performance of the company. It will be time consuming and ineffective for investors to evaluate company sustainability performance. To bridge the gap, Green Council has launched the **Sustainability Assessment** - a new online assessment platform, technically advised by PwC.

The Sustainability Assessment is a comprehensive assessment which adopts a systematic approach to evaluate the maturity of companies' sustainability infrastructure, based on a set of ten principles with factors in relation to strategy and reporting, governance, social and environment. The sustainable management of supply chain is also one of the key aspects to be evaluated.

Companies will need to answer a series of questions (multiple choice, data input, open ended questions) and providing supporting documents for Green Council to verify. Follow-up interview may be necessary if supporting evidence provided is insufficient.

After the verification process, an "Assessment Result Report" will be given with overall grading. The assessment results will give companies a diagnostic view of their level of maturity of sustainability, which areas they perform well, and which areas they may need improvements.

Any company who is interested about the assessment, please visit to the website below for further enquiries.

<https://www.greencouncil.org/sustainability/>

HOW TO JOIN THE CHARTER

If you are interested in joining the Sustainable Procurement Charter, please contact Green Council at:

Tel: +852 2810-1122 or

Email: info@greencouncil.com

You can also obtain more detailed information at

<https://www.greencouncil.org/spc>

