

Sustainable Procurement Charter of Hong Kong

In 2015, the United Nations established 17 Sustainable Development Goals (SDGs) to secure a sustainable, peaceful, prosperous and equitable life on earth for everyone now and in the future. The 12th SDG – Responsible Consumption and Production - is to ensure sustainable consumption and production patterns. UN officials have estimated that by 2050 the world population will reach 9.8 billion and if the current consumption rate of developed countries continues, the human race will then require “three Earths” for self-sustenance. These projections highlight that the current production and consumption patterns cannot be sustained for a balanced advancement of economic prosperity, environmental sustainability and social inclusiveness. Green conscious companies recognize this problem and have begun implementing and practicing sustainable procurement to address it.

Sustainable procurement is no longer a nice-to-have direction for companies. In 2017, a new *ISO 20400:2017- Sustainable Procurement Guidance* standard was released to provide guidance on implementing sustainable procurement. The global consumer marketplace increasingly not only looks for companies acting responsibly in their own management and operations, but has extended attention and consideration to supply chain partners.

Green Council is encouraging and inviting companies to participate in our Sustainable Procurement Charter as a means to develop and implement sustainable procurement with reference to *ISO20400. Charter* membership will give companies a unique opportunity to distinguish themselves from the competition and demonstrate leadership and innovation within their sectors. The Charter is open to any company – regardless of its sector, size and location – that is engaged in procurement decisions and processes

Importantly, Green Council has developed a Charter framework for identifying and assessing sustainable procurement implementation milestones. It allows companies to measure and monitor their progress over time. As well, it is designed to be used by all companies: from those with significant levels of procurement expertise and resources to those with very limited expertise and resources. The recommended approach to implementing the Charter framework is to systematically work through various themes from level one to three (as outlined below). Appropriately, this framework follows the well-recognized and respected “Plan-Do-Check-Act” quality improvement cycle.

The *Charter* framework guides companies to establish, document and implement Sustainable Procurement in three different levels according to the availability of organizational resources. In joining the Charter, your company is committed to follow the tasks below:

	Level 1 (Established)	Level 2 (Mature)	Level 3 (Leading)
Procurement Governance	<p>Appoint procurement people into existing HSE/Sustainability committee.</p> <p>Cover supply chain in HSE/Sustainability policy.</p> <p>Assign person/team responsible & accountable for sustainable procurement</p>	<p>Policy, strategy and objectives for procuring sustainably</p> <p>Code of conduct for employees dealing with suppliers and contractors</p> <p>Engage relevant key stakeholders for raising awareness and support sustainable procurement</p>	<p>Operating guidelines, procedures or systems to support policy and strategy.</p> <p>Regular auditing and review on procurement practices, reports and performance.</p>
Risk Management	<p>Include social and environmental responsibilities in pre-qualifying suppliers</p> <p>Set up due diligence process to address adverse impacts</p>	<p>Conduct risk assessment and treatment on sustainability risks over supply chain</p> <p>Exercise your capacity to influence suppliers towards sustainability</p>	<p>Arrange periodic on-site factory audits on risk-based approach for monitoring compliance.</p> <p>Monitor and review regularly on the identified non-compliance.</p>
Social Procurement	<p>Consider 5Rs (Rethink, Reduce, Reuse, Repair, Recycle) in analyzing needs.</p>	<p>Define sustainable criteria for products or services while considering 3rd party product labels</p> <p>Influence suppliers to adopt ISO Management System & get certified.</p>	<p>Apply life-cycle costing where applicable.</p> <p>Sustainable criteria are encouraged and awarded in bidding proposal</p>
Supplier Selection & Engagement	<p>Provide guidelines for ensuring open & fair competition in supplier selection</p>	<p>Specify evaluation criteria in tender document</p> <p>Notify unsuccessful bidder</p> <p>Include mutual fair terms and sustainability requirements in contract.</p>	<p>De-brief unsuccessful bidder for improvement</p> <p>Set up review meeting and initiative with supplier for improving sustainability</p> <p>Guidelines for dealing with supplier failure.</p>
Continual Improvement	<p>Arrange staff to attend training, seminars and networking activities periodically for learning & benchmarking</p>	<p>Incorporate sustainability objectives into performance management</p> <p>Use indicators to measure procurement and supply chain performance.</p>	<p>Measure and report progress & performance to relevant stakeholders</p> <p>Set up grievance mechanism for supply chain partners</p>

Green Council will provide assessment services to measure and recognized achievements as follows:

- Level 1 (Established): No assessment is required.
- Level 2 (Mature): Completion on Level 1 and 2 activities.
- Level 3 (Leading): Completion on Level 1, Level 2 and Level 3 activities.

Auditing fees will be charged for assessing the status of Mature and Leading level.

Annual Membership Fee Levels and Amounts

	Level 1 (Established)	Level 2 (Mature)	Level 3 (Leading)
Large Corporation	\$10,000	\$10,000	\$10,000
SMEs *	\$1,000	\$1,000	\$1,000

2 representatives from each member will receive 1-day training on sustainable procurement.

*SMEs are manufacturing companies with fewer than 100 employees and non-manufacturing companies with fewer than 50 employees.

Reply Slip

My/Our organization, _____, accepts your invitation to become a Member of the Sustainable Procurement Charter.

I/we, on behalf of my/our organization, commit to:

- develop, document and implement sustainable procurement with reference to *ISO20400:2017-Sustainable Procurement Guidelines*
- share best practices and experiences with other companies
- help supply chain partners, and especially SMEs and under-utilized businesses to achieve sustainability
- assist Green Council in creating and growing a critical mass of sustainable procurement in Hong Kong.

I/we nominate our representative(s):

Name		
Position		
Tel		
Email		

as our primary contact and lead participant in regular Charter meetings and activities.

Name:

Position:

Date:

Business Address: _____

Web Site Address: _____

Number of Employee: _____