



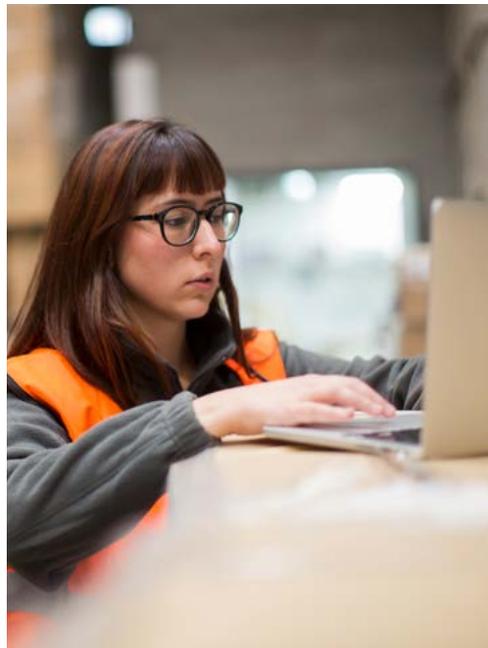
ISO 20400

Sustainable procurement

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An organization's purchasing decisions don't only affect the organization itself, they affect the economy, environment and society. So wouldn't the world be a better place if they were made in a sustainable way?



What an organization buys, who it buys from, and how it uses the goods and services once bought, can have a huge influence on everything from performance and employee well-being to reputation and stakeholder relations. For this reason, the purchasing function of an organization can play a key role in social responsibility and help integrate it at the governance level.

Procurement generally makes up a substantial part of an organization's budget. In the public sector alone, it accounts for around **12% of GDP and 29% of government expenditure in the member countries of the Organisation for Economic Co-operation and Development (OECD)**.

ISO 20400, *Sustainable procurement – Guidelines*, provides guidance for organizations wanting to integrate sustainability into their procurement processes. It is a sector-specific application of ISO 26000, *Guidance on social responsibility*, which it complements by focusing specifically on the purchasing function.

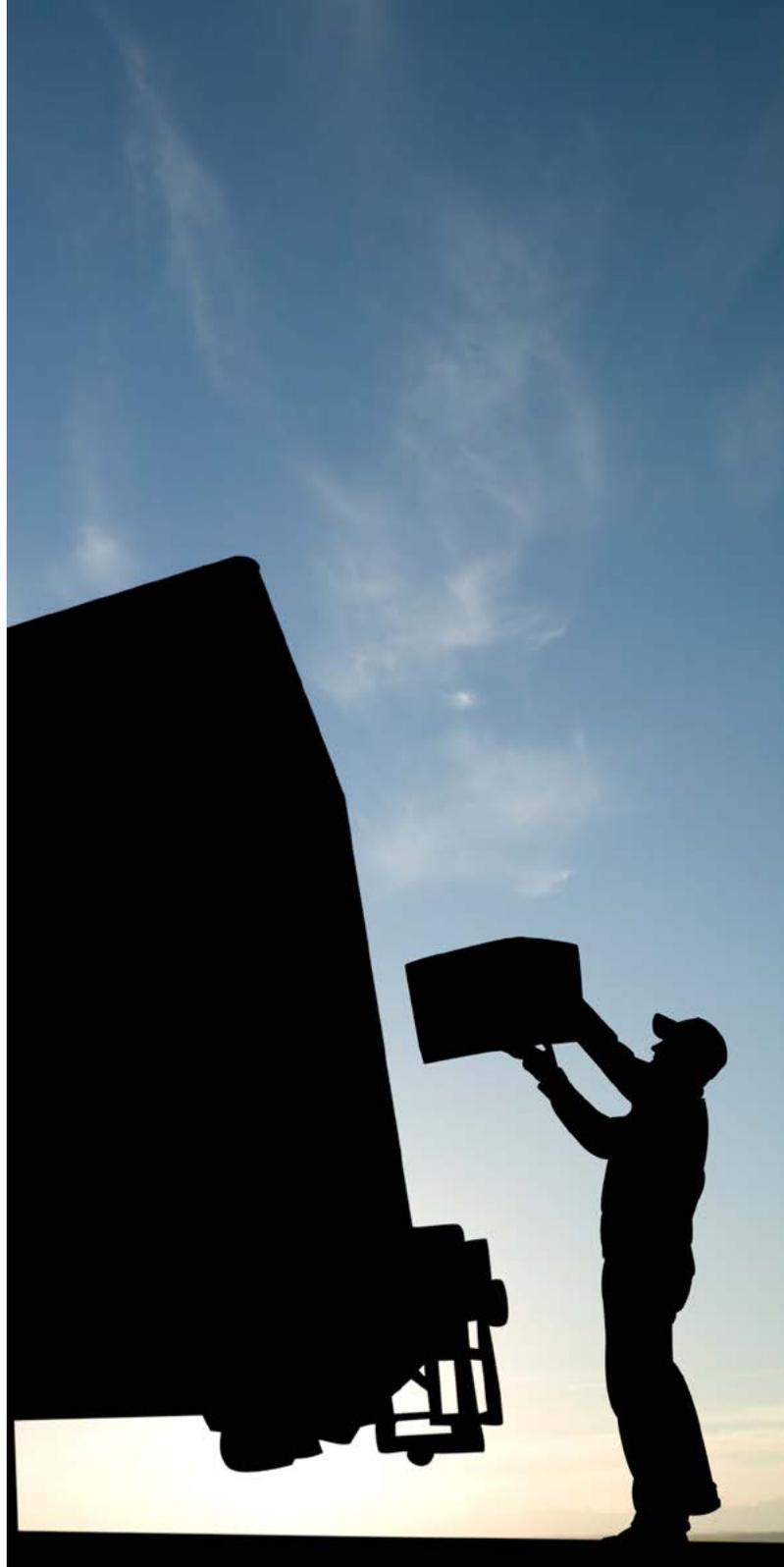
..... What is sustainable procurement?

Sustainable procurement is the process of making purchasing decisions that meet an organization's needs for goods and services in a way that benefits not only the organization but society as a whole, while minimizing its impact on the environment. This is achieved by ensuring that the working conditions of its suppliers' employees are decent, the products or services purchased are sustainable, where possible, and that socio-economic issues, such as inequality and poverty, are addressed.

..... What is ISO 20400?

ISO 20400 provides guidelines for integrating sustainability into an organization's procurement processes. Aimed at top managers and directors of the purchasing function, it covers the political and strategic aspects of the purchasing process, namely how to align procurement with an organization's goals and objectives and create a culture of sustainability.

The standard defines the principles of sustainable procurement, including accountability, transparency, respect for human rights and ethical behaviour, and highlights key considerations such as risk management and priority setting. It also covers various stages of the procurement process, outlining the steps required to integrate social responsibility into the purchasing function.



What benefits will it bring to my organization?

By implementing ISO 20400, your organization will contribute positively to society and the economy through making sustainable purchasing decisions and encouraging suppliers and other stakeholders to do the same. The standard will help you reduce your impact on the environment, tackle human rights issues and manage supplier relations, while harmonizing long-term global costs and improving your purchasing performance, hence giving your organization a competitive edge.

Using the standard will help improve communication between contractors and all stakeholders and promote mutually beneficial relationships. It will also harmonize the purchasing function by improving relationships with suppliers and reducing risks in the supply chain, such as disruptions due to product recall or supplier failure. What's more, ISO 20400 is a useful tool for boosting productivity, optimizing cost and stimulating innovation in the market.

Who is ISO 20400 for?

ISO 20400 is aimed at organizations of all sizes, in both the public and private sectors, as it applies to virtually every purchasing decision from office supplies and caterers to energy providers, building materials and more.

How does it relate to ISO 26000 for social responsibility?

Sustainable procurement is a key aspect of social responsibility. ISO 26000 formed the basis of ISO 20400, drawing on the same principles and core subjects of human rights, labour practices and fair business practices. As such, ISO 20400 will help individuals working in procurement to integrate the principles of social responsibility as described in ISO 26000 within the purchasing process.

What about certification?

ISO 20400 provides guidelines, not requirements. It is therefore not intended for certification purposes.

Taking sustainable procurement to the next level

Many organizations are already implementing sustainable procurement practices into their processes. International chemicals and plastics manufacturer Braskem, for example, already boasts a Code of Conduct for Ethanol Suppliers, coupled with a continuous improvement programme, that allows suppliers to benchmark themselves against others and track progress over time.

Itaipu Binacional, the world's largest hydroelectric power plant, which was involved in the development of ISO 20400, already has a sustainable purchasing policy and programme in place aimed at embedding a culture of sustainability in the organization and ensuring that every purchase takes sustainability into account. ISO 20400 will also help other organizations build sustainability into their procurement processes and refine existing programmes and systems, drawing on expertise and best practice from all over the world.

How can I get started with ISO 20400?

To get the most out of ISO 20400, it is worth considering the following before getting started:

- **Examine your “buying culture”**
How do you buy and who do you buy from? How much control do you have over your suppliers' risks such as rupture of stock? Are your demands of your suppliers realistic? Is your organization clear of its own requirements?
- **Know your supply chain**
Evaluate the cost of the supply chain in your organization. What proportion of your revenue goes towards paying suppliers? Do you know their societal and environmental impact?
- **Think strategically**
Consider the risks and opportunities of working more closely with your main suppliers – across the whole life cycle.
- **Get buy-in from top management**
Ensure key decision makers and influencers are on board and aware of the benefits, opportunities and possible consequences of implementing sustainable procurement into your organization.

More information

ISO Website: www.iso.org
ISOfocus magazine: www.iso.org/isofocus
ISO videos: www.iso.org/youtube
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ISO (International Organization for Standardization) is an independent, non-governmental international organization with a membership of 162* national standards bodies. Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market-relevant International Standards that support innovation and provide solutions to global challenges.

ISO has published more than 21500* International Standards and related documents covering almost every industry, from technology to food safety, to agriculture and healthcare.

For more information, please visit www.iso.org.

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