



Sustainable procurement—Guidance



AS ISO 20400:2018

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- Australian Association of Procurement and Contract Management
- Australian Council for International Development
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- Chartered Institute of Procurement and Supply
- Consumers' Federation of Australia
- Infrastructure Sustainability Council of Australia
- Local Government NSW
- National Retail Association
- Office of Finance and Services (NSW)
- Queensland University of Technology
- Social Procurement Australasia
- St James Ethics Centre
- Supply Nation
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Preface

This Standard was prepared by the Standards Australia Committee MB-024, Sustainable Procurement.

The objective of this Standard is to provide guidance to organizations, independent of their activity or size, on integrating sustainability within procurement. The 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.

This Standard is identical with, and has been reproduced from, ISO 20400:2017, *Sustainable procurement — Guidance*.

As this document has been reproduced from an International Standard, a full point substitutes for a comma when referring to a decimal marker.

Australian or Australian/New Zealand Standards that are identical adoptions of international normative references may be used interchangeably. Refer to the online catalogue for information on specific Standards.

The terms 'normative' and 'informative' are used in Standards to define the application of the appendices or annexes to which they apply. A 'normative' appendix or annex is an integral part of a Standard, whereas an 'informative' appendix or annex is only for information and guidance.

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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.

[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.

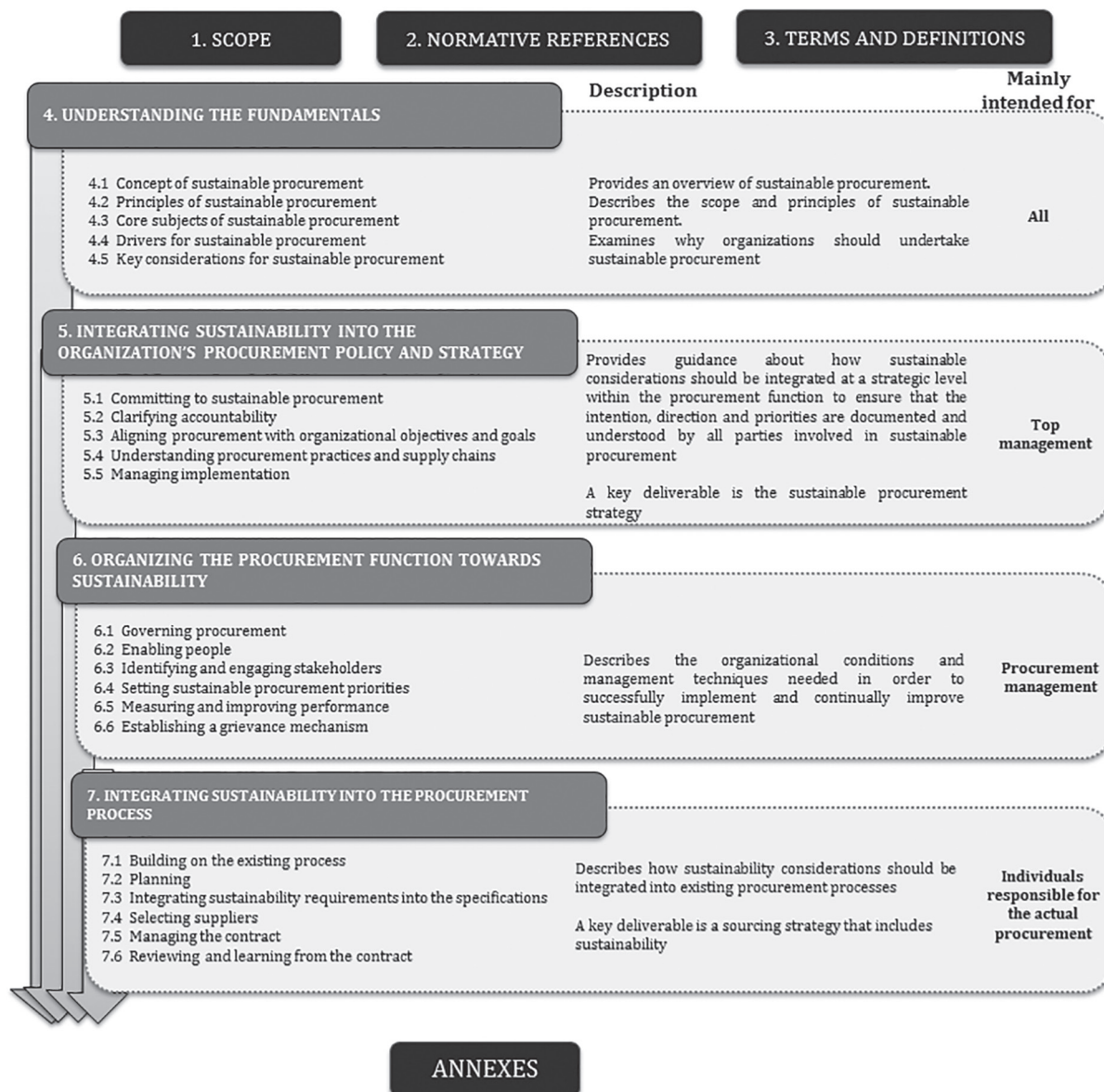


Figure 1 — Schematic view of the content of ISO 20400

Australian Standard®

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]