

SUSTAINABLE PROCUREMENT ISO 20400

JUBAIL PROCUREMENT CONFERENCE

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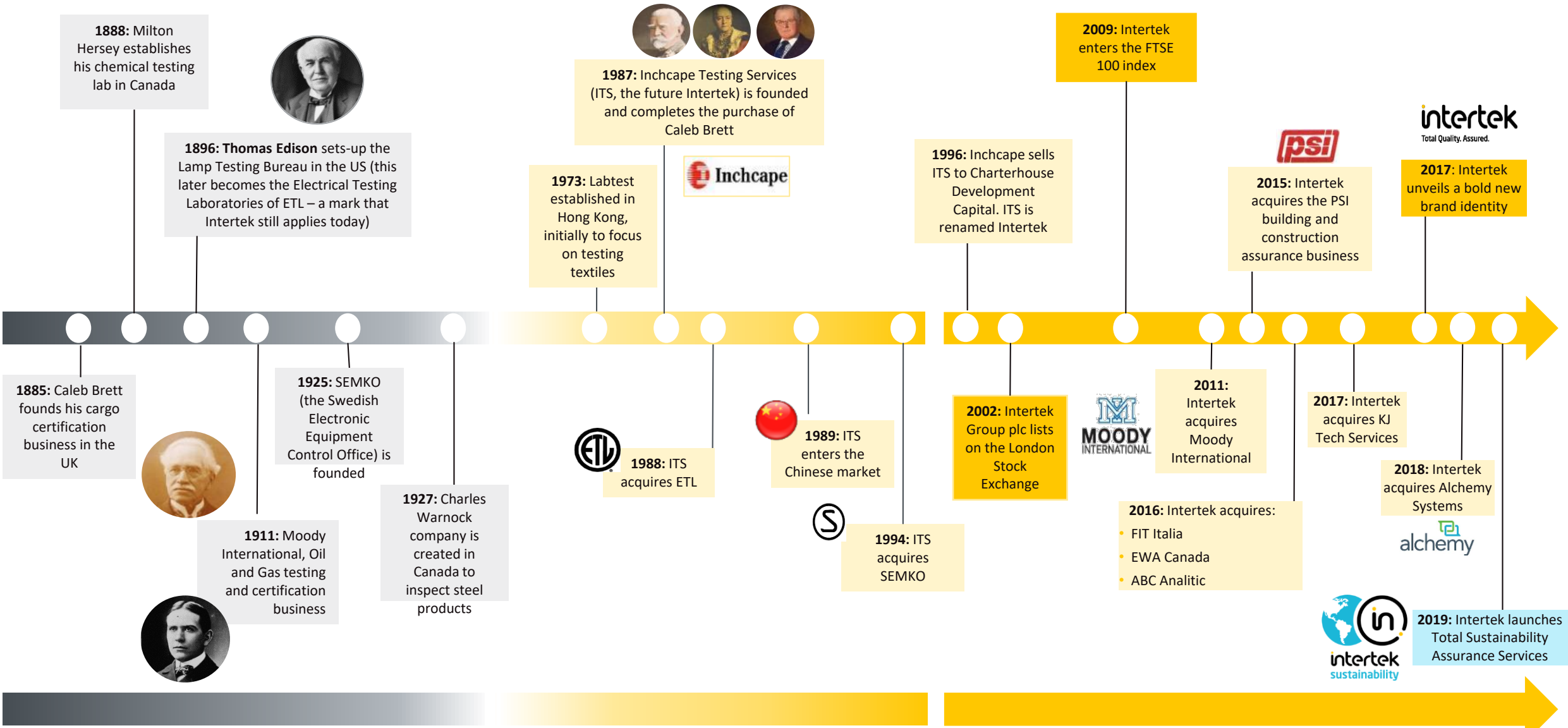


01

INTERTEK AT A GLANCE



OUR HISTORY



Intertek's pioneering founders

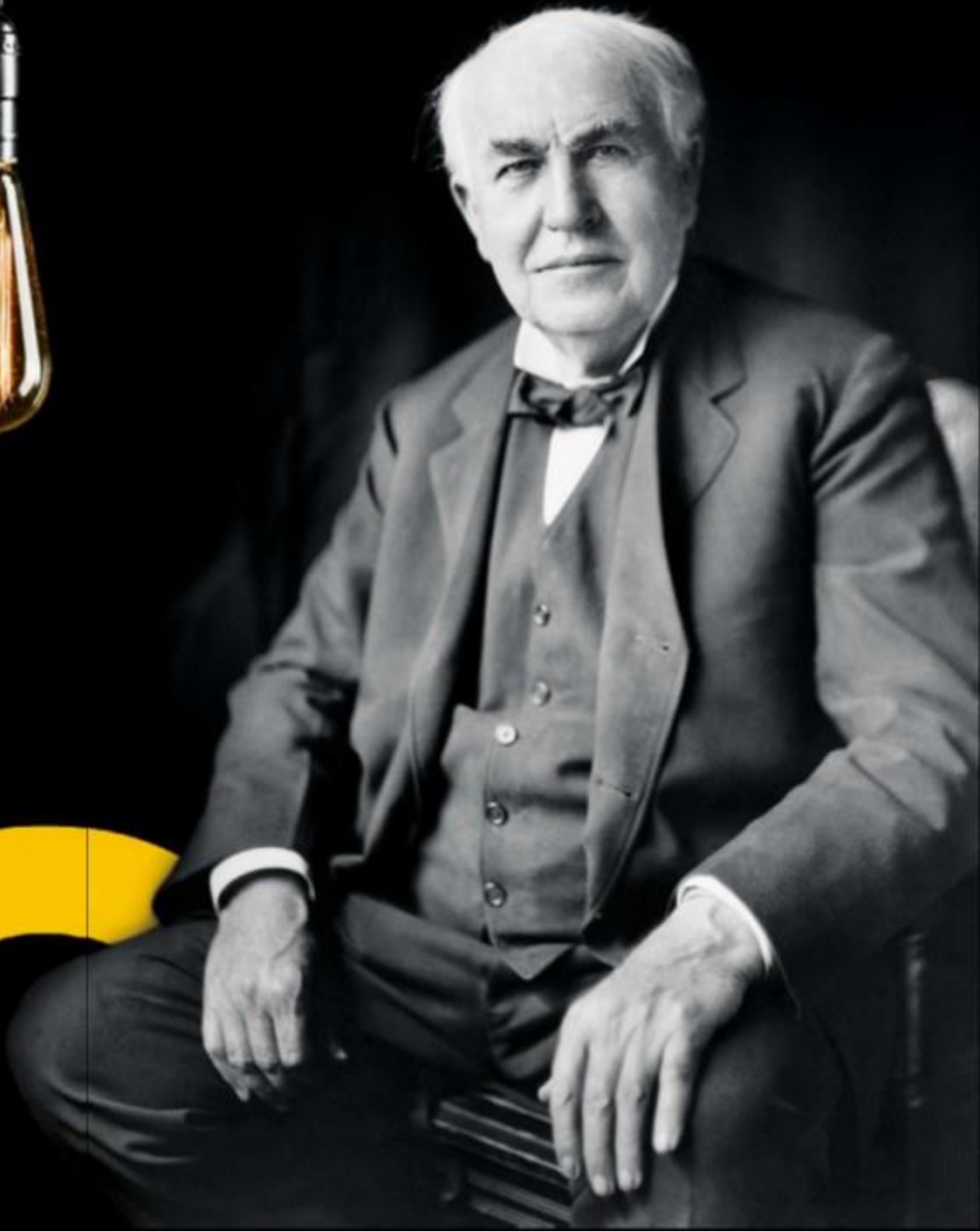
Intertek develops into an international testing business through organic and inorganic growth

Intertek Group plc listed on the LSE

OUR HERITAGE

Our pioneering forefathers include giants of innovation like Thomas Edison.

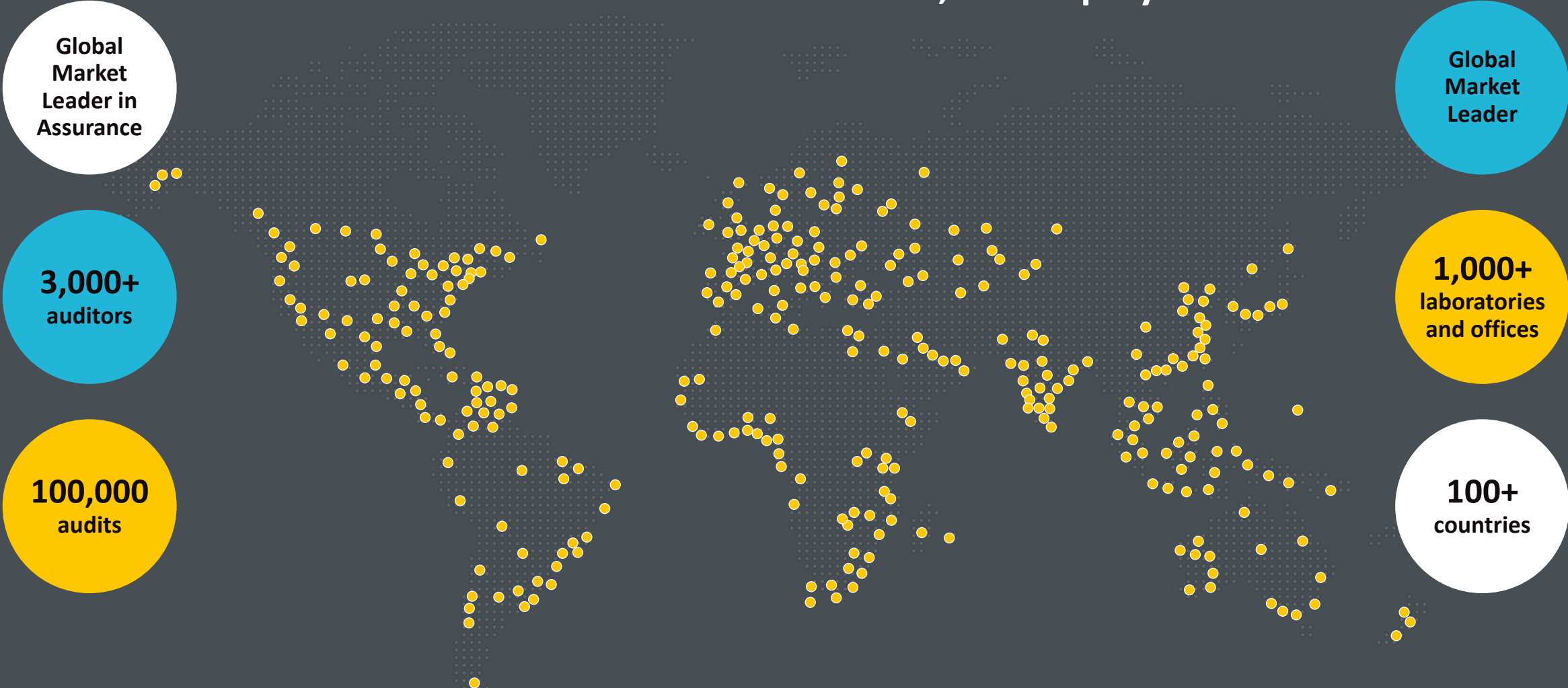
Their spirit lives on today as Intertek continues to drive the global development of the Quality Assurance industry.



OUR GLOBAL NETWORK AND CAPABILITIES



Global ATIC Business with over **44,000 Employees**



Global Market Leader in Assurance

Global Market Leader

3,000+ auditors

1,000+ laboratories and offices

100,000 audits

100+ countries

02

SUSTAINABLE PROCUREMENT



SUSTAINABILITY IS NOW BIGGER THAN EVER



Consumers globally say they will pay more for sustainable consumer brands while brands committed to sustainability are growing significantly faster

Employees, especially Millennials, increasingly want to work for corporations and brands that are committed to sustainability

CEOs/leaders are increasingly concerned on sustainability footprint of their supply chains

Investors are ever more vocal about the link between sustainable firms and long-term growth

Governments/regulators have more broadly embraced legislation to drive sustainable goals

Society as a whole has become more sensitive and aware of sustainability concerns

INTERTEK PROPRIETARY RESEARCH ON CORPORATE SUSTAINABILITY
550 BUSINESS LEADERS

92%

of business leaders acknowledge
some part of their **supply chain**
would receive a **poor sustainability**
report if it was fully audited

* Research with UK companies was completed online from 30 Aug to 3 Sept 2019

INTERTEK PROPRIETARY RESEARCH ON CORPORATE SUSTAINABILITY
550 BUSINESS LEADERS

67%

companies recognize that they now face significant pressure to improve their sustainability performance across the supply chain

* Research with UK companies was completed online from 30 Aug to 3 Sept 2019

CONCEPT OF SUSTAINABLE PROCUREMENT



- An organization's procurement decisions don't only affect the organization itself, they affect the **economy, environment and society**.
- 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**.



CONCEPT OF SUSTAINABLE PROCUREMENT



- 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 (SDGs)**.
- By integrating sustainability in procurement policies and practices, including supply chains, organizations can manage risks for sustainable environmental, social and economic development.

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.
- It contributes to the achievement of organizational sustainability objectives and involves the sustainability aspects related to the goods or services and to the suppliers along the supply chains.



PRINCIPLES OF SUSTAINABLE PROCUREMENT



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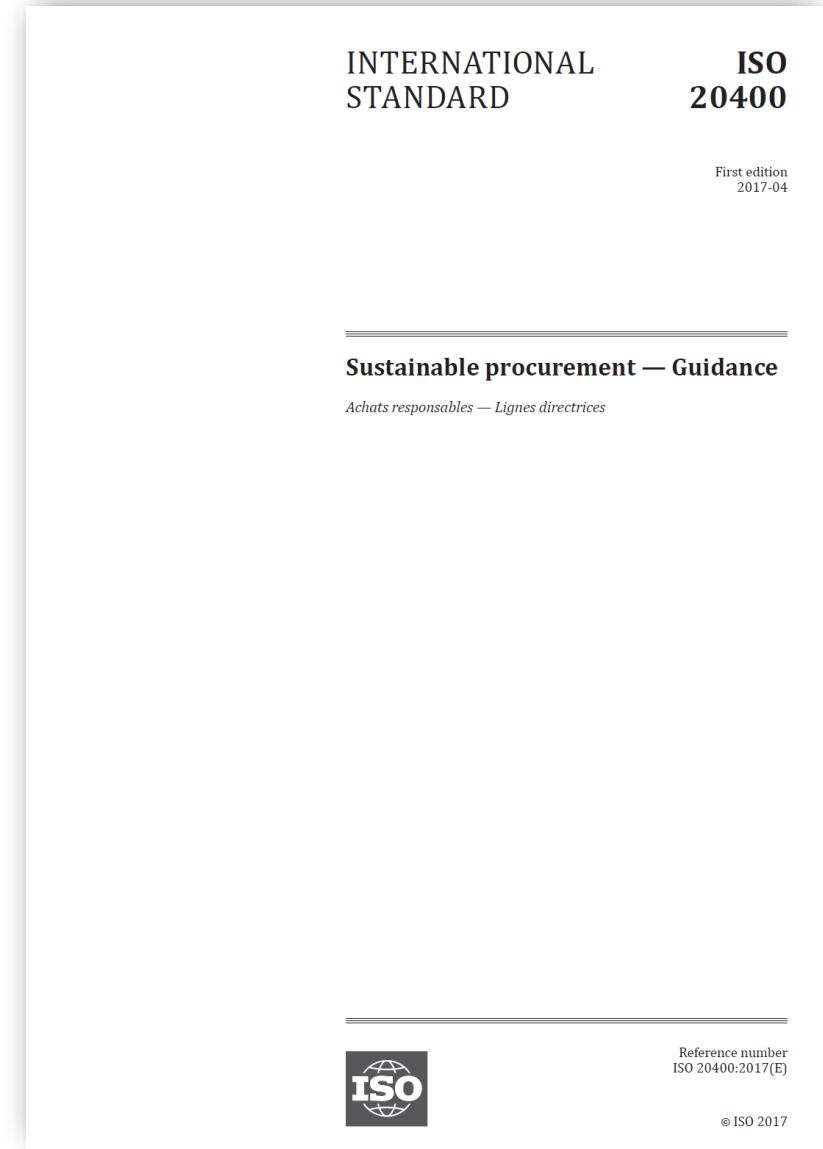
ISO 20400 OVERVIEW



ISO 20400 INTRODUCTION



- ISO 20400:2017 provides guidance on integrating sustainability within procurement.
- It is intended for stakeholders involved in, or impacted by, procurement decisions and processes.
- It is aimed at top management and decision makers of procurement function as it covers the strategic aspects of the procurement process such as how to align procurement with an organization's goals and objectives and create a culture of sustainability.



ISO 20400 INTRODUCTION



INTERNATIONAL
STANDARD

ISO
20400

First edition
2017-04

Sustainable procurement — Guidance

Achats responsables — Lignes directrices



Reference number
ISO 20400:2017(E)

© ISO 2017

- The standard defines the principles of sustainable procurement, including accountability, transparency, respect for human rights and ethical behavior, 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 procurement function.
- It is applicable to any organization, public or private, regardless of its size and location.
- It applies to virtually every procurement decision from office supplies and caterers to energy providers, building materials and more.

KEY CONSIDERATIONS FOR SUSTAINABLE PROCUREMENT IN ISO 20400



Managing risk

Identify, prioritize and manage the internal and external risks related to procurement activities.

Risk management includes risk identification, analysis, evaluation and treatment.

Addressing sustainability impacts

Due diligence is a way to address adverse impacts.

Potential adverse sustainability impacts in should be prevented or controlled.

Actual adverse sustainability impacts should be treated, remediated or controlled.

Setting priorities for sustainability issues

Setting priorities enables the organization to focus its efforts on managing risks.

Organizations should prioritize issues in consultation with stakeholders keeping in view the relevance, significance and other applicable factors.

Exercising influence

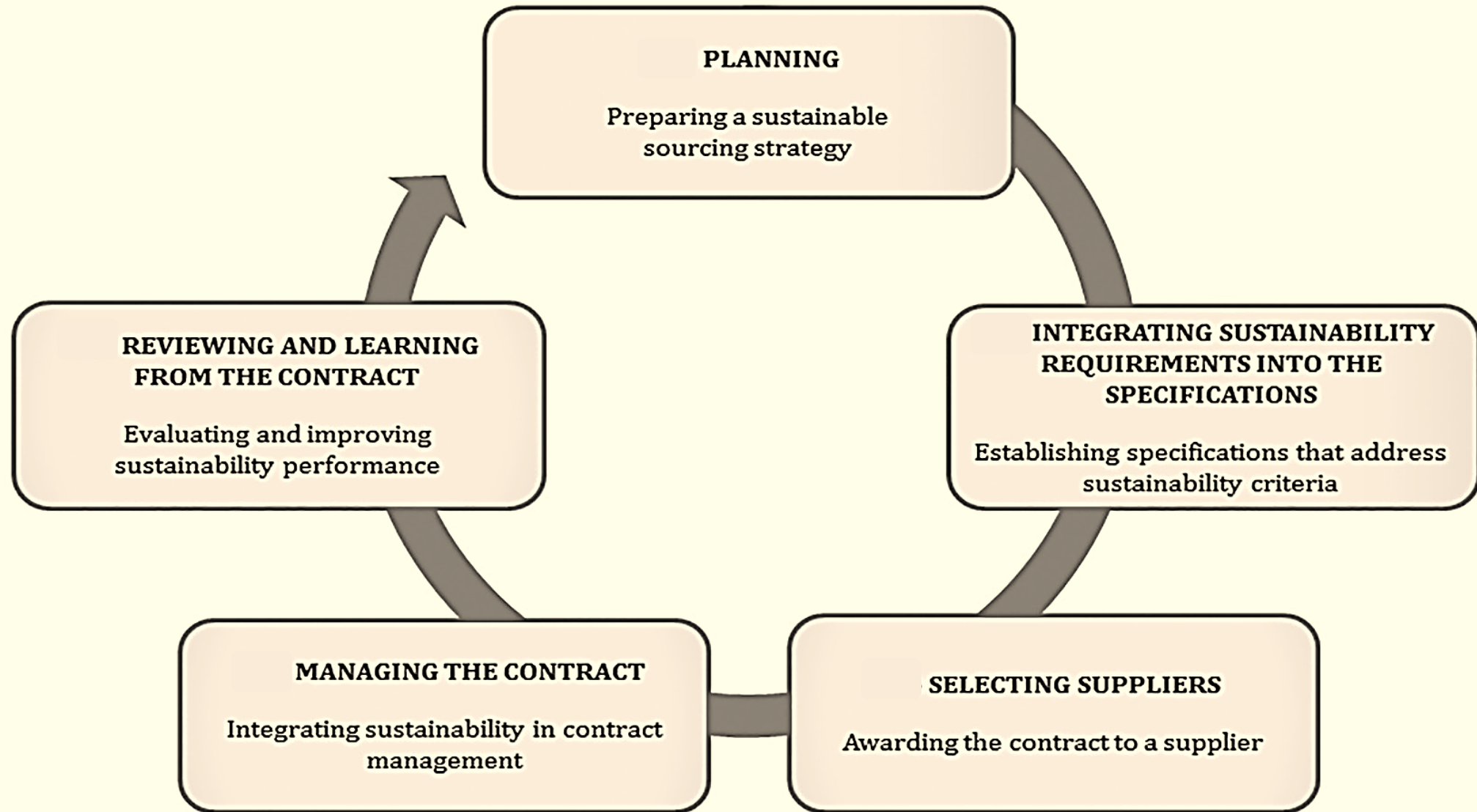
An organization should exercise its capacity to influence the behavior of suppliers and others stakeholders towards sustainability.

Influence can derive from factors such as the degree of direct control, terms of contract, ability to engage trade partners and regulators.

Avoiding complicity

An organization should avoid being complicit in the wrongful acts of other organizations that cause adverse sustainability impacts.

INTEGRATING SUSTAINABILITY INTO THE PROCUREMENT PROCESS



INTEGRATING SUSTAINABILITY REQUIREMENTS INTO THE SPECIFICATIONS

Defining sustainable procurement criteria

Once a decision is taken on the sourcing strategy, the sustainability criteria should be defined and documented.

This should be done in coordination with key internal stakeholders, in order to reflect practical and technical considerations.

Some of these requirements apply directly to the goods or services being purchased. Some might apply to the production and process methods used to deliver goods or services and others to the supplier organization in itself.





INTEGRATING SUSTAINABILITY REQUIREMENTS INTO THE SPECIFICATIONS



Choosing the types of requirements

Different types of requirements can be used:

- Physical or descriptive requirements
- Performance requirements
- Functional requirements

Generally, a combination of performance and functional requirements is preferred as they enable suppliers to propose the most efficient technical solution for the required performance or function, leading to potential sustainability benefits.

INTEGRATING SUSTAINABILITY REQUIREMENTS INTO THE SPECIFICATIONS

Applying minimum and optional requirements

Requirements can be:

- Minimum, when they establish minimum levels of acceptable performance, actively excluding undesirable features
- Optional, when they define preferred sustainability solutions: in this case, they should be related to an evaluation criterion that is used to reward performance exceeding the minimum standards, and possibly to a KPI that should be managed during the contract.





INTEGRATING SUSTAINABILITY REQUIREMENTS INTO THE SPECIFICATIONS



Finding information to establish the requirements

In the market, there are marks, labels or certifications to identify goods or services that conform to specific sustainability criteria. These criteria are included in technical standards that might be public or private, national, regional or international.

It is useful to consider such standards as valuable sources of information when establishing procurement requirements.

INTEGRATING SUSTAINABILITY REQUIREMENTS INTO THE SPECIFICATIONS

Evaluating that sustainability requirements are met

Each sustainability requirement should be verifiable via an evaluation procedure that is outlined by the organization in the tender documents.

Evaluation procedures involve activities such as the review of documentation, testing, inspections, audits, certification, management systems, assessment, sustainability claims, labels and declarations or a combination of them.

These activities can be carried out by the supplier (first-party), the purchasing organization or an external body on its behalf (second-party) or an independent external body (third-party).



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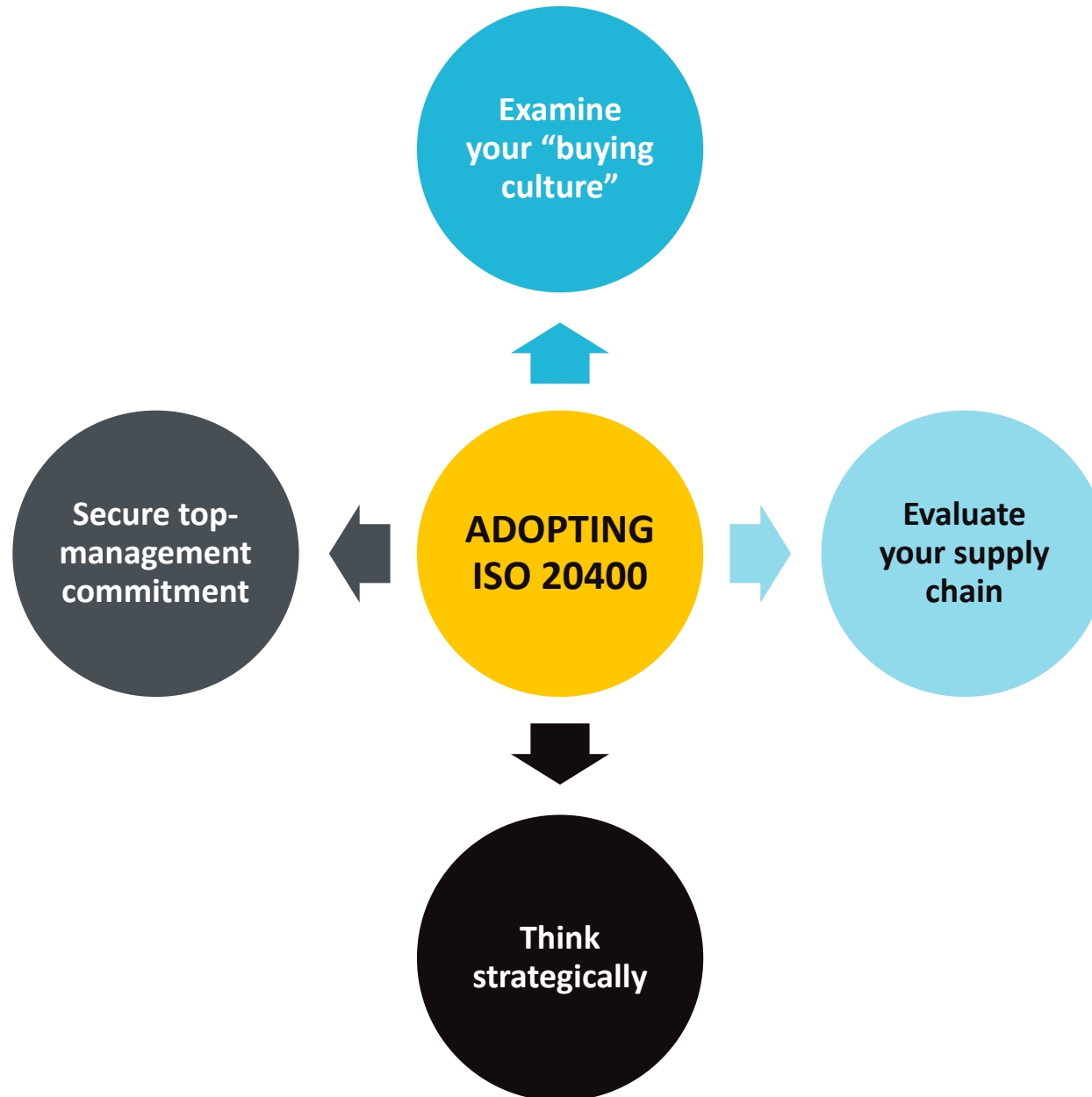
HOW TO ADOPT ISO 20400?



HOW TO ADOPT ISO 20400?



4 PRONGED APPROACH



INTERTEK AS YOUR PREFERRED PARTNER



Gap Assessment

- To identify gaps against ISO 20400 requirements and procurements practices

Training

- To develop internal competence to develop, implement, audit and continually improve the Sustainable Procurements System

Conformity Assessment

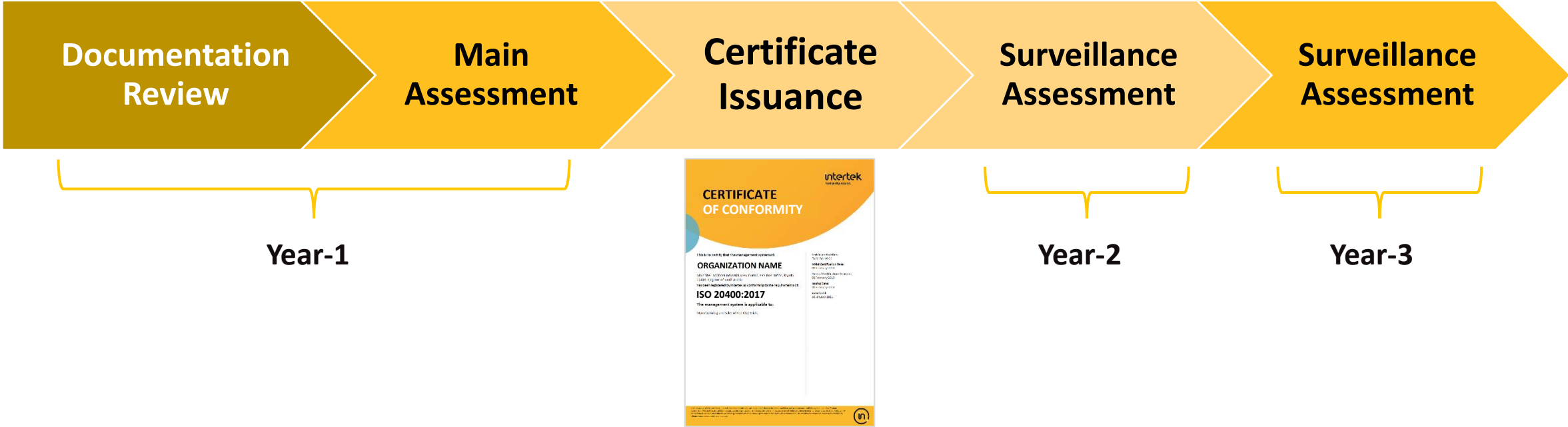
- To identify additional opportunities for improvement, monitor progress, in performance check for compliance and demonstrate compliance with ISO 20400

INTERTEK AS YOUR PREFERRED PARTNER



Certification

Intertek can offer a full **3-years conformity assessment program** aimed at creating long term value for your organization. We provide assessment results that address your business needs and objectives.



BENEFITS OF ISO 20400



- By implementing ISO 20400, your organization will contribute positively to society and the economy through making sustainable procurement 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 procurement 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 procurement 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.

05

CONCLUSION



INTERTEK BUSINESS ASSURANCE – BY THE NUMBERS



30 +

Years as an Accredited Certification Body

229

Accreditations for different Industry sectors

3,000 +

Auditors in our Global Network

100,000 +

Certificates issued Worldwide

FINAL WORDS



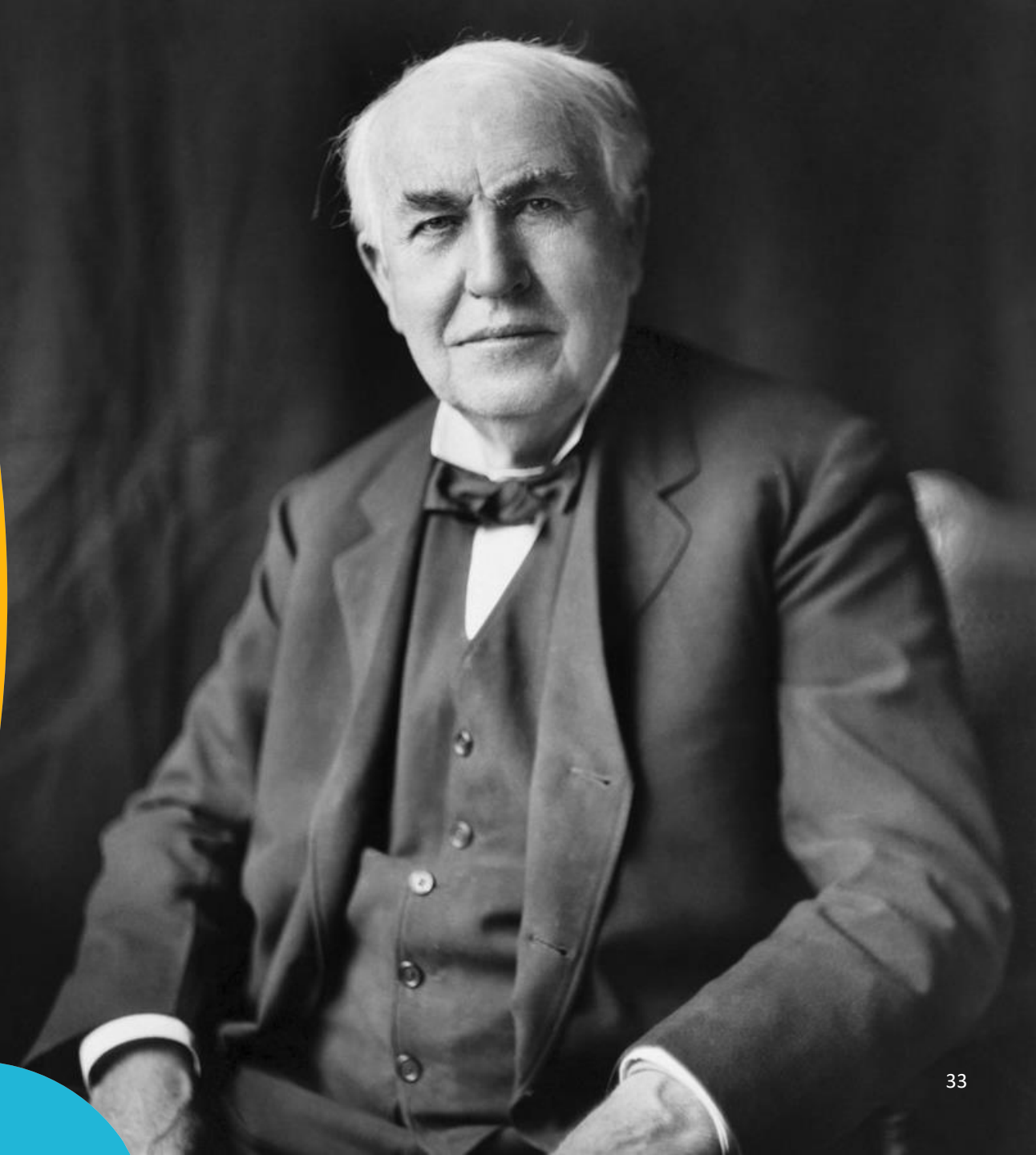
***In current challenging business environment,
adopting sustainability standards like ISO 20400 is a
key to success***

&

***Organizations can confidently count on Intertek as a
strategic partner in their journey to sustainability
excellence***

**“IF WE DID ALL THE THINGS
WE ARE CAPABLE OF WE
WOULD LITERALLY
ASTOUND OURSELVES.”**

Thomas Edison – Founder Intertek



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