
GREEN INDUSTRIES SA

**Environmentally
sustainable public
procurement policy
review**



**Government
of South Australia**

Green Industries SA

Document prepared by



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The views, and opinions expressed in this publication are those of the Aurecon Australasia and Rawtec, and do not necessarily reflect those of Green Industries SA, or the Government of South Australia.

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Green Industries SA acknowledges and respects the Traditional Custodians whose ancestral lands we live and work upon, and pays respect to their Elders past, present and emerging.

We acknowledge and respect their deep spiritual connections, and the relationship that Aboriginal and Torres Strait Islander people have to Country.

We extend our respect to all Aboriginal and Torres Strait Islander peoples and their nations in South Australia, and across Australia.

Learn more about our Reconciliation at
greenindustries.sa.gov.au/reconciliation

Executive summary

The South Australian (SA) Government is establishing an evidence base to inform its approach to environmentally sustainable public procurement and the development of SA Government Environmental, Social and Governance (ESG) Procurement Strategy. For this project, environmentally sustainable outcomes encompass circular economy, emissions reductions, climate adaptation and climate risk management.

Aurecon and Rawtec were commissioned by Green Industries SA, the Department for Environment and Water, and Procurement SA to review the state of environmentally sustainable procurement (ESP) around the world and within the state. This preliminary research report evaluates the current progress in integrating environmentally sustainable procurement into policy and practice, positioning it as a key component of broader sustainable public procurement (SPP) objectives.

This report uses 'environmentally sustainable procurement' (ESP) to refer to practices aimed at achieving environmental outcomes in areas such as circular economy, climate change adaptation and risk management, and emissions reduction. 'Sustainable public procurement' (SPP) is used as a broader umbrella term to discuss measures across environmental, social, and governance outcomes.

The case for change

Environmental pressures are affecting local and global businesses, communities and governments. As our climate becomes more volatile and more extreme, government procurement activities will have to respond. An example of this is longer time in drought which increases the likelihood of soil cracking and therefore more frequent maintenance and replacement of road and stormwater infrastructure. Increased frequency and severity of bushfires will decrease air quality and increase associated illnesses and hospital admittances, increasing procurement of medical equipment.

Material use continues to increase around the world, growing by an average of 2.3% per year over the past

50 years.¹ Australia's material footprint is larger than most nations. Our circularity rate – which measures the efficiency of materials reuse and recycling within a system – is only 4%, half that of the global average.² Increasing resource use is the main driver of the triple planetary crisis: climate change, biodiversity loss, and ecosystem degradation. Adopting circular economy approaches can improve materials efficiency and reduce the 55% of global greenhouse gas emissions associated with the extraction and processing of materials. Increasing material consumption is driven mostly by built environment and mobility systems, meaning governments have a key role to play in shifting product and service demands.³

Inaction on these environmental problems is also a reputational risk for governments. Over 70% of Australians are concerned about climate change and its impacts, with this number staying stable despite a cost-of-living crisis. Close to half (47%) of Australians think the Australian Government is not doing enough to prepare for, and adapt to, climate change impacts. Even more (61%) think that Australia should be leading the world in emissions reduction efforts. Three-quarters are concerned that climate-related supply chain disruptions will make it harder for them to buy necessities.⁴ While citizens acting alone struggle to shift demand and create resilient markets, government can leverage their purchasing power to stimulate innovation.

Public procurement is an influential market driver, representing an average of 15% of global Gross Domestic Product (GDP)⁵ or over AUD19 trillion in annual global expenditure. Sustainable procurement policies can empower businesses to invest in developing sustainable products and services, confident in stable public demand for these products. SA Government recognises the importance of sustainable procurement in its 2023 Economic Statement, 2022 Climate Change Actions and Waste Strategy 2020-25.

¹ (UNEP 2024)

² (CSIRO 2024)

³ (CSIRO 2024)

⁴ (Morison 2023) *Polling was conducted by YouGov in June 2023.*

⁵ (UNEP 2021)

In this context – considering the urgent, necessary steps that must be taken to of limit emissions, reduce material consumption and adapt to a climate that is already become more volatile and more extreme –⁶ any policy levers must be outcome focused, reflect the true cost of resource consumption, and be scaled across all levels of government.⁷

The *2023 Economic Statement* outlines **Decarbonisation, sustainability and the circular economy** and **Climate change mitigation and adaptation** as two key trends affecting the state’s future.

In line with the [South Australia’s Net Zero Strategy](#) and [South Australian Government Climate Change Resilience and Adaptation Actions](#)⁸, the government is working to ensure that agencies consider climate risk and emissions reduction opportunities in their business and decision making.

South Australia’s Waste Strategy 2020-25 has recognised that sustainable procurement plays an important role in increasing market demand for sustainable goods and services and assisting in the achievement of the strategy’s objectives and targets, which aligns with the National Waste Policy Action Plan targets for increased use of recycled content products. The next state-wide waste strategy is currently being developed and will continue to advocate for stronger sustainable procurement policy settings and actions as a priority measure to help accelerate SA’s transition to a more circular economy.

These trends are reflected in the outcome areas of these sustainable procurement investigations, defined in Environmental sustainability outcome areas and definitions.

Environmental sustainability outcome areas and definitions

Circular economy	Climate adaptation and risk management	Emissions reduction
<p>Circular economy is a systems framework that supports sustainable and productive use of resources. Circularity is defined by three principles: (1) to design out waste and pollution, (2) extend material, product and asset lifecycles, and (3) regenerate nature.⁹</p> <p>Circular approaches reduce the use of virgin materials through design, recycling and recovery, make durable, adaptable and repairable products and assets, and rebuild and protect natural capital by returning biological materials to the earth and using land and water resources efficiently.¹⁰</p>	<p>The impacts of climate change present physical and economic risks to existing and future assets and services. The government is responsible for managing these risks to current and future operations, assets and services, and ensuring their resilience.¹¹</p> <p>Climate adaptation and risk management approaches consider these actual or expected risks and seek to reduce or avoid harm, and/or exploit beneficial opportunities.¹² This is particularly important in the procurement of assets with a long operating life span, such as buildings and infrastructure.¹³</p>	<p>Emissions reduction incorporates actions to reduce direct and indirect greenhouse gas emissions or enhance the removal of these gases from the atmosphere.¹⁴</p> <p>Emissions reduction is an essential step towards carbon neutral and net/beyond zero ambitions.</p>

Considering circular economy, climate adaptation and risk management, and emissions reduction in government procurement can ensure public spending is directed towards products, assets and services that are prepared for future conditions, including resource limitations and an increasingly unpredictable climate.

Urgent action across these three areas is needed to meet the South Australian Government’s commitments to mitigate climate change and achieve net zero emissions by 2050 ambitions. South Australia is not alone in its ambition. More than 90% of the world’s gross domestic product are covered by net zero emissions commitments.¹⁵ Delivering on these targets and working towards economic, social and environmental resilience in the face of global challenges requires bold action.

⁶ (Government of South Australia 2022)
⁷ (UNEP 2024)
⁸ Actions 15.1 and 5.1 respectively
⁹ (Ellen Macarthur Foundation 2024)
¹⁰ (Ellen Macarthur Foundation 2024)
¹¹ (Yang 2024)
¹² (IPCC 2022)
¹³ (Yang 2024)
¹⁴ (IPCC 2022)
¹⁵ (Science Based Targets 2020)

Global and Australian SPP Adoption

This report firstly establishes the level and breadth of sustainable public procurement (SPP) adoption across the globe and Australia, providing detailed case studies of leading practices. Globally, public procurement is a significant driver of sustainable outcomes, averaging 15% of GDP. While first movers such as Canada, China and Korea had established SPP policies as early as the 1990s, adoption increased since the ratification of the UN Sustainable Development Goals (SDGs) in 2015. In 2022, 37 national governments had SPP policies in place. While governments have varying levels of SPP in place, policies are often voluntary or lack clear reporting requirements. As a result, demonstrated impacts are frequently missing.

Until recently, Australia had been lagging compared to other nations. In April 2024, the Australian Government introduced a national Environmentally Sustainable Procurement Policy (ESP Policy), mandatory across four priority procurement categories above a threshold value. Applicable to Commonwealth Construction procurements above \$7.5 million from 1 July 2024, it seeks outcomes across three focus areas: climate, environment and circularity. The ESP Policy includes mandatory sustainability requirements for buyers and suppliers during approach to market, tender evaluation, and contract management and reporting. While its impacts cannot yet be quantified, its scope and focus areas set a new standard for environmentally sustainable procurement in Australia. The Australian Government ESP Policy will apply to other procurement categories (Furniture, Fittings and Equipment, ICT Goods and Textiles) from 1 July 2025.

Australian jurisdiction review

A review of 21 procurement documents, including legislation, guidelines and factsheets, from all states, territories and Commonwealth jurisdictions across Australia showed:

- Public procurement in Australia occurs across a largely decentralised procurement network. Different levels of government and their public authorities make independent decisions about what is considered in their procurement processes.
- State and territory governments display a wide range of maturity in ESP. Environmental outcomes are mostly included in procurement frameworks as optional considerations, and rarely include a clear methodology, timeline or proposed measurements associated with achieving these ambitions.
- The Australian Government ESP Policy sends a signal to industry and state and territory governments. It provides a clear framework with mandatory approach that could be adapted or adopted by other Australian governments.

International jurisdiction review

A high-level assessment of 13 national, state and city jurisdictions around the world revealed key trends:

- Government policy commitments, goals, and action plans, especially those with mandatory requirements, are the number one driver of sustainability in government procurement.
- Voluntary ESP plans/programs are typical. Those that have been adopted for longer (5+ years) often move towards mandatory policy approaches.
- Half of jurisdictions reviewed have clear monitoring methods aligned with circular economy and emissions reduction.
- Two-thirds focus on product/service levels, often targeting quick wins like ICT and office supplies.
- Circular economy and emissions reduction are major focus areas under ESP in these jurisdictions.

Lessons from case studies

Four leading examples were examined closely to understand different approaches to implementing ESP, and how these evolve over time. The review of policies and frameworks in place in the Netherlands, Berlin, Vienna and Victoria revealed that successful ESP implementation is often characterised by:

- A whole-of-government approach ensuring alignment with overarching goals
- Mandatory frameworks
- Guidance documents and tools that facilitate SPP adoption
- Transparent monitoring and reporting processes, and
- Regular program evaluations and data verification for continuous improvement.

Abbreviations and Acronyms

Abbreviation / Acronym	Definition
ESG	Environmental, Social and Governance
ESP	Environmentally Sustainable Procurement
EU	European Union
GDP	Gross Domestic Product
GHG	Greenhouse Gas
ICT	Information and Communications Technologies
NatHERS	Nationwide House Energy Rating Scheme
OECD	Organisation for Economic Co-operation and Development
PIANOo	<i>Professioneel en Innovatief Aanbesteden, Netwerk voor Overheidsopdrachtgevers</i> The Dutch Public Procurement Expertise Centre
SA	South Australia
SDGs	Sustainable Development Goals
SPP	Sustainable Public Procurement
UN	United Nations
UNEP	United Nations Environment Program
UNSPSC	United Nations Standard Products and Services Code

1 Introduction

The South Australian (SA) Government is establishing an evidence base to inform the development of an SA Government ESG Procurement Strategy and their approach to environmentally sustainable public procurement (ESP). It recognises that environmentally sustainable procurement is a key component of broader sustainable procurement objectives, which also includes social and economic considerations.

This report contributes to the evidence base to help inform government consideration of its ESG procurement strategy. It draws upon:

- a high-level assessment of environmentally sustainable procurement implementation globally and across Australia
- a focused investigation on case studies demonstrating leading practice in relevant international and domestic contexts.

The importance of public procurement in driving sustainable outcomes

Public procurement is an influential market driver, representing an average of 15% of global Gross Domestic Product (GDP)¹⁶ or over AUD19 trillion in annual global expenditure.

Governments around the world are leveraging this significant buying power to deliver action on their international and domestic environmental commitments, drive innovation in sustainable products and reduce the environmental impact associated with their purchased goods and services.

The SA Government is seeking to leverage its procurement activity – amounting to over \$8.5 billion each year –¹⁷ to stimulate industry investment in sustainable and circular products, manage climate risk and reduce greenhouse gas emissions.

The SA Government already recognises sustainable procurement in its governance framework. Its 2023 Economic Statement recognised the importance of sustainable procurement as a lever to influence change and achieve sustainable outcomes.¹⁸ Sustainable procurement practices are also already included in Procurement SA's Green Procurement Guidelines¹⁹ and Procurement Governance Policy²⁰.

There are numerous commitments driving South Australia to adopt a consistent approach to ESP, at global, national, and state levels (Figure 1-1).

¹⁶ (UNEP 2021)

¹⁷ (Government of South Australia 2022)

¹⁸ (Government of South Australia 2022)

¹⁹ (Government of South Australia 2023)

²⁰ (Government of South Australia 2023)



Global

2015 UN Sustainable Development Goals specifically address sustainable public procurement across environmental and social aims. Target 12.7 focuses on the promotion of sustainable public procurement practices, with indicator 12.7.1 monitoring the number of countries implementing sustainable public procurement policies and action plans.²¹



National

2024 National Waste Policy Action Plan sets out the investment priorities for to assist Australia's waste and resource recovery sector to transition to a safe circular economy. It builds on the work delivered under the 2019 Action Plan.

This plan outlines three government priorities to help increase the circularity of Australia's resource management:

- Driving change through specifications, standards, and the use of recycled materials
- Supporting circular design through sustainable procurement
- Market development and support through innovation, reducing barriers and generating demand.

These are measured through seven targets, with one particularly relevant for this project: *Target 4: Significantly increase the use of recycled content by governments and industry.*²²

Net Zero by 2050. The Australian Government has committed to reduce Australia's emissions to 43% below 2005 levels by 2030 and achieve Net Zero by 2050.²³ This commitment requires action across all sectors, including by state governments, to reach these targets.

2024 Environmentally Sustainable Procurement Policy (applicable to the Australian National Government) aims to improve environmental sustainability across three focus areas – climate, the environment and circularity. The ESP Policy applies to four procurement categories: construction services, furniture, fittings and equipment, ICT goods and textiles and is mandatory over a certain value threshold. These requirements will be phased in across 2024 and 2025.²⁴



South Australia

Statewide targets to reduce net emissions by at least 60% by 2030 (from 2005 levels) and net zero by 2050.

South Australia Waste Strategy 2020-25 aims to help SA business secure economic advantage while protecting the environment. It recognises the vital role of sustainable procurement in increasing domestic demand for recycled materials and products, identifying priority actions in progressing sustainable procurement practices.²⁵

South Australia's Net Zero Strategy 2024-2030 is a key pillar of the SA Government's response to declaring a climate emergency in May 2022. It outlines key actions to transform the SA economy to net zero emissions. Four are relevant to these investigations:

- **Action 15.1:** Aim for net zero South Australian Government operations
- **Action 15.3:** Develop sustainable procurement requirements and guidance.
- South Australian Government Climate Change Resilience and Adaptation Actions:
- **Action 5.1:** Ensure climate risk and opportunity are addressed across government policy and practice
- **Action 5.2:** Explore and implement additional climate smart procurement reforms.²⁶

2023 Economic Statement outlines the government's approach to economic development that supports the future against climate change uncertainty through decarbonisation and renewable energy prioritisation. It includes Government leadership in sustainable procurement as a lever for change to achieve the state's goals of a smart, sustainable, and inclusive economy.²⁷

²¹ (UNEP 2024)

²² (DCCEEW 2024)

²³ (Commonwealth of Australia 2021)

²⁴ (DCCEEW 2024)

²⁵ (Green Industries SA 2020)

²⁶ (Government of South Australia 2024)

²⁷ (Government of South Australia 2022)

The landscape of environmentally sustainable procurement

Sustainable public procurement (SPP) is defined by the United Nations Environment Programme (UNEP) as:

*a process whereby public organisations meet their needs for goods, services, works and utilities in a way that achieves value for money on a whole life-cycle basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst significantly reducing negative impacts on the environment.*²⁸

While acknowledging the synergies between environmental, economic and social objectives, this report focuses on how environmental considerations are woven into public procurement practices. This report uses the term environmentally sustainable procurement (ESP) to refer to public procurement practices that seek to reduce or improve environmental impacts, considering emissions reduction, climate adaptation and risk management and circular economy outcomes.

Aligning sustainable public procurement with an ESG Framework

ESG frameworks and SPP policies should complement each other, by aligning procurement processes to broader sustainability and ethical objectives.

ESG frameworks help organisations and governments evaluate and manage non-financial performance in three key areas: environmental sustainability, social responsibility, and governance. ESG frameworks can outline commitments to sustainable and ethical practices, including setting targets and establishing metrics. These are not limited to risks and opportunities associated with procurement, and can include operational materials management, employee wellbeing, workplace diversity profile and pay equity, and compliance and disclosure reporting.

SPP policies are guidelines and practices that govern procurement processes, to ensure purchased goods and services are environmentally, socially and economically sustainable. This report focuses on policies that specifically promote environmentally sustainable procurement.

ESG Framework

Environmental, Social, and Governance (ESG) is a sustainability framework that helps organisations consider how its operations impact nature (*environment*), manage relationships with stakeholders, employees, supply chains (*social*), and conduct its practices and processes ethically and transparently (*governance*).

Environmental

Climate change
Circularity
Resource depletion
Waste & pollution
Biodiversity & land use

Social

Diversity, equity & inclusion
Human rights
Health, safety & wellbeing
Consumer protection
Animal welfare

Governance

Ethical conduct & integrity
Transparency, disclosure & reporting
Management/board structure
Compliance

The Department for Environment and Water and Green Industries SA have designated three sustainability outcome areas for investigation in this report, as further defined in Table 1-1:

- Circular economy
- Climate adaptation and risk management
- Emissions reduction.

Considering circular economy, climate adaptation and risk management, and emissions reduction in government procurement can ensure public spending is directed towards products, assets and services that are prepared for future conditions, including resource limitations and increasing climate risks.²⁹ Building these factors into procurement can reduce whole of life costs. For example, considering future climate projections in infrastructure procurement can ensure road surfaces are appropriate for increasing temperatures, reducing maintenance costs and early replacement.

Priority environmental outcome areas will differ depending on the procurement activity. Circular procurement and low carbon approaches can be applied to products as well as to assets, whereas climate adaptation and risk management considerations are more appropriate for construction of assets with a long life. The procurement value, category (including expected service life) and end user requirements can inform which

²⁸ (UNEP 2017)

²⁹ (Government of South Australia 2022)

sustainable procurement approach is appropriate so that requirements are flexible, fit for purpose and not overly burdensome for respondents, while still meeting the sustainable procurement objectives.

Table 1-1 Sustainability outcome areas and expected considerations in ESP policies

Outcome area overview and definition	Related actions and expectations for ESP (examples) ³⁰	
<p>Circular economy</p> <p>Circular economy is a systems framework that supports sustainable and productive use of resources. Circularity is defined by three principles:</p> <ul style="list-style-type: none"> ▪ design out waste and pollution, ▪ extend material, product and asset lifecycles, and ▪ regenerate nature.³¹ <p>Circular approaches reduce the use of virgin materials through design, recycling and recovery, make durable, adaptable and repairable products and assets, and rebuild and protect natural capital by returning biological materials to the earth and using land and water resources efficiently.³²</p>	<ul style="list-style-type: none"> ▪ Waste avoidance, reduction or minimisation ▪ Waste hierarchy considerations (including options to increase service life through reuse, repair, remanufacture) ▪ Lifecycle considerations/costing ▪ Sharing models and systems ▪ Product as a service business models ▪ Water conservation, efficiency and recycling ▪ Avoid polluting emissions to air, water and land 	<ul style="list-style-type: none"> ▪ Use of safe, renewable (e.g. biological) and/or recovered (e.g. reused, remanufactured or recycled technical) input materials ▪ Safe use and disposal of chemicals ▪ Circular building principles (such as modular design and design for disassembly) ▪ Sustainable and regenerative land use (including for urban and rural growth, agriculture, forestry)
<p>Climate adaptation and risk management</p> <p>The impacts of climate change present physical and economic risks to existing and future assets and services. The government is responsible for managing these risks to current and future operations, assets and services, and ensuring their resilience.³³</p> <p>Climate adaptation and risk management approaches consider these actual or expected risks and seek to reduce or avoid harm, and/or exploit beneficial opportunities.³⁴ This is particularly important in the procurement of assets with a long operating life span, such as buildings and infrastructure.³⁵</p>	<ul style="list-style-type: none"> ▪ Requirement for climate change risk management plan (including climate risk identification and mitigation) during tender response and evaluation (e.g. consideration of multiple climate scenarios in infrastructure design) ▪ Minimum building standards (e.g. green building rating system, minimum thermal requirements, climate hazard protection requirements) 	<ul style="list-style-type: none"> ▪ Requirement for supplier to have an environmental management plan or system (e.g. ISO 14001) ▪ Incorporating climate change risks into broader project risk registers ▪ Procurement of innovative products or services that support adaptation and address climate change risks
<p>Emissions reduction</p> <p>Emissions reduction incorporates actions to reduce direct and indirect greenhouse gas emissions or enhance the removal of these gases from the atmosphere.³⁶</p> <p>Emissions reduction is an essential step towards carbon neutral and net/beyond zero ambitions.</p>	<ul style="list-style-type: none"> ▪ Carbon costs ▪ Carbon or CO₂e reductions ▪ Emissions limits ▪ Energy efficiency requirements 	<ul style="list-style-type: none"> ▪ Requirement for supplier to have a carbon management plan or system (e.g. ISO 14064) ▪ Embodied carbon ▪ Renewable input energy ▪ Transport efficiency (including mode, efficiency and distance)

³⁰ Adapted from AS ISO 20400:2018 and further developed with input from the Project Steering Committee.

³¹ (Ellen Macarthur Foundation 2024)

³² (Ellen Macarthur Foundation 2024)

³³ (Yang 2024)

³⁴ (IPCC 2022)

³⁵ (Yang 2024)

³⁶ (IPCC 2022)

Different approaches to environmentally sustainable procurement

Various terms are used to describe the areas encompassed by the broad umbrella of 'environmentally sustainable procurement'. Figure 1-2 shows the interlinkages and overlap of a few of these concepts, highlighting how objectives in one area of environmentally sustainable procurement can contribute to outcomes in others.

Environmentally sustainable procurement and **green procurement** are synonymous, describing the procurement of goods, services and construction works that have lower environmental impact across its life cycle.³⁷

Circular procurement focuses on material efficiency, by designing goods and services for durability, reparability, recyclability, and/or sharing, as well as waste prevention and reduction.

Low carbon procurement focuses on reducing greenhouse gas emissions through considering energy sources and efficiency and material choice in purchases.³⁸ Circular and low carbon procurement outcomes can often overlap. For example, fly ash (a byproduct of coal energy production) is used as a substitute for cement in concrete.³⁹ This improves concrete strength and performance over time, and has lower embodied carbon emissions than typical products.

Innovation procurement is a means for public authorities to use their purchasing power to encourage the market to develop new solutions to a problem or need.⁴⁰ Innovation procurement may or may not be environmentally sustainable, circular, low carbon and/or reduce climate risks.

While circular, low carbon and innovation procurement each have a particular focus, they overlap and interact considerably. As environmental impacts are rarely isolated, a systems approach helps understand the interconnected nature of impacts and benefits, minimising unintended consequences and contributing to enduring environmental benefits.

Though beyond the scope of this report, environmentally sustainable procurement and socially sustainable procurement addressed together could enable procurement officers to take an integrated approach to achieving ESG aims. For example, purchasing locally reupholstering office chairs instead of new can support local industry development (social and economic outcome), minimise carbon emissions related with transport and virgin material production (emissions reduction outcome), and extend service life of products and reduce waste to landfill (circular economy outcome). Establishing awareness of these co-benefits will allow for effective and concurrent action under environmental and social pillars of an ESG framework.

The environment is identified as a core subject in *AS ISO 1400 Sustainable procurement – Guidance*, which describes environmental prosperity as 'a precondition for the survival and prosperity of humans and other living things'.⁴¹ It breaks environmental considerations down into four issues:

- Sustainable resource use
- Climate change mitigation and adaptation
- Prevention of pollution
- Protection of the environment, biodiversity and restoration of natural habitats.

The standard provides high-level guidance on the types of actions and expectations for procurement for each issue, expanded upon in Table 1-1. Figure 1-3 maps the AS ISO 14100 environmental sustainability issues to SA's specified outcome areas, demonstrating the relationship between these and the indicative ability for outcome areas to influence sustainability issues.

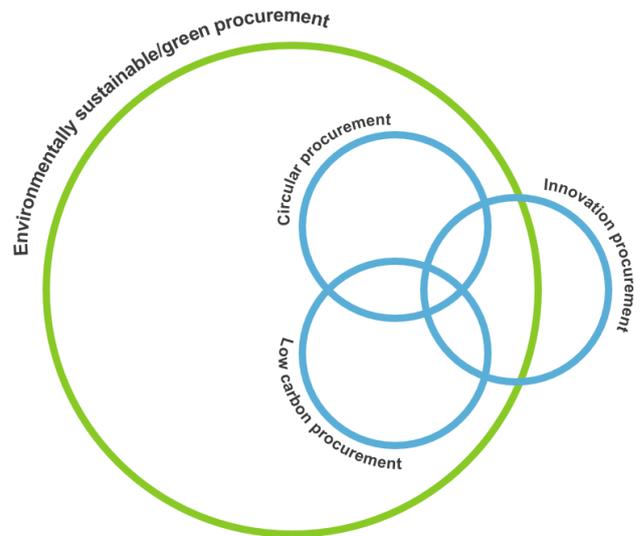


Figure 1-2 The different environmentally sustainable procurement concepts and interlinkages

Adapted from (Stockholm Environment Institute 2023)

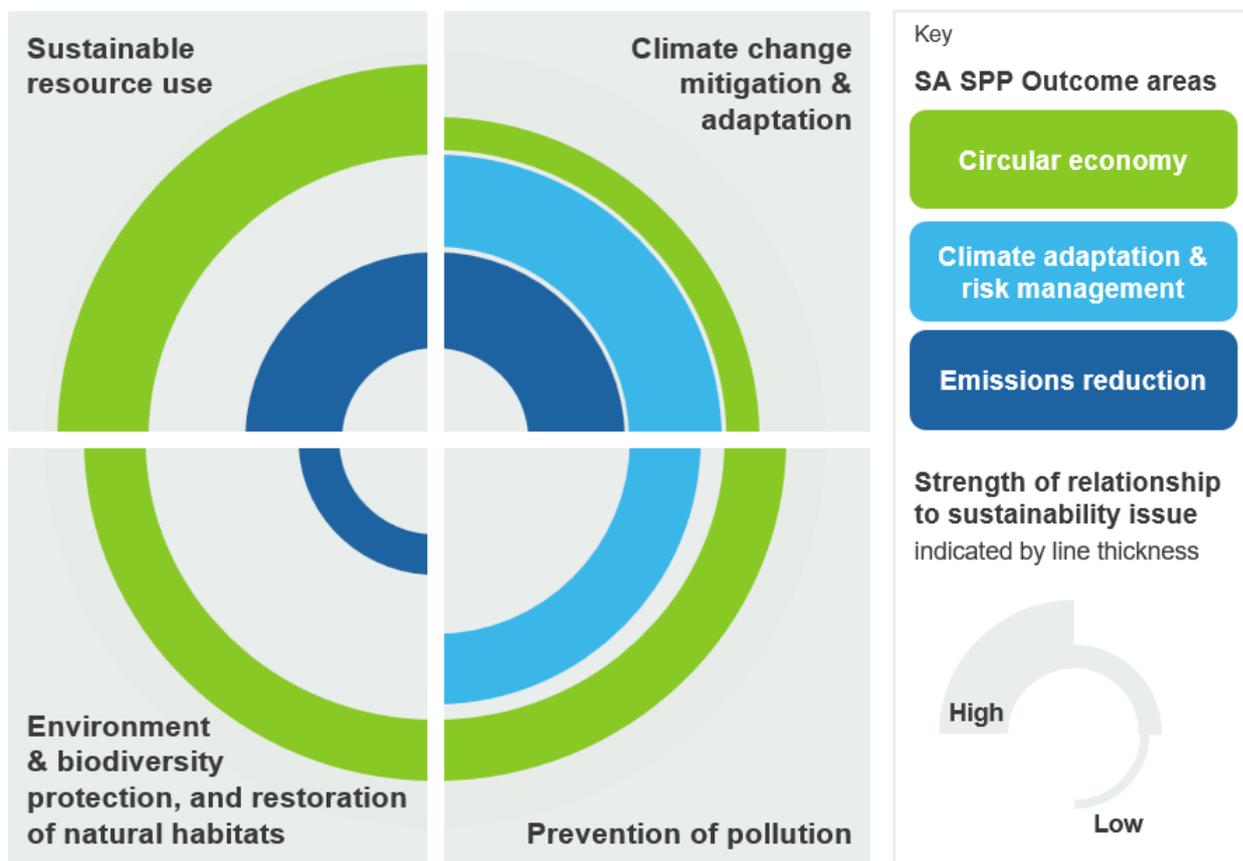
³⁷ (Stockholm Environment Institute 2023)

³⁸ (Stockholm Environment Institute 2023)

³⁹ (Cement Australia n.d.)

⁴⁰ (Stockholm Environment Institute 2023)

⁴¹ (ISO 2017) p.45.



ISO 14100 Environment sustainability issues in quadrants

Figure 1-3 Indicative relationship between SA ESP outcome areas and AS ISO 14100 environmental sustainability issues (Aurecon 2024)

The ESP actions and expectations in Table 1-1 can be included at various points in the procurement life cycle (see Figure 1-4). **Section 2** reports on global and national progress towards environmentally sustainable procurement, including to what extent circular economy, climate adaptation and risk management and emissions reduction outcome areas are included in leading ESP policies. Policies don't always directly refer to these three outcome areas – but they do frequently work toward the more specific related actions and expectations in Table 1-1. When this is the case, we have considered that the policy does align to the relevant outcome area. Circular economy and emissions reduction outcomes are more common than climate adaptation and risk management, as explored in Section 2.5.

When considering these policies, it is important to maintain a systems perspective. As demonstrated by Figure 1-2 and Figure 1-3, efforts to achieve improvements in one sustainability outcome area can result in complementary and synergistic outcomes in another. For example, reducing material use (circular economy outcome) can flow on to beneficial impacts in other areas (e.g. reduced consumption reduces energy consumption, supporting emissions reduction).

Sustainable public procurement intervention points in the procurement lifecycle

The procurement lifecycle can be described as a five step processes involving different stakeholders - including procuring officials, tenderers/suppliers, contract managers, as well as policy makers and the government department that implements and oversees ESP institutionalisation (i.e. Department of Treasury and Finance and Procurement SA in South Australia).

Figure 1-4 represents the opportunities for ESP interventions exist throughout the procurement lifecycle.

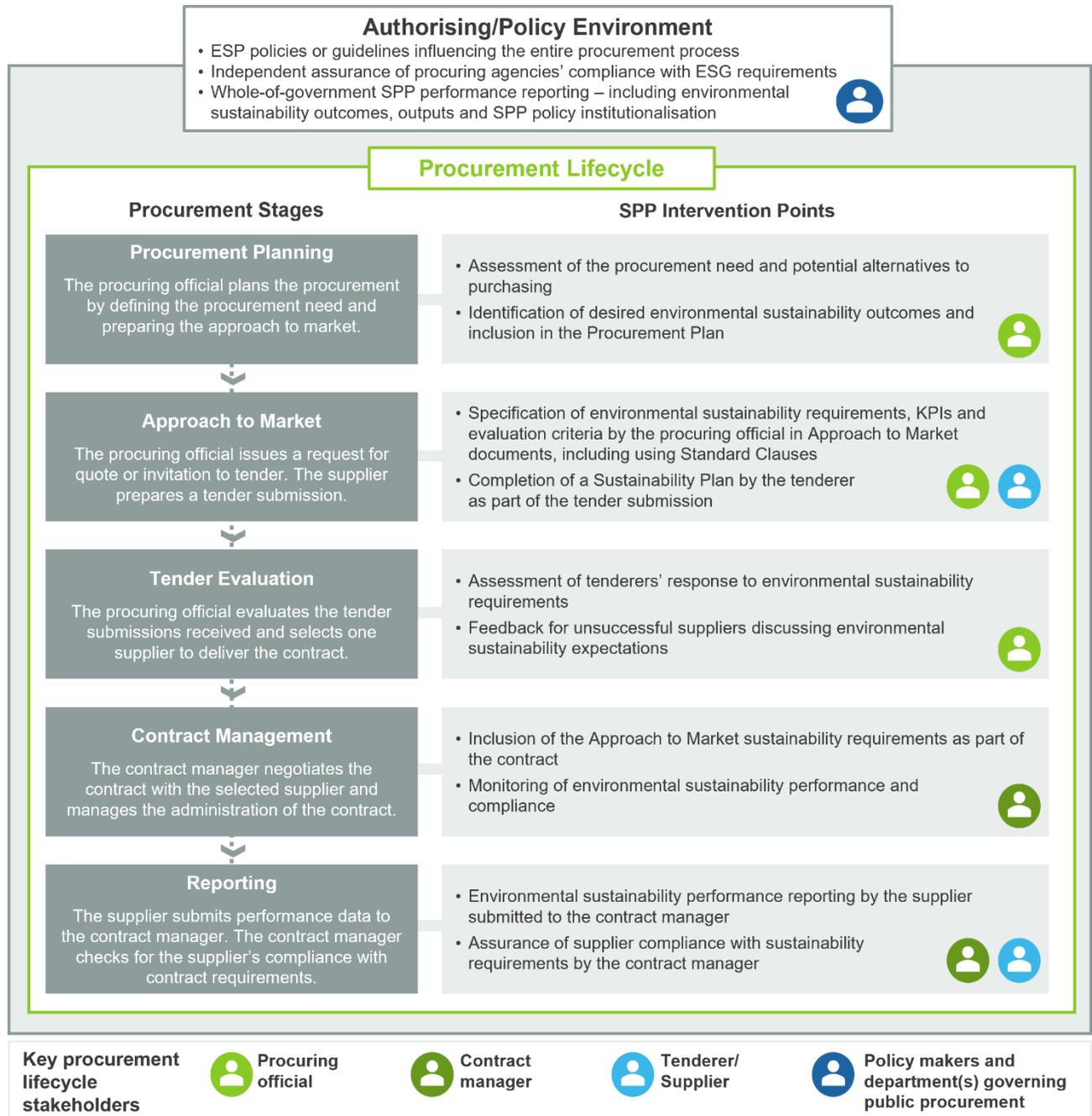


Figure 1-4 Procurement Lifecycle and ESP Intervention Points.⁴²

⁴² Adapted from (DCCEEW 2024)

	Stakeholder role	Responsibilities	Interests ⁴³
Direct stakeholders	 Policy maker	Develops ESP policies and guidelines that directly influence the procurement process and impacts of government agencies. ESP policies are a key enabler for market adoption of ESP principles.	<ul style="list-style-type: none"> ▪ Protect human rights ▪ Promote access to essential services ▪ Protect the environment ▪ Foster collaborative research ▪ Achieve policy objectives
	 Procurement official	Responsible for the procurement planning, the approach to market including preparing the Request for Quote or Invitation to tender, and tender evaluation to select a supplier.	<ul style="list-style-type: none"> ▪ Manage procurement risk and opportunities ▪ Achieve value for money ▪ Consider lifecycle costs ▪ Sustain innovation ▪ Motivate buyers ▪ Achieve procurement objectives
	 Tenderer	Prepares the tender submission including responding to sustainability-related criteria to demonstrate how their organisation takes into account sustainability.	<ul style="list-style-type: none"> ▪ Meet tender requirements ▪ Consider value adding ▪ Secure contract ▪ Gain customer insights ▪ Obtain for contracting conditions ▪ Create demand for goods and services that are more sustainable
	 Contract Manager	Creates, negotiates and executes the contract with the selected supplier as well as manages the administration of the contract including monitoring contract performance – such as performance against sustainability-related criteria - and maintaining relationships with the supplier.	<ul style="list-style-type: none"> ▪ Manage procurement risk and opportunities ▪ Ensuring contract obligations, including sustainability criteria, are met ▪ Promote organisational sustainability interests ▪ Sustain innovation ▪ Motivate and build relationships with buyers
	 Supplier	Makes sure the goods or services procured are delivered on the agreed contract terms, including consideration of sustainability-related obligations and reporting on sustainability performance.	<ul style="list-style-type: none"> ▪ Receive prompt payment ▪ Receive fair price ▪ Gain customer insights ▪ Obtain for contracting conditions ▪ Create demand for goods and services that are more sustainable
Indirect stakeholders	 End user	Directly uses the goods or services procured such as employees of a procuring agency using the office space for which an office fit-out was procured.	<ul style="list-style-type: none"> ▪ Buy or use more sustainable products or services
	 Sustainability professional	Provides organisational sustainability direction within the procuring agency and within suppliers in form of sustainability policies and/or strategies.	<ul style="list-style-type: none"> ▪ Improve organisational sustainability performance ▪ Support innovation ▪ Create value through social responsibility
	 Community groups	Engage with government agencies as part of consultation processes to influence agencies' priorities/mandate which filters down to ESP procurement practices.	<ul style="list-style-type: none"> ▪ Local government agencies deliver on real/perceived priorities benefitting the community such as: ▪ Support local employment ▪ Promote wealth and income creation ▪ Enjoy healthy environment

Figure 1-5 SSP stakeholder roles, responsibilities, interests

⁴³ Adapted from (ISO 2017)

2 Global and Australian ESP adoption

2.1 Global progress towards sustainable public procurement implementation

Key findings

- SPP adoption has accelerated quickly over the past decade, but levels of maturity vary greatly across countries.
- Half of countries with a dedicated SPP policy consider socio-and environmental outcomes together.
- Policy commitments, goals and action plans are a key driver of sustainability in national government procurement activity.

Governments at all levels worldwide have been increasingly adopting environmentally sustainable procurement policies, especially since the UN Sustainable Development Goals were ratified in 2015.

To help develop South Australia's environmentally sustainable procurement policies, this section analyses international implementation activities. This global overview is supplemented with detailed investigations of leading examples comparable to South Australia in terms of spending or population (Section 2.4). By examining global and national progress first, we can better understand how a supportive environment can help smaller regions implement sustainable procurement successfully.

The United Nations Environment Program (UNEP) oversees UN SDG Indicator 12.7.1, which tracks the number of countries with sustainable procurement policies and action plans. Every four years, UNEP publishes a Global Review of Sustainable Procurement. While the review focuses on national governments, findings are also relevant for state governments as the implementation criteria are universal. The 2022 review provides an update and new insights based on survey results from 45 national governments, as summarised in Figure 2-1.

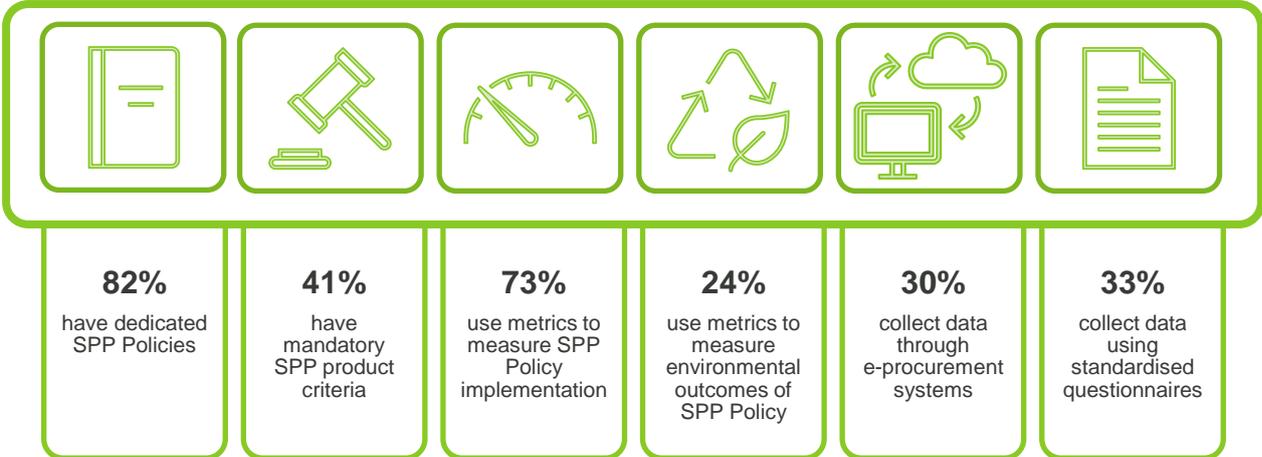


Figure 2-1 Key statistics of global SPP implementation and performance measurement of 45 national governments

The 2022 UNEP Review found that government policy commitments, goals and action plans remain a key driver of sustainability in national government procurement activity. This highlights the importance of establishing fit-for-purpose procurement initiatives to address sustainability ambitions.

Defining context-specific policies, targets and action plans, informed by examples of international and domestic best practice across public and private sectors, can shift procurement activity towards more sustainable paths.

Figure 2-2 maps the results of UNEP’s 2022 Global Review, highlighting the levels of SPP uptake by national governments.⁴⁴ Australia was not assessed in 2022. If it were, it would have been found non-compliant as there was no national SPP policy, action plan or regulatory requirements in place, putting the Australian Government behind other nations around the world.

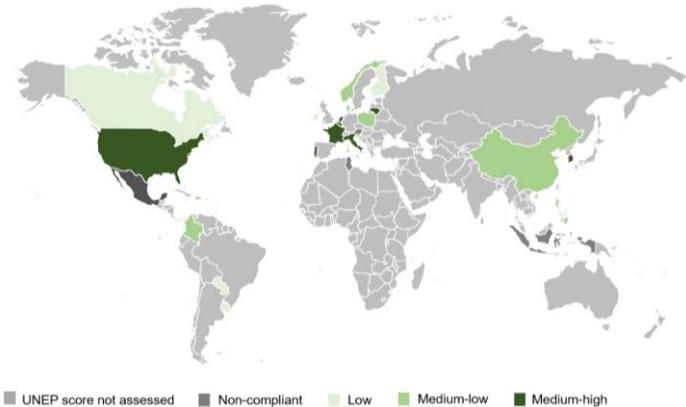


Figure 2-2 Global level of SPP implementation based on UNEP SPP index scores

National governments began adopting dedicated SPP policies from the 1990s and early 2000s. Early adopters, including Canada, China and Korea, had policies in place for more than a decade before other countries followed suit. Global uptake of dedicated SPP policies accelerated quickly following the 2015 ratification of the UN SDGs.⁴⁵ As of 2022, 37 national governments report having implemented dedicated SPP policies. Almost half (47%) of national governments with SPP commitments cover both environmental and socio-economic aspects sustainability. The same amount (47%) focus only on environmental sustainability and only 6% have SPP policies that focus only on social objectives (Tunisia and Indonesia).⁴⁶

Figure 2-3 shows the uptake of dedicated SPP policies in national governments from 1996 to 2021, indicating SPP policies released per year, updates and new iterations of SPP policies.

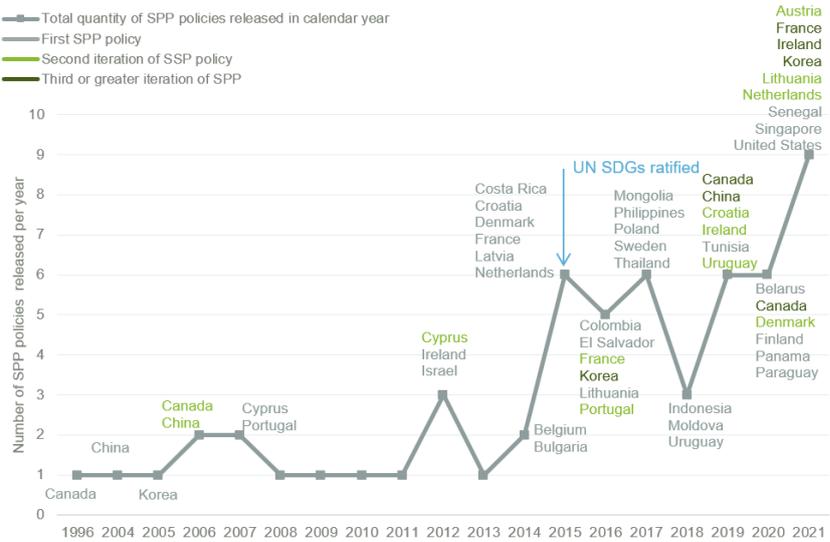


Figure 2-3 Adoption of SPP policies 1996-2021
Adapted from UNEP 2022 Global Review of SPP (Note: Australia did not have a policy in place in 2021)

⁴⁴ (UNEP 2022)
⁴⁵ (United Nations 2015)
⁴⁶ (UNEP 2022)

2.2 Australian progress towards ESP implementation

Key findings

- Public procurement in Australia occurs across a largely decentralised procurement network with different levels of government and their public authorities making independent decisions about what is considered in their procurement processes.
- Procurement in each jurisdiction is governed by frameworks of legislation, directions, guidance documents, factsheets and tools which refer to ESP/SPP requirements to various degrees of specificity.
- State and territory governments display a wide range of maturity in ESP. While environmental outcomes and considerations are included in most procurement frameworks, there is rarely a clear methodology, timeline or proposed measurements associated with achieving these goals.
- The Australian Government's ESP Policy (see Section 2.2.1) sends a signal to industry and state and territory governments. It provides a clear framework that could be adopted by other governments.

Assessment methodology

A comparative analysis of Australian Federal, State and Territory governments' procurement governance frameworks was undertaken. They generally consist of a hierarchy of instruments ranging from primary and delegated legislation (Acts and Policies), to guidelines, factsheets, and other supporting tools. Each jurisdiction's governance framework was analysed for specific mandates or themes relating to sustainability or environmental impact, and selected SPP instruments⁴⁷ were further analysed and compared.

Table 2-1 provides insights on selected SPP instruments across the following criteria:

- **Instrument type:** Indicates whether the key instruments that govern SPP implementation in each jurisdiction are legislated or guidelines only.
- **SPP consideration:** Indicates whether the instrument includes overarching guidance towards environmentally sustainable procurement (i.e. high-level statements requiring all suppliers to complete a sustainability plan) or specific sustainable procurement criteria for certain products/services.
- **SPP monitoring:** Indicates whether SPP performance is monitored at two levels:
 - **implementation** includes monitoring of the level of SPP institutionalisation (such as the existence of SPP plans, procedures and number of SPP-trained staff) and/or monitoring of SPP outputs (such as number of tenders including sustainability criteria, quantities and financial value of green products).
 - **outcomes** includes monitoring of the benefits to, or impact on, the environment or the economy generated by the SPP instrument (such as emission reductions).

Overview of Australian SSP implementation

Adoption of SPP legislation and guidelines have accelerated with increasing public attention on environmental priorities and commitments. Most Australian jurisdictions' procurement governance frameworks consider environmental impact, but only at a high-level. These commitments are not translated into practical SPP implementation, constraining progress towards stated environmental ambitions.

Queensland, Victoria and NSW have dedicated SPP policies and/or mandated SPP requirements. In its 2023 Queensland Procurement Policy, the Queensland Government specifies environmental outcome targets and establishes a rigorous method of outcomes metrics to support success.⁴⁸ Victoria's mandatory *Recycled First Policy* (explored further in Section 2.4.4) is specifically targeted towards major transport projects, and is designed to grow domestic recycling capabilities and drive innovation.⁴⁹ Victoria's Social Procurement Framework includes objectives for environmental sustainability and climate change adaptation (see Section 2.2.2). NSW's *Government Resource Efficiency Policy* applies to all government sector agencies and is mandatory for agencies with more than 100 employees. It sets minimum standards that seek to drive efficiencies across energy, water, waste and clean air.⁵⁰

⁴⁷ Selection of SPP instruments focused on published policies/guidelines (at the time of the analysis) that best inform development of South Australian Government ESG Procurement Strategy and its approach to sustainable public procurement (SPP).

⁴⁸ The Queensland Procurement Policy provides Queensland Government's whole-of economy emissions reduction targets (i.e. 30% emissions reduction below 2005 levels by 2030, and net zero emissions by 2050) and provides its pathway for procurement activities to align with those targets (at least 30% emissions reductions by 2030 for priority spend categories) (Queensland Government 2023).

⁴⁹ (Victoria State Government 2020)

⁵⁰ (State of NSW and Office of Environment and Heritage 2019)

Jurisdiction	Key SPP document/s	Instrument type		SPP aspect		SPP monitoring	
		Legislation	Guideline	Overarching guidelines	Product/ service specific criteria	Implementation	Outcome
Australian Government	Environmentally Sustainable Procurement Policy, 2024. ⁵¹	✓		✓	✓	✓	✓
	Commonwealth Procurement Rules, 2023	✓		✓			
	Sustainable Procurement Guide, 2024. ⁵²		✓	✓	✓	✓	✓
Australian Capital Territory	Government Procurement (Charter of Procurement Values) Direction 2020	✓		✓		✓	
	The Procurement Values Guide, 2020		✓	✓		✓	
Northern Territory	Procurement Rules, 2022	✓		✓			
	Procurement Governance Policy, 2022	✓		✓		✓	
New South Wales	NSW Government Procurement Policy Framework, 2022	✓	✓	✓		✓	
	Government Resource Efficiency Policy (GREP), 2019. ⁵³	✓		✓	✓	✓	✓
Queensland	Queensland Procurement Policy, 2023. ⁵⁴	✓		✓	✓	✓	✓
	Sustainable procurement guide ICT products, 2018. ⁵⁵		✓	✓	✓	✓	✓
South Australia	Green Procurement Guideline, 2023		✓	✓		✓	
	Procurement Governance Policy, 2023	✓		✓		✓	
Tasmania	Procurement Better Practice Guidelines (Principles and Policies), 2022	✓	✓	✓			
Victoria	Victoria's Social Procurement Framework, 2018	✓	✓	✓		✓	
	Recycled First, 2020. ⁵⁶	✓		✓	✓	✓	✓
	Sustainable Investment Guidelines, 2021		✓	✓			
Western Australia	Western Australian Procurement Rules, 2021	✓		✓			
	Western Australian Social Procurement Framework	✓	✓	✓			

Note: Instruments were selected based on criteria in Section 2.3

Table 2-1 Comparative policy analysis, across Australia

⁵¹ Specific criteria for construction service contracts above \$7.5 million (incl GST) through construction services metrics specified during the approach to market. Suppliers contribute to or complete a sustainability rating, or report against alternative base metrics (for climate, environment and circularity), as defined in the ESP Policy Reporting Framework (Australian Government 2024).

⁵² Specific criteria in model clauses (Appendix B of source document) include: environmental sustainability criteria for office furniture and fit outs, outdoor applications; environmental management practice criteria for infrastructure projects and manufacturing/product services; and waste management criteria for material-intensive services such as catering, uniforms and ICT hardware (DCCEEW 2024).

⁵³ Specific criteria for energy (energy-efficient buildings, vehicles, appliances and equipment; and use of renewable energy, including solar power at government sites), water (water-efficient buildings and appliances; and continual improvement of water efficiency), waste (continual improvement of waste efficiency), clean air (mobile non-road diesel engines with low emissions and use of low-volatile organic compound materials) (State of NSW and Office of Environment and Heritage 2019).

⁵⁴ Specific criteria for paper products (Australian-sourced and environmentally accredited wherever possible) and food and beverages (made, grown or produced in Queensland) (Queensland Government 2023).

⁵⁵ Specific criteria for desktops, laptops and monitors (The State of Queensland 2018).

⁵⁶ Specific criteria for recycled material use in road infrastructure and (ancillary) rail infrastructure (Victoria's Big Build 2024)

2.2.1 Deep dive: Australian Government Environmentally Sustainable Procurement Policy

Title	Environmentally Sustainable Procurement Policy
Document type	Policy
Annual spend	AUD 80 billion
Population	27 million (March 2024)
Alignment with SA outcome areas	<ul style="list-style-type: none"> ■ Circular economy ■ Emissions reduction

In April 2024, Australian Government announced an Environmentally Sustainable Procurement Policy (ESP Policy) to apply to Australian Government procurement, seeking to leverage its substantial and stable procurement spend. The ESP Policy aims to increase the procurement of goods and services that improve climate, environmental and circularity outcomes by encouraging suppliers to offer environmentally friendly goods and services.

The ESP Policy includes mandatory sustainability requirements for buyers and suppliers during approach to market, tender evaluation, and contract management and reporting stages in targeted spend categories, thus moves beyond the requirements of the current Commonwealth Procurement Rules (CPRs) and the requirement to consider financial and non-financial costs and benefits in assessing “value for money” in procurement⁵⁷.

How it works

GOVERNANCE

The ESG Policy applies to all non-Corporate Commonwealth entities and prescribed Corporate Commonwealth entities listed in section 30 of the Public Governance, Performance and Accountability Rule 2014 for construction services procurement of at least \$7.5 million (including GST).

Buyers and suppliers are required to apply the ESG Policy throughout all stages of the procurement process as follows:

- Buyers must specify two new requirements for tenderers as part of their approach to market:

- **A Supplier Environmental Sustainability Plan (SESP).** The SESP includes questions regarding how

suppliers will optimise environmental sustainability in the delivery of goods or services (with references to the ESP Policy’s focus areas and principles, refer Table 4-2 Commonwealth ESP Policy focus areas and principles, contextualised for SA for overlap with SA outcome areas), how suppliers will leverage opportunities for innovation throughout the delivery of the contract, and about suppliers’ corporate sustainability performance. The SESP also asks buyers to address the reporting requirements as selected by the procuring agency (being whether suppliers need to contribute to or complete a sustainability rating or reporting against alternative base metrics).

- **Reporting templates.** Buyers must specify reporting requirements for tenderers should they be awarded the contract and specify for suppliers to fill out the reporting templates as part of their tender submission.
 - Suppliers must complete the SESP and the reporting templates as part of their tender response.
 - Buyers must evaluate the SESP as part of the tender evaluation process and appoint a supplier.
 - For the appointed supplier, the SESP becomes a schedule to the contract meaning that the supplier is responsible for meeting their commitments in the SESP. The procuring agency is responsible for confirming that the supplier has met their SESP commitments⁵⁸.

⁵⁷ (DCCEEW 2024)
⁵⁸ (DCCEEW 2024)

MONITORING AND REPORTING

Suppliers are required to provide data directly to buyers, reporting against relevant focus area metrics in the ESP Policy Reporting Framework that reflect their SESP commitments. Buyers submit the suppliers' reporting data to the DCCEEW via a reporting portal every six months. The DCCEEW aggregates the data and publishes whole of government ESP Policy performance report via its website.

While it is too early to determine the impact of the ESG Policy, its outputs and outcomes are expected to be measured with three key performance indicators including:

- Number of contracted suppliers by the Australian Government with a SESP in place
- Extend to which greenhouse gas emissions are minimised
- Extent to which there is an increase in the use of circular economy principles⁵⁹

TOOLS SUPPORTING SPP IMPLEMENTATION

The [DCCEEW website](#) provides guidance and various resources to buyers and suppliers including⁶⁰:

- A Sustainable Procurement Guide for buyers
- A **masterclass video series** for buyers and supplier webinars
- **Case studies** of success stories
- **Model clauses**: required by Commonwealth entities, including approach to market clauses

Key lessons

Strengths	Limitations
<ul style="list-style-type: none"> ■ Supplier obligation to meet ESP requirements, through response in SESP. ■ Clear Approach to Market requirements. The ESG Policy clearly sets out which product/service categories the policy applies to and provides procuring officials and tenderers with focused Approach to Market guidance and templates. This simplifies implementation of the ESP policy for buyers and suppliers. ■ Streamlined data collection for ESP reporting. The ESP Policy steps out clear monitoring and reporting requirements for buyers, suppliers and whole of government reporting. By requiring suppliers to provide data directly to buyers, using metrics from the ESP Policy Reporting Framework (specified by buyers as part of the SESP), the Australian government can obtain data to measure the ESG Policy's effectiveness. Templates and user guides are provided to streamline data collection and reporting. 	<ul style="list-style-type: none"> ■ Limited checks and balances on ESP policy requirements for suppliers and procuring entities. While preparing and reporting against the SESP is mandatory and the procuring agency is responsible for providing assurance reports, the policy does not include provisions for independent compliance checks. Compliance checks for procuring entities are also lacking. ■ Lack of reporting requirements related to the level of institutionalisation of the ESG Policy. The policy's Key Performance Indicators are only focused on ESP outputs and outcomes. There are no reporting requirement for procuring entities focused on the level of institutionalisation of the ESG policy, such as existence of SPP plans, procedures, number of SPP-trained staff. ■ Recent and staged approach to implementation means impact cannot be measured yet.

and contract clauses, to ensure their approach to market processes and contracts meet the ESP Policy requirements. Entities can modify these clauses to ensure consistency with their existing approach to market and contract documentation, providing ESG Policy requirements are met.

- **Templates and associated user manuals**: An ESP Policy Reporting Tool template and Supplier Environmental Sustainability Plan (SESP) templates streamline the data collection and reporting. **Appendix A** includes further examples on tools supporting SPP implementation.

OUTLOOK

The ESG Policy's scope of targeted spend categories will increase over time. From 1 July 2025, the scope will be expanded from construction services procurement to include procurement for ICT goods, textiles, furniture, fittings and equipment of at least \$1 million (including GST).

Future iterations of the ESP Policy will include targets for environmental metrics. Aggregate data from metrics reported against the ESG Policy Reporting Framework will be used to establish a baseline for environmentally sustainable Australian public procurement. This baseline will then be used to establish targets to be included in future iterations of the ESG Policy⁶¹.

⁵⁹ (DCCEEW 2024)

⁶⁰ (DCCEEW 2024)

⁶¹ (DCCEEW 2024)

2.2.3 Deep dive: Victoria’s Social Procurement Framework

Title	Victoria’s Social Procurement Framework
Document type	Framework with associated policies, legislations and initiatives ⁶²
Annual spend	Estimated AUD 49.1 million ⁶³
Population	6.77 million (2023)
Alignment with SA outcome areas	<ul style="list-style-type: none"> ■ Emissions reduction ■ Climate adaptation

Victoria’s Social Procurement Framework was established in 2018 and governs how the Victorian Government procures goods, services and construction. Its primary focus is on social outcomes but also includes environmentally sustainable procurement objectives.

These objectives are focused on positive environmental outcomes as well as achieving Climate Change Policy objectives, with the three objectives being:

- **Environmentally sustainable outputs** – including project-specific requirements to use sustainable resources, and manage waste and pollution
- **Environmentally sustainable business practices** by suppliers
- **Implementation of the Climate Change Policy objectives** - including procurements requirements targeted towards greenhouse gas emissions minimisation and climate change resilience.

The framework sets out recommended actions for government buyers to implement these objectives, depending on procurement contract value.⁶⁴

As an example, individual procurement activities valued at or above AUD 20 million (exclusive of GST) requires government buyers to ensure suppliers achieve greenhouse gas emissions / climate change resilient outcomes. The model approach to delivering this outcome involves two components:

- Requiring suppliers to commit to achieving specific rating level(s) within nominated industry rating system(s) for design, delivery and operational phases of a project (for example, the Infrastructure Sustainability Council of Australia and Green Building Council of Australia Frameworks)
- Requiring suppliers to commit to developing, implementing and reporting against an Environmental Management Plan to identify and manage risks to achieving and maintaining the specific rating level(s) through the design, delivery and operational phases of a project.

This model approach is designed to be scalable and flexible, to ensure that it remains appropriate for and proportionate to the value, scope, objectives and context of the project.

For lower value procurements, government buyers are recommended to ask suppliers to demonstrate environmentally sustainable business practices in the form of weighted framework criteria. For middle and upper value procurements, government buyers are recommended to include procurement requirements such as recycled content, waste management and energy consumption as well as requirements on greenhouse gas emissions and climate change resilience for procurements that include a design component.⁶⁵

⁶² (Buying for Victoria 2023)

⁶³ During the 2022–23 financial year, the Victorian government spent \$27.3 billion on goods and services and \$21.8 billion on public construction and infrastructure (Department of Treasury and Finance 2023)

⁶⁴ In Victoria’s Social Procurement Framework, procurements are classified as being within the ‘Lower band’ for regional procurements from \$1-\$20 million and metro and state-wide procurements from \$3-\$20 million; within the ‘Middle band’ if valued \$20-50\$ million; and within the ‘Upper band’ if valued over \$50 million.

⁶⁵ (Victoria State Government 2018)

2.3 Global scan

An initial global scan of leading SPP implementation was conducted, identifying examples from 16 separate jurisdictions of relevance to the South Australian Government context. We completed a high-level assessment of their SPP policies, programs or plans, including analysis of relevant systems and processes in accordance with the selection criteria.

Methodology

The global scan policies were identified according to the following four agreed selection criteria:

- **Policy** – the level of integration of sustainability into procurement policy and strategy
Case studies meet at least one of the South Australian Government outcome areas (Circular economy transition, Climate risk management, Climate adaptation, Greenhouse gas emissions reduction).
- **People and Systems** – the level of organisation of the procurement function towards sustainability
Case studies are adopted and enacted, examine multiple horizons of implementation (e.g. 2 years, 5 years, 10+ years) and showcase monitoring, evaluation and reporting methods (where possible).
- **Process** – the level of integration of sustainability in the procurement process
Case studies collectively examine voluntary versus mandatory approaches and examine procurement guidelines across different scales. Case studies may specify product level criteria but must consider environmental impact.
- **Accountability** – the level of accountability, integrity, and transparency of the procurement system
Case studies provide detail on the governance structure of the policy, including how the policy is enacted, and the authorities, accountabilities and responsibilities of entities subject to the policy.

The criteria were designed to identify existing SPP initiatives of most relevance to the South Australian Government context and identified environmental outcome areas, while maintaining alignment with UNEP’s Index Calculation Methodology, ISO20400 and the Methodology for Assessing Procurement Systems (MAPS), as shown in Figure 2-4.⁶⁶

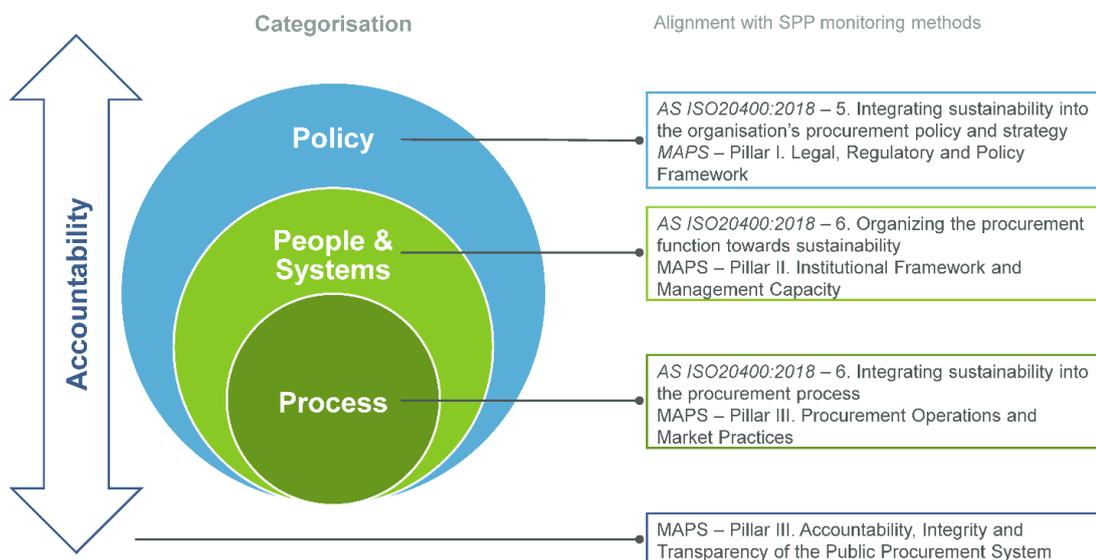


Figure 2-4 Case study criteria, showing alignment with best practice sustainable procurement guidelines and assessment methodologies

⁶⁶ (MAPS 2022)

Case studies were identified as having product or service level criteria if:

- the policy targets a specific procurement category, product or service (such as Recycled First)
- products and services with environmentally friendly labels or certifications are required to be purchased over non-certified products and services (such as the German Sustainability Strategy, 2016)
- the policy is supported by additional tools like online data bases that provide product and service specific criteria for buyers to use when creating tender documents (such as SPP criteria Tool in the Netherlands).

The global scan mapped how the policies relate to the three South Australian Government outcome areas (circular economy, climate adaptation and management, and emissions reduction) and their actions across each of the four criteria (policy, people and systems, process, accountability).

The global scan revealed the following trends:

- More recently adopted plans and programs are typically voluntary. Those that have been adopted for longer (5+ years) often become mandatory, in the form of policy. This staged approach provides a transition period enabling capability building and implementation of supportive resources and tools.
- Half have a monitoring method. All of these map to circular economy and/or emissions reduction outcome areas, where indicators and metrics like landfill diversion, purchase of recycled materials, energy efficiency or emissions reduction are easier to outline and report against.
- Almost two-thirds have a product/service level focus. These criteria often target ‘quick wins’ and are focused on products that people use every day – for example ICT equipment, vehicles, cleaning products and office supplies – rather than those with the greatest potential environmental impact. Three of the four case studies (see Section 2.4) have a product level focus, as well as Austria, Germany, Japan, Massachusetts, Queensland and Korea. Construction services and materials are the specific focus of Victoria’s *Recycled First Policy* (see 2.4.4). Among the global scan, the Dutch National Plan does not have a stated product/service focus. However, its central procurement knowledge hub provides an extensive online database of SPP product/service criteria (see Section 0, Figure 2-6). These policies/plans all relate to circular economy and/or emissions reduction outcome areas, at a minimum.
- Climate adaptation is an outcome area only in Vienna’s *ÖkoKauf Wien - Programme for Sustainable Public Procurement* (Section 2.4.3). This program does not reference climate adaptation explicitly, instead providing recommended considerations relating the procurement of organic food, green and open spaces, horticulture products, and flora and fauna protections. Its impact report links the procurement of organic food to improved biodiversity outcomes.⁶⁷

2.4 Case studies

From the global scan, four jurisdictions were selected for in-depth case study analysis, based on their relevance to the South Australian Government context and applicability of lessons learnt. This section details governance, monitoring and reporting, supporting tools, achievements, and key lessons for each case study. Overarching themes and identified drivers for success in SPP implementation are summarised in Section 3.

The selected case studies provide a well-rounded view of pathways to SPP implementation, highlighting a variety of options available and strengths and weaknesses intrinsic to each. Collectively, they showcase different horizons of implementation, monitoring methods, and implementation practices.

Equipped with this knowledge, the South Australian Government can integrate these lessons into the development of its own SPP policy or program.

⁶⁷ (City of Vienna 2024)

Table 2-2 Global scan and focus ESP/SPP case studies

Jurisdiction <i>Government level</i>	Name of document(s) / program	Instrument type	People and Systems		Process		Outcome area		
			Years since implementation	Monitoring methods	Voluntary v mandatory	Product / service level focus	Circular economy	Climate adaptation and risk management	Emissions reduction
Case studies									
Netherlands <i>Federal</i>	Action Plan for Responsible and Sustainable Procurement by governments 2015-2020 Commissioning with ambition, procuring with impact: National Plan on Sustainable Public Procurement for 2021 – 2025	Plan	9+	✓	Voluntary	×			
Berlin, Germany <i>City state</i>	Administrative Regulation on Procurement and Environment	Primary legislation	10+	✓	Mandatory	✓ 68			
City of Vienna, Austria <i>City state</i>	ÖkoKauf Wien - Programme for Sustainable Public Procurement	Program	20+	✓	Mandatory*	✓			
Victoria, Australia <i>State</i>	Recycled First, 2020	Delegated legislation	3+	✓	Mandatory	✓			
Global scan									
Austria <i>Federal</i>	Federal Procurement Act 2018 (BVerG 2018)	Primary legislation	5+	×	Mandatory	×			
Denmark <i>Federal</i>	A Strategy for Circular Economy, 2018	Strategy	5+	×	Voluntary	×			
European Union <i>Federal</i>	EU Directives	Delegated legislation	5+	×	Voluntary	×			
Germany <i>Federal</i>	The German Sustainability Strategy, 2016	Strategy	7+	×	Mandatory	✓ 69			
Japan <i>Federal</i>	'Act on Promotion of Procurement of Eco-Friendly Goods and Services by the State and Other Entities' of 'Act on Promoting Green Procurement' (Gurion Kounyuu Hou), 2001	Primary legislation	20+	×	Mandatory for national, voluntary for regional & local	✓ 70			
Massachusetts, USA <i>Federal</i>	Executive Order 515 - Establishing an Environmental Purchasing Policy, 2009	Primary legislation	15+	✓	Mandatory	×			
	Environmentally Preferable Products (EPP) Procurement Program	Program	15+	✓	Mandatory	✓ 71			
Norway <i>Federal</i>	Public Procurement Legislation Revision, 2016-17	Primary legislation	7+	×	Mandatory	×			
Queensland, Australia <i>State</i>	Queensland Procurement Policy, 2023	Delegated legislation	New	✓	Mandatory	✓ 72			
Republic of Korea <i>Federal</i>	2005 Act on the Promotion of Purchase of Green Products	Primary legislation	15+	✓	Mandatory	✓ 73			
Toronto, Canada <i>Local</i>	Circular Procurement Implementation Plan and Framework, 2018	Plan	5+	✓	Voluntary	×			
United States <i>Federal</i>	Environmentally Preferable Purchasing (EPP) program	Program	2+	×	Voluntary	×			
Western Australia, Australia <i>State</i>	The Western Australian Social Procurement Framework, 2022	Framework	New	×	Mandatory	×			

⁶⁸ See Table 3.4 for information on products and/or services considered policies and programs in Berlin, Vienna and Victoria.

⁶⁹ Product categories include cleaning products, textiles, ITC, Construction products, Heating, office supplies, and vehicles. Services include, pest control, products made from recycled plastics, returnable bottles, reusable systems for food and beverage take out, and waste bins. (Blue Angel n.d.).

⁷⁰ The Japanese government identifies 282 Designated Procurement Items in 22 fields. Focus products are office supplies, ICT, textiles, and construction materials. Services like environmental conservation, pest control, cleaning services, and landscape services are also covered. (EU-Japan Centre 2024).

⁷¹ Massachusetts State government's Environmentally Preferable Products (EPP) Procurement Program (under Executive Order 515) establishes specifications for sustainable and climate preferable products and services in Statewide contracts. Categories include cleaning products, clothing, computers, vehicles, fertilisers, building materials, recycling contracts and engineering services. (Commonwealth of Massachusetts 2024).

⁷² Outlined in the Procurement Policy, the Queensland Government aims to create an emissions baseline set for each priority category by 2024 to reduce CO₂ emissions from priority procurement activities. This target has not yet been updated (Queensland Government 2023).

⁷³ Korea's online 'green procurement information system' facilitates implementation and data reporting, providing product specific information to support the Act on Promotion of Purchase of Green Products. The Act promotes purchase of green (eco-labelled and recycled) products. Product categories include office equipment, consumables (cleaning products), electronics, furniture and building construction materials. (UNEP 2019).

2.4.1 The Netherlands

Title	Commissioning with ambition, procuring with impact: National Plan on Sustainable Public Procurement for 2021 – 2025 (National Plan)
Document type	Voluntary national plan
Annual spend	€85 billion
Population	17.70 million
Alignment with SA outcome areas	<ul style="list-style-type: none"> ■ Circular economy ■ Emissions reduction

Introduced in January 2021, the Government of the Netherlands' voluntary **National Plan** aims to increase the application of sustainable public procurement in government agencies at all levels, covering central government, provinces and municipalities and water authorities. It encompasses social and environmental goals and seeks to create market demand for sustainable products and services while boosting supplier innovation. It works in tandem with the central government's procurement strategy, 'Procurement with Impact' (see **Governance**, p. 28), guiding more than €10 billion in annual government procurement expenditure to accelerate the transition towards a more equitable and lower carbon future. It seeks to achieve the following environmental aims:⁷⁴

- Climate: be climate-neutral by 2030
- Circularity: a 50% reduction of the use of primary raw materials by 2030 and full circularity by 2050
- Innovation: stimulate innovation, for instance by acting as a launching customer.

The National Plan builds on the *Action Plan for Responsible and Sustainable Procurement by governments 2015-2020* (2015-2020 Action Plan), which established key voluntary sustainable procurement initiatives:

- An online sustainable public procurement knowledge hub with tools and databases run by PIANOo, the national public procurement expertise centre.
- A publicly available SPP criteria tool (see TOOLS SUPPORTING SPP IMPLEMENTATION, p.29) which provides procurers with criteria to incorporate into procurement documents.
- An SPP self-evaluation tool which provides governmental authorities insights into their own procurement performance and progress towards sustainable public procurement.
- The voluntary Sustainable Procurement Manifesto 2016 – 2020 (SPP Manifesto), which was endorsed by more than 170 signatories, from across Netherlands' central, provincial and municipal government agencies and water authorities.⁷⁵

An independent evaluation of the 2015 – 2020 Action Plan was conducted in a 2020 survey and identified **four areas of improvement** needed to increase the uptake of SPP and align with government ambitions. Key findings from the 92 responding contracting authorities include:

- Sustainable award criteria were applied in 32% of tenders in 2019 compared to 22% in 2015. This figure includes contracting authorities that are signatories of the SPP manifesto, which requires the application of sustainable award criteria for signatories and contracting authorities that have not signed the manifesto, which does not require the use of sustainable criteria.
- SPP was discussed in an average of 46% of market consultations in 2019, up from 18% in 2015.
- Minimum sustainability requirements were used in 13.2% of public construction tenders in 2018, compared to 10.7% in 2017.
- In 2020, the most common themes for sustainable procurement focus were social return, circular economy, and environmentally friendly products.⁷⁶

⁷⁴ These represent three of five aims, the others relating to social return and international social conditions, p.21. (Dutch Ministry of Infrastructure and Water Management 2021)

⁷⁵ (Dutch Ministry of Infrastructure and Water Management 2021)

⁷⁶ (CE Delft 2020)

While these figures demonstrate an increase in SPP consideration since the implementation of the first plan, use of SPP criteria is still limited and there is not yet an indication of the impact on availability of sustainable products or services, or the environment.

From here, the case study focuses on the new National Plan. Key tools set up to support 2015-2020 Action Plan have been continued and improved.

The evaluation informed the new National Plan, with four areas of improvement (referred to as 'main outlines'):

1. **Broad embedding of SPP within the organisation:** The responsibility to achieve the procurement goals must be shifted from buyers to suppliers, and these goals must be structured within organisational policies. This can be achieved through knowledge sharing, clear KPIs, and accountability.
2. **Strategic commitment to sectors:** To have impact, the government needs to make commitments to industry sectors (or product categories) that have either great opportunities for improvement, have major risks in the value chain, or can have a major impact on the policy 'lines of action' (Figure 2-5).
3. **Increasing commitment:** Shifting the market through government spend requires consistent messaging. By ensuring agencies commitment to sustainable procurement, as signatories of the Sustainable Procurement Manifesto, done through the SPP Manifesto, market signals gain clarity.
4. **Integrated approach to SPP:** The buyer and supplier determines which procurement themes are the most important together. Sometimes the themes support one another, but they can also clash. To deal with this effectively, the sustainable procurement policy should be supported by the entire organisation.⁷⁷

Figure 2-5 shows how these are underpinned by seven lines of actions (described in **Appendix C**).⁷⁸

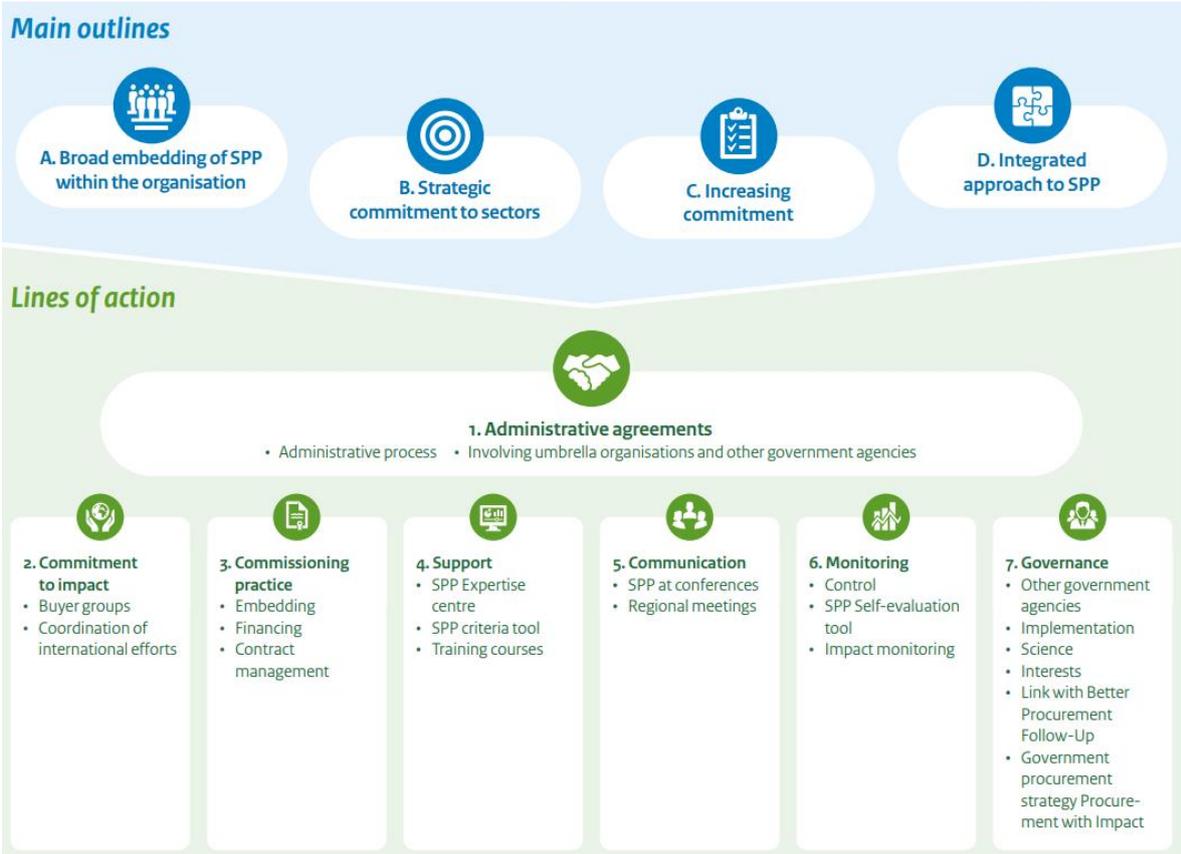


Figure 2-5 Snapshot of main outlines and lines of action from the *National Plan on Sustainable Public Procurement for 2021-2025*⁸⁰

⁷⁷ (Dutch Ministry of Infrastructure and Water Management 2021)

⁷⁸ (Dutch Ministry of Infrastructure and Water Management 2021)

How it works

GOVERNANCE

In the Netherlands, public spending is governed by the 2016 *Public Procurement Act* (The Act). The Act implements the latest EU procurement directives⁷⁹ and applies to all government procurement contracts in the Netherlands.⁸⁰ It does not incorporate environmental or sustainable requirements but provides the legal basis for agencies to include SPP criteria in procurements.

The National Government takes a whole of government approach to enacting sustainable public procurement. The National Plan is a joint publication of six Dutch ministries,⁸¹ and is owned and coordinated by the Ministry of Infrastructure and Water Management. The plan voluntarily applies to all ministries – central, provincial and municipal – and water authorities.⁸²

Agencies commit to action by becoming signatories of the SPP Manifesto. In the National Plan, participating agencies must develop Administrative Agreements between themselves and the central government (See Figure 2-5, Line of action 1). Under these agreements, agencies must map their environmental footprint to determine opportunities and set goals aligned with central social and environmental targets.

In 2016, the central government signed the manifesto. This committed all central government ministries to developing ministry-specific sustainable procurement agreements. The 'Procurement for Impact' strategy adds additional requirements to central government ministries. For tenders of specified product groups⁸³, central ministries must:

- apply basic level sustainable procurement criteria
- apply significant or ambitious sustainable procurement criteria to 50% of tenders
- weight 50% of award criteria to 'impact on society'.⁸⁴

MONITORING AND REPORTING

The National Plan aims to increase the application of SPP through mandatory monitoring and reporting. Its first action aims to strengthen the commitment to SPP by implementing mandatory agreements under a revised SPP Manifesto, first

introduced in the previous Action Plan. While participation in the new SPP Manifesto is still voluntary, it is now coupled with mandatory reporting for signatories, which was missing from the 2015 – 2020 SPP Manifesto.⁸⁵

Once the Manifesto is signed, signatories are required to establish goals that support the six themes for Responsible Procurement that align with the UN Sustainable Development Goals:

1. Environment and biodiversity
2. Climate
3. Circular economy
4. Supply chain responsibility
5. Diversity and inclusion
6. Social return.

A web-based tool, PIANOo, supports departments by providing a step-by-step process to create achievable goals along with providing external sources such as the ISO2400 web tool.⁸⁶ In addition, signatories must commit and report on policy objectives, including explaining if their goals were not achieved (labelled 'comply or explain'). This change aims to increase commitment to sustainable purchasing, while allowing for agency-level flexibility and customisation.⁸⁷

The National Plan also outlines the key role for the central government in ensuring a harmonised approach to measuring and reporting. While each agency is responsible for establishing monitoring systems with suppliers (such as through KPIs in contracts), the central government recognises its role in collating and reporting on the overall impact of the National Plan and is responsible for:

- Aggregating annual reports from individual agencies as summary report and letter to parliament, providing insights into the effect of SPP at a national level.
- Providing direction on key performance indicators that vary by sector and are updated annually, including linkages to SPP ambitions, to realise a nation-wide approach to tracking quantity and impact of purchases.
- Information management, including defining an approach to impact monitoring and enabling the centralisation of reporting and standard contract requests.
- Reporting national successes and lessons learnt to the European Union.⁸⁸

⁷⁹ (Directives 2014/24/EU, 2014/23/EU, and 2014/25/EU)

⁸⁰ (PIANOo 2023)

⁸¹ (Dutch Ministry of Infrastructure and Water Management 2021)

⁸² (Dutch Ministry of Infrastructure and Water Management 2021)

⁸³ The [MVI criteria tool](#) establishes criteria across the following product categories: ICT (5); Civil engineering (18); Energy (2); Office facilities and services (10); Office buildings (7); Transport and logistics (5).

⁸⁴ (Dutch Ministry of the Interior and Kingdom Relations 2019)

⁸⁵ (Dutch Ministry of Infrastructure and Water Management 2021)

⁸⁶ (PIANOo 2023)

⁸⁷ (Dutch Ministry of Infrastructure and Water Management 2021)

⁸⁸ (Dutch Ministry of Infrastructure and Water Management 2021)

TOOLS SUPPORTING SPP IMPLEMENTATION

The National Plan actions focus on expanding and improving key initiatives introduced previously, including the SPP Manifesto, the PIANOo centre of expertise, the SPP self-evaluation tool and the SPP criteria tool. The fourth line of action aims to maintain and improve the PIANOo expertise centre and the SPP criteria tool to support the application of SPP in organisations and build knowledge and expertise.

PIANOo is an online public procurement expertise centre that provides guidance, knowledge, examples, and practical tools, including the SPP self-evaluation tool and the SPP criteria tool. The SPP self-evaluation tool was developed by PIANOo to provide governmental agencies insight into how sustainable their current procurement processes are compared to other agencies and past performance. The process requires the user to identify their organisation's ambitions for the six themes for Socially Responsible Procurement. The website allows users to upload their recent tender document to be assessed on their progress towards their six themes and relevant ambitions. The website also provides an excel sheet for users to track and report on data, progress on any identified criteria and Spend Impact Analysis.⁸⁹

The [SPP criteria tool](#) provides up-to-date award criteria for 47 product categories, that buyers can download and incorporate directly into procurement documents.

The simple tool makes it easy to search for specific products or outcome areas. It is updated annually and allows users to select criteria at three different ambition levels:

- **Level 1 Basic** sets uniform requirements for standard procurements, often framed around the exclusion of unsustainable options (required for all central agencies)
- **Level 2 Significant** sets more stringent requirements and award criteria in line with policy ambitions
- **Level 3 Ambitious** sets functional and experimental criteria to prompt innovations from suppliers.

The ambition levels determine the amount of impact, and the amount of involvement needed for all stakeholders.⁹⁰ Each product category has different criteria and can include recycled content, low emission products, energy efficient products, water efficient products, repairability (and more). Figure 2-6 showcases an example of criteria options for furniture packaging at all levels and an example of the in-depth details provided for all criteria. **Appendix B** includes further examples of these criteria.

What the National Plan has achieved

There is currently little evidence of the outcomes of the National Plan as it was only implemented in 2021. Evaluation of the previous Action Plan highlighted strengths and limitations which the National Plan aimed to build upon.

The screenshot shows the SPP Criteria Tool interface for 'Office furniture: Packaging'. It displays four criteria cards:

- MINIMUM REQUIREMENT Basic:** Secondary/tertiary packaging made from recycled material.
- MINIMUM REQUIREMENT Basic:** Mandatory explanation of choice of packaging according to the Essential Requirements.
- AWARD CRITERION Significant:** The possibility of reusability and recycling of packaging is rated higher.
- AWARD CRITERION Ambitious:** Collection and recycling of packaging is rated higher.

The Ambitious level card is expanded to show detailed requirements:

The tenderer must state:

- what percentage of packaging supplied by him is collected/taken away;
- what percentage of packaging supplied by him is reused;
- what percentage of packaging supplied by him is recycled;
- how used packaging is processed in the waste phase;
- in the case of reuse: what system is in operation to reuse the packaging (e.g. a pooling system or deposit system);
- in the case of recycling: which recycler recycles this material.

The better the tenderer takes care of the collection and recycling of the packaging supplied by him, the higher this part of the tender will be rated.

Definition of recycled material: material obtained by reprocessing waste material. This can be a waste stream in a production process (Pre-consumer phase) or originating from products that have already fulfilled a previous functional use, such as consumer waste (Post-consumer phase). The material can be derived from products similar to or different from the target product. A characteristic of recycling is that the material is separated into the purest possible form of a raw material and re-introduced at the start of a production process. Prior to the recycling process, it is usually not known which end product the material will end up in. Typically, a treatment is required to be able to reuse the materials in the original or another application.

Figure 2-6 Examples of sustainable criteria for furniture packaging from the SPP Criteria Tool

⁸⁹ (Government of Netherlands n.d.). The SPP self-evaluation tool is only accessible for government employees and therefore, further analysis cannot be conducted.

⁹⁰ (Government of the Netherlands 2023)

Key lessons

Strengths	Limitations
<ul style="list-style-type: none">▪ Enables a whole-of-government approach. The National Plan is a collaboration of six ministries, which have together created a SPP plan aligned with ambitions across government. This unified approach creates confidence in stable demand for sustainable products and services, empowering businesses and industry to change.▪ Significant investment in online tools and resources means ministries have consistent and easy-to-access information at their fingertips.▪ Criteria tool enables specific and consistent signal to market. With 'Basic' requirements applied across a growing number of product groups, this can achieve market change.▪ Targeted policy improvements based on third-party evaluation. The Netherlands sought independent advice and feedback on the successes and limitations of the 2015-2020 Action Plan and implemented recommendations in the National Plan.	<ul style="list-style-type: none">▪ Impact monitoring is complex and can require additional resources (knowledge and/or personnel). Much of this information is held by the central government. Lack of transparency in SPP outcomes can result in distrust at the ministry or market level.

2.4.2 Berlin, Germany

Title	Administrative Regulation on Procurement and Environment (Administrative Regulation)
Document type	Primary legislation
Annual spend	€5 billion
Population	3,576,873 (2024)
Alignment with SA outcome areas	<ul style="list-style-type: none"> ■ Circular economy ■ Emissions reduction

Introduced in 2013, Berlin's mandatory Administrative Regulation aims to achieve the state administration's economic and ecological goals through environmentally friendly procurement.⁹¹

The Administrative Regulation establishes purchase restrictions, specifications for tender evaluations, and provides guidelines on calculating life cycle costs (defined as including costs for acquisition, construction, operation, usage, disposal or recycling and the costs of external effects of emissions) for electric appliances, vehicles, and buildings. It is binding for construction contracts valued over €50,000 (around AUD83,500) and supply and service contracts valued over €10,000 (around AUD16,700).⁹²

How it works

GOVERNANCE

The Administrative Regulation applies to all direct state administrators within Berlin's federal state government and to the 12 district governments of Berlin and their contracts for supply, construction, and services administered by a contracting authority.⁹³

The Administrative Regulation is governed by Article 7 of the Berlin Tender and Public Procurement Act, requiring contracting authorities to consider life cycle costs and environmental criteria in public procurement contracts, and regulating the application of environmental criteria in procurements.⁹⁴

Environmental criteria must be included in the task or service description on tenders and can consider any of the following:⁹⁵

- material composition of products
- properties of products or services including service life, emissions, useability, and life cycle costs
- description of how the product is produced, including the use of renewable energies or sustainable management
- compliance with the waste disposal hierarchy.

Suppliers must provide evidence to support they meet the required environmental criteria to be awarded the contract. Examples of evidence include reference to a quality mark such as an eco-label, or certification documents from recognised bodies that show equivalent evidence of meeting the environmental criteria.⁹⁶

Within construction and service contracts, suppliers must ensure that all negative environmental impacts caused by the manufacture, use or disposal of a product or the performance of the service are avoided as best as possible. Contracting authorities assess offers based on value for money, which must consider the full lifecycle cost of the product or service.⁹⁷

⁹¹ (C40 Cities 2016)

⁹² (The Federal Government of Berlin 2023)

⁹³ (The Federal Government of Berlin 2023); Berlin's central government relation to the federal government is comparable to SA State Government's relation to the Australian Federal Government and Berlin's district governments are comparable to city councils in Australia.

⁹⁴ § 7 of the *Berlin Tendering and Awarding Act (BerlAVG)* (The Federal Government of Berlin 2023)

⁹⁵ § 2 art. 10.3 of the *Administrative Regulation Procurement and Environment (VwVBU)* (The Federal Government of Berlin 2023). The Administrative Regulations publishes specific minimum environmental criteria requirements for 36 product/service groups (Senate Department

for the Environment, Transport and Climate Protection n.d.). More details in section 3.2.

⁹⁶ For instance, within construction, for procurement of construction services of public buildings, a minimum 'silver' rating requirement under the German building rating system BNB is set; within Furniture, Fitting and Equipment, wooden tables must be certified by the 'Blue Angel' scheme (Senate Department for the Environment, Transport and Climate Protection n.d.). [Note that product/service specific criteria are provided in German only and these two examples were translated for illustrative purposes – translation of all 36 data sheets containing environmental criteria falls outside the scope of this project.]

⁹⁷ § 2 of the *Administrative Regulation Procurement and Environment (VwVBU)* (The Federal Government of Berlin 2023)

MONITORING AND REPORTING

Once contracts are awarded, suppliers must submit evidence on how the environmental criteria specified by the procuring agency within the tender are being met by the supplier.⁹⁸ To ensure compliance, the submitted evidence is examined by the procuring agency. The process to examine and verify that the environmental requirements are met by the supplier is outlined in the contracts and agreed upon by both the contracting authority and the supplier.⁹⁹

TOOLS SUPPORTING ESP IMPLEMENTATION

The Administrative Regulation provides life cycle calculation tools, product/service-specific data sheets including environmental criteria, a procurement needs assessment template and tender evaluation guidance:

- Specific **life cycle calculation tools** are provided to determine the life cycle costs of road vehicles, data centres, elevators, and electric powered equipment to ensure that lifecycle calculations are conducted correctly.¹⁰⁰
- **Data sheets including product/service-specific environmental criteria** are published for 36 product/service groups and include environmental criteria (such as energy efficiency requirements or limited CO₂ emissions), life cycle calculations needed (if applicable), and specific award criteria for the procurement of that good or service.¹⁰¹
- A **needs assessment template** is provided asking buyers to document preliminary

Key lessons

Strengths	Limitations
<ul style="list-style-type: none"> ■ Mandatory environmental criteria tender requirements. Requiring procuring agencies to include environmental criteria in their tenders drives higher environmental performance of suppliers. It reduces GHG emissions, cuts procurement costs, and encourages innovation of sustainable alternatives.¹⁰⁷ ■ Required supplier compliance. Requiring service providers to comply and meet the environmental performance criteria specified in the tender may encourage innovation of sustainable alternatives and ensure that sustainable procurement is driven by the market. 	<ul style="list-style-type: none"> ■ Limited checks and balances on ESP requirements. While the state administrator responsible for the procurement contract must verify supplier compliance with environmental criteria, there is no independent body or authority to ensure state administrators carry out these compliance checks. ■ Limited monitoring and reporting. The Administrative Regulation does not set out clear monitoring and reporting guidelines to track ESP effectiveness. Environmental sustainability benefits were estimated in the 2015 study, but outcomes are not measured on a regular basis. ESP institutionalisation across Berlin's government and ESP outputs, is also not measured and reported.

⁹⁸ §3 art. 12.5 of the *Administrative Regulation Procurement and Environment (VwVBU)* (The Federal Government of Berlin 2023)

⁹⁹ §3 art. 12.5 of the *Administrative Regulation Procurement and Environment (VwVBU)* (The Federal Government of Berlin 2023)

¹⁰⁰ Tools are included in Appendix 2-6 of the Administrative Regulation (State of Berlin 2024)

¹⁰¹ Data sheets are included in Appendix 1 of the Administrative Regulation (State of Berlin 2024)

¹⁰² §1 art. 6 of the *Administrative Regulation Procurement and Environment (VwVBU)* (The Federal Government of Berlin 2023)

considerations prior to contracting. These considerations need to be supported by a qualified environmental and energy advisor.¹⁰² The needs assessment must consider:

- alternative service options, technical concepts or products
- innovative solutions
- the continued use of existing products.¹⁰³

- **Guidance for tender evaluation** is included in the Administrative Regulations. Of the tenders that meet the environmental criteria, the contract must be awarded to the most economical offer (as defined by the state agency awarding the contract).¹⁰⁴

What the Administrative Regulation has achieved

In 2015, the Berlin State Administration commissioned a **study** that examined the cost and ecological impacts of sustainable procurement of 15 relevant product groups.¹⁰⁵ For two-thirds of the studied product groups, the environmentally friendly procurement options were also more cost effective.

The study also found that requiring environmental protection requirements into procurement can reduce greenhouse gas emissions in Berlin by 47% compared to conventional procurement. Choosing sustainable alternatives for 10 out of 15 product groups was estimated to cut costs by €38 million per year (around AUD63.5 million).¹⁰⁶ An updated impact study has not been conducted.

¹⁰³ §1 art. 6 of the *Administrative Regulation Procurement and Environment (VwVBU)* (The Federal Government of Berlin 2023)

¹⁰⁴ §2 art. 11 of the *Administrative Regulation Procurement and Environment (VwVBU)* (The Federal Government of Berlin 2023)

¹⁰⁵ Computers, multifunctional devices, copy paper, refrigerators and freezers, dishwashers, office lighting, textiles, cleaning supplies, buildings, floor coverings, electrical power, street lighting, commercial waste, cars and construction machinery.

¹⁰⁶ (Oeko-Institut 2015)

¹⁰⁷ (Oeko-Institut 2015)

2.4.3 City of Vienna, Austria

Title	The Programme for Sustainable Public Procurement (ÖkoKauf / The Programme) ¹⁰⁸
Document type	Mandated programme
Annual spend	€5 billion
Population	1.97 million (2022)
Alignment with SA outcome areas	<ul style="list-style-type: none"> ▪ Circular economy ▪ Climate adaptation and risk management ▪ GHG emissions reduction

ÖkoKauf was initiated by the City of Vienna as part of their Environmental Protection Department in 1998 to support the procurement of environmentally friendly products and services. The programme was extended in 2009 to drive the reduction of greenhouse gas emissions in the City of Vienna.

ÖkoKauf aims to increase the City administration's sustainable procurement practices, while respecting legal requirements and achieving value for money.

The Programme has developed eco-friendly procurement criteria that feed into the technical specifications of products and services across seven categories (paper and printing, electricity and electronic devices, construction, food, events, textiles, and furniture). Procurement criteria are designed along the following principles:¹⁰⁹

- conservation of natural resources
- ecological production
- energy efficiency
- reparability
- avoidance of emissions
- avoidance of hazardous and toxic materials.

The eco-friendly procurement requirements established by ÖkoKauf are cross checked to ensure legal compliance and are published publicly.¹¹⁰

How it works

GOVERNANCE

The Programme has applied to all city agencies within the municipal government and to all products and services procured since 2003. All municipal procurement processes must apply relevant eco-friendly criteria.¹¹¹

ÖkoKauf is operated by a leader and two deputies with support from a steering committee that is made of internal stakeholders. The Programme is also supported by several product-specific focus groups made up of employees from all divisions of the city's administration for textiles, cleaning products, vehicle fleet, electrical equipment and office supplies and office furniture.¹¹²

MONITORING AND REPORTING

There are currently no monitoring and reporting requirements within the Programme. The 2014 Impact Analysis included recommendations to include mandatory reporting requirements, but this has not yet been enacted and there has not been an updated impact analysis published.¹¹³

¹⁰⁸ (OECD 2014)

¹⁰⁹ (The City of Vienna 2023)

¹¹⁰ (City of Vienna 2014)

¹¹¹ The City of Vienna is both a municipality and a provincial state with its own constitution. Provincial (state) affairs and municipal affairs are conducted separately. ÖkoKauf was established by the municipal city council and its recommendations must be considered in municipal procurement processes. While the recommendations can also be adopted by provincial procurement processes, it is not required at this level. (OECD 2014)

¹¹² (City of Vienna 2014)

¹¹³ (OECD 2014)

TOOLS SUPPORTING ESP IMPLEMENTATION

ÖkoKauf supports ESP implementation with **publicly available information** targeted at City employees, private households, and private businesses. The online material raises awareness on the importance of using and buying environmentally friendly products.

ÖkoKauf also provides additional ESP information through two databases:

- The Vienna Disinfectant Database (WIDES) provides guidance on sustainable procurement of disinfectants that align with the legal requirements of occupational safety and environmental protection in healthcare settings.
- The results and criteria database includes position papers, guidelines, and additional research on sustainable procurement for topics including but not limited to civil engineering, food and catering, vehicles, events, building construction, furniture, nanotechnology, and green spaces.¹¹⁴

Key lessons

Strengths	Limitations
<ul style="list-style-type: none"> ■ Definition of eco-friendly procurement criteria by an independent stakeholder group. The procurement criteria for various products and services are established by focus groups that use the best available knowledge to identify ecological performance aspects of products and services. This ensures that criteria are not influenced by the market or the government bodies. 	<ul style="list-style-type: none"> ■ No compliance requirements. The criteria published by ÖkoKauf must be considered by all city agencies when procuring goods or services. This research has been unable to identify programs ensuring compliance by agencies. ■ Limited monitoring and reporting. The ÖkoKauf Programme does not set out clear monitoring and reporting guidelines. The most recent assessment of environmental sustainability benefits was in 2014. ESP institutionalisation (e.g. the number of tenders with ESP criteria) is also not captured.

What ÖkoKauf has achieved

In 2014, an impact analysis was conducted on ÖkoKauf. Since implementation in 1998, the City of Vienna has achieved an estimated annual saving of EUR17 million (around AUD28.5 million).¹¹⁵

By employing the eco-friendly procurement criteria, each year the City of Vienna:

- avoids up to 20,000 tonnes of CO₂ emissions through the procurement of organic food
- avoids more than 4,000kg of harmful solvents
- reduces air pollutants and particulate matter by procuring low-emission government vehicles
- cuts carbon dioxide emissions by 15,000 tonnes.¹¹⁶

An updated study on the impact of ÖkoKauf has not been conducted.

¹¹⁴ (OECD 2014)

¹¹⁵ (OECD 2014)

¹¹⁶ (City of Vienna 2014)

2.4.4 Victoria, Australia (Recycled First Policy)

Title	Recycled First Policy (Recycled First)
Document type	Delegated legislation (a legislation created in relation to an act, e.g. a regulation)
Annual spend	Estimated AUD 32.7 million. ¹¹⁷
Population	6.77 million (2023)
Alignment with SA outcome areas	■ Circular economy

Recycled First was introduced in May 2020 to increase the use of recycled and re-used materials in Victorian transport infrastructure projects under the Department of Transport and Planning, creating a strong market of recycled materials.¹¹⁸ *Recycled First* supports Victoria's ten-year plan, *Recycling Victoria*, to grow domestic recycling capabilities and drive innovation.¹¹⁹

Recycled First is mandatory for all contractors supplying major transport projects (projects \$100 million and above). It encourages innovation in transport infrastructure, helps achieve sustainable outcomes, and provides data on recycled and reused materials to better understand the supply chain, market, and opportunities.¹²⁰

How it works

GOVERNANCE

Delivering agencies like the Major Transport Infrastructure Authority (MTIA) and Suburban Rail Loop Authority (SRLA) are responsible for developing clauses and guidelines and applying the requirements of the policy to all Recycled First Projects.

Recycled First requires that all suppliers must produce a 'Recycled First Plan' and a 'Recycled and Reuse Materials Table' excel sheet as part of tender submissions submitted to MTIA or SRLA on new transport projects. The Recycled First Plan outlines suppliers' strategy and approach to use recycled and reused materials throughout the delivery of the project. The Materials Table records the material volumes of recycled and reused materials the suppliers plan to use which, if the tender is successful, is incorporated as a contractual requirement. If a tenderer believes there are no or limited opportunities for the use of recycled or reused materials in a relevant product,

they are required to submit an explanation of the limiting factors which may include price, availability, durability, or sustainability concerns. Contract awards on Recycle First Projects are determined on a project-by-project basis.

The Recycled First Agency Guidelines give procuring agencies specific instructions for monitoring, compliance and reporting requirements for the *Recycled First Policy*.¹²¹

MONITORING AND REPORTING

Delivering agencies are required to monitor and report the progress of the project during initiation, delivery or commissioning, and completion, and provide all documentation to the Department of Transport (DoT). Suppliers are required to update the Recycled First Plan and the Recycled and Reuse Materials Table upon contract award as well as update the Materials Table monthly, from the start of construction until completion.

Currently, the Recycled First Policy does not require suppliers to set targets for the use of recycled materials. Rather suppliers must demonstrate that they have maximised the use of reused and recycled materials throughout the contract delivery. It is noted that the procuring agency may include material-related targets, as part of the sustainability requirements for the project.¹²²

¹¹⁷ (State of Victoria Department of Transport and Planning 2023). This figure is based on the total budgeted capital in 2023 on transport projects for the Victorian Department of Transport and Planning (DTP).

¹¹⁸ (Victoria State Government 2020)

¹¹⁹ (Victoria's Big Build 2022)

¹²⁰ (Victoria's Big Build 2022)

¹²¹ (Victoria State Government 2020)

¹²² (Victoria State Government 2020)

TOOLS SUPPORTING ESP IMPLEMENTATION

To support implementation of the Policy, the Victorian Government established a specific initiative called ‘ecologiQ’, which provides support through:

- **tools and guidance material**, such as material reference guides, a supplier map and database
- **industry events**, including an annual conference, webinars, networking
- **performance monitoring and reporting**.

The material reference guides are intended for designers, contractors, asset owners and other major groups working on major infrastructure projects. They provide guidance for road and rail projects on the use of recycled materials and their application in line with current standards.¹²³ ecologiQ also provides direct support, hosting information sessions during tenders and working with suppliers and contractors in delivery to overcome barriers for the use of recycled materials and products.

Recycled material	Sources	Processing	General applications
Steel Furnace Slag (aggregate) 	<ul style="list-style-type: none"> By-product of steelmaking – either basic oxygen steel (BOS) slag, or electric arc furnace (EAF) slag 	<ul style="list-style-type: none"> Slag can be produced from either the refining of pig-iron in an oxygen converter or, by melting scrap steel 	<ul style="list-style-type: none"> Drainage blanket Capping layer
Steel 	<ul style="list-style-type: none"> Reclaimed (scrap) steel 	<ul style="list-style-type: none"> Melted in an electric arc furnace (EAF) and cast into sections for rolling into products 	<ul style="list-style-type: none"> Structural steel Reinforcing bars Steel mesh Steel rod Wire
Ballast (Emerging*) 	<ul style="list-style-type: none"> Reused from existing/modified track formation 	<ul style="list-style-type: none"> Remove fines to the extent practical and dispose offsite. If any fines/soil within ballast material, sample to determine if suitable for reuse (including leachability testing) 	<ul style="list-style-type: none"> Reuse in track (temporary and permanent condition currently in trial) Placed as drainage blanket in track formation Maintenance access unbound granular pavements
Plastic (Emerging*) 	<ul style="list-style-type: none"> Commercial, industrial and municipal waste 	<ul style="list-style-type: none"> Sorted into plastic types/categories Shredded and granulated Cleaned/washed Dried, decontaminated and pelletised. Reprocessed/reformed into recycled products 	<ul style="list-style-type: none"> Composite rail sleepers Drainage pipes/pits Service conduits/pits Geosynthetics Fencing Level Crossing Panels Road-Rail Vehicle (RRV) access pads Miscellaneous (signage/sealants etc) <p><small>Several trials incorporating recycled plastics in composite sleepers have commenced under provisional type approval</small></p>

Figure 2-7 Snapshot of recycled material sources and their application use in rail infrastructure from ecologiQ’s *Recycled Materials in Rail Infrastructure Reference Guide – October 2022*.¹²⁴

¹²³ (Victoria State Government 2022)

¹²⁴ (Victoria State Government 2022)

What the Recycled First Policy has achieved

As of 2023, 3.4 million tonnes of recycled/reused material had been committed for use in Recycled First road projects and 0.3 million tonnes in Recycled First rail projects.¹²⁵ The uptake of permitted opportunities to use recycled materials had almost doubled on road projects over three years.

ecologiQ have collected significant amounts of data on quantities of reused and recycled materials as reported in suppliers' monthly reports. It was observed that the quality of data from suppliers is variable and that some projects put more effort into exploring and implementing opportunities than others. To address this, ecologiQ is looking to implementing audits of project data and the Recycled First Plans.¹²⁶

Given the policy's recent implementation, there is no further information regarding the successes or limitations of the policy.

¹²⁵ (Victoria's Big Build 2022)

¹²⁶ Based on personal communication with Louise Barrett, ecologiQ Senior Program Manager, 2023

Key lessons

Strengths	Limitations
<ul style="list-style-type: none"> ▪ Mandatory requirements for uptake of recycled or reused materials increases the use of these materials, encourages the innovation of sustainable alternatives, and reduces GHG emissions. ▪ Compliance checked by the state government. The delivery agencies monitor and report on the implementation to the state government which ensures compliance. ▪ Clear industry-specific reference guides to support designers, contractors, and asset owners. The guides can encourage the use of innovative products and solutions, drive sustainability, and help groups comply to the new requirements. ▪ Targeted action at the department level can shift markets. Focusing on a specific industry or sector (in this case, transport) allows for targeted resources and information to be developed and shared with procurement professionals and practitioners..¹²⁷ 	<ul style="list-style-type: none"> ▪ Variable data quality from suppliers provided to ecologiQ. ecologiQ have observed that the quality of data received from suppliers is variable. Some projects put more effort into exploring and implementing opportunities. To address this, it is looking to implement audits of project data and Recycled First Plans. ▪ Limited outcomes reporting by ecologiQ. While ecologiQ collects significant amounts of data on quantities of reused and recycled materials (as reported in suppliers' monthly reports), it does not conduct meaningful data analysis. This means outcomes are only captured at a basic level and doesn't increase buyer/supplier understanding relating to level of demand compared to level of supply, or new opportunities for material recycling or reuse. ▪ Not a whole of government policy. The <i>Recycled First policy</i> applies only to Victorian transport infrastructure projects and not to all Goods, Services and Construction procurement across the Victorian Government.

2.5 Key themes

Key themes from the review of the SPP adoption globally, including the global scan (Section 2.3) and case studies (Section 2.4), are summarised below.

The high-level global and national scan shows:

- Public procurement is a key driver for sustainable outcomes and green industry stimulation, representing an average of 15% of global GDP.
- Adoption of SPP policies has increased since the ratification of the UN Sustainable Development Goals (SDGs) in 2015. In 2022, 37 national governments had SPP policies in place.
- Government policy commitments, goals, and action plans, especially those with mandatory requirements, are the number one driver of sustainability in government procurement.

The selected case studies (Section 2.4) highlight key success themes detailed in Table 2-3. The themes identified below are best implemented together through a comprehensive ESP program, rather than implemented in isolation. Commonly used mechanisms include model criteria databases, minimum targets/requirements, supplier response schedules and reporting templates (see Table 4-10 for examples).

Table 2-3 Key themes, noting benefits and limitations drawn from case studies

Benefits	Limitations
 <p>Institutionalisation</p> <p>A whole of government approach ensures alignment with overarching government ambitions, and consistent consideration across agencies.</p> <p><i>This approach is successful in the Netherlands and Vienna.</i></p>	<p>Extensive collaboration with internal and external stakeholders is necessary to create buy-in for whole of government frameworks.</p> <p><i>Victoria’s Recycled First Policy applies to only a few agencies, with a view to expand over time.</i></p>
 <p>Mandatory application</p> <p>Mandatory frameworks are more impactful compared to voluntary schemes. Mandatory tender and contract requirements ensure that ESP considerations are implemented.</p> <p><i>Vienna, Berlin and Victoria have mandatory requirements for priority products and services. The Netherlands adopted mandatory reporting after seeing incremental change with voluntary approaches.</i></p>	<p>ESP requirements can increase complexity of procurement processes, requiring extra knowledge and effort from procuring officials and tenderers.</p> <p><i>Clear guidance for procurers and tenderers can mitigate risks associated with introducing ESP, as described below.</i></p>
 <p>Guidance and support</p> <p>Guidance documents and tool can accelerate ESP adoption, including tender guidance, material reference guides, toolkits and information sessions.</p> <p><i>Successful in all case studies to varying degrees.</i></p>	<p>Tool development requires significant upfront investment. Jurisdictions with longer-standing policies have developed these over time.</p> <p><i>Another approach is to focus on one priority market/industry first, as in Victoria.</i></p>
 <p>Monitoring and reporting</p> <p>Transparent ESP monitoring and reporting can be a key driver for ESP outcomes. A regular cadence of monitoring and publicly available reporting can drive transparent ESP outcomes, building an evidence-base for further action.</p> <p><i>Victoria has compliance checks and mandatory reporting. The Netherlands’ updated National Plan requires monitoring and reporting for participating agencies.</i></p>	<p>Reporting can require new data collection processes and systems, and potentially additional capabilities and capacity to comply with requirements.</p> <p><i>Ongoing reporting is lacking in Berlin and Vienna.</i></p>
 <p>Evaluation and improvement</p> <p>Independent and regular program evaluation and verification of reported data is key to targeted improvements over time.</p> <p><i>Evaluation is up to date in the Netherlands and Victoria.</i></p>	<p>Where program evaluation requirements are not specified in the document framework, independent evaluation and policy improvements are lacking.</p> <p><i>With no embedded public reporting schedule, both Vienna and Berlin’s evaluation and impact reporting are more than a decade old.</i></p>

Table 2-4 shows the frequency in which circular economy, climate risk adaptation and risk management and emissions reduction outcomes are found in global ESP documents that were reviewed and examples of the metrics they included.

Table 2-4 Sustainability outcome areas and demonstrated considerations and metrics in global scan ESP policies/plans

Outcome area	Inclusion in ESP globally (from 2.4 Global scan)	Examples of metrics
Circular economy	<p>High – included in 13 of 17 global scan policies/plans, for example:</p> <ul style="list-style-type: none"> ▪ circular economy was used as award criteria such as recycled content, compliance to waste hierarchy, or service life ▪ circular economy was implied as an outcome through the procurement of recycled/reused materials, or ▪ waste minimisation or minimisation of raw material usage were listed as outcomes ▪ lifecycle costs were used as a determining factor for procurement. 	<ul style="list-style-type: none"> ▪ Percentage of waste reduced (including total waste or landfill diversion) ▪ Percentage of recycled or reused materials used in major projects ▪ Number of purchases requiring lifecycle metrics ▪ Number of contracts that include repair and reuse considerations ▪ Reduction of polluting emissions to air, water, and land ▪ Percentage of water usage reduction
Climate adaptation and risk management	<p>Low – included in 4 of 17 global scan policies/plans, for example:</p> <ul style="list-style-type: none"> ▪ suppliers were required to provide environmental certifications ▪ suppliers were requested to demonstrate the availability of an environmental plan ▪ procurement of climate friendly products and innovative solutions to address climate change were encouraged ▪ new builds in construction were required to meet green building standards 	<ul style="list-style-type: none"> ▪ Number of new contracts requiring minimum building standards ▪ Number of contracts with suppliers who have an environmental plan
Emissions reduction	<p>High – included in 13 of 17 global scan policies/plans, for example:</p> <ul style="list-style-type: none"> ▪ emissions reduction was used as award criteria or considered during the tender process ▪ energy efficiency was defined as a principle, goal, or target ▪ energy efficiency requirements were noted as optional award criteria ▪ products with low emissions were required to be considered over high emitting products ▪ emissions reduction was defined as a principle, goal or target. ▪ tenders had to outline how the product was produced, including demonstrating the use of renewable energy. 	<ul style="list-style-type: none"> ▪ Percentage of emissions avoided ▪ Number of products purchased under the emissions limit ▪ Number of products purchased under energy efficiency requirements

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Glossary

Term	Definition
Approach to market	The formal process of notifying 1 or more potential suppliers of a procurement opportunity and inviting them to submit a response, quote, proposal or offer.
Asset	A present, contingent or future legal or equitable estate or interest in any goods or property of a public authority; or present, contingent or future right, power, privilege or immunity in relation to goods of, or services provided by, a public authority.
Business Case	A management tool that supports decision making for a project by setting out the reasons for a specific project, considering alternative solutions and identifying assumptions, constraints, benefits, costs and risks. An authority may choose to complete a business case prior to the development of an acquisition planning process.
Capability	Ensuring persons, resources, systems and processes are matched to the requirements of a procurement activity - ensuring sufficient expertise is in place to carry out the procurement successfully.
Capacity	A public authority's ability to execute specific strategies. It is also the ability, measured in quantity and quality, to perform, produce, manage or achieve a particular process and/or objective.
Category	Groupings of similar goods or services with common supply and demand drivers and suppliers. Professional services are an example of a services category, with sub-categories such as consultancy services and audit services.
Category Management	A strategic approach to procurement where organisations segment their spend into areas which contain similar or related products enabling focus opportunities for consolidation and efficiency.
Communities of Practice (CoP)	Working groups established to assist public authorities to improve their procurement capability and practice through (for example): <ul style="list-style-type: none"> ▪ sharing good practice in procurement and lessons learned, ▪ identifying opportunities to share capability and expertise, like areas where experienced and specialist procurement professionals could partner with other public authorities to improve outcomes, ▪ exchanging with owners of government policies that are relevant to procurement, including the not-for-profit contracting reforms and the Industry Advocate, to improve understanding and practice, and ▪ identifying opportunities to reduce unnecessary costs to procurement and business in procurement policy, practice and process.
Contract	A legally binding agreement (verbal or written) between two or more organisations, signed by the appropriate authorised persons, to undertake or perform a specific task or activity.
Contract Management / Active Management	Allocating a contract manager and actively managing a contractual relationship between a supplier and public authority, including, but not limited to, actively reviewing and monitoring performance, identifying and addressing risks and disputes that arise, to achieve the agreed contractual outcomes.
Contract Manager	Person responsible for managing the day-to-day activities of the contract and is the single point of contact for suppliers on all contract matters.
Contract value	Includes the value committed to, expenditure incurred, or the potential expenditure to be incurred by the public authority under a specific contract with a supplier. The contract value should not include other cost elements included in whole-of-life costing that will not be incurred under the applicable contract.
End-user	The intended recipient who will use the good or service that is being procured. This may be within the public authority or within the community.
Evaluation Criteria	Criteria used to evaluate the compliance of suppliers' offers. The evaluation criteria, either mandatory, weighted or non-weighted, provide a standard against which the public authority will evaluate the quantitative (financial) and qualitative (non-financial) elements of suppliers' offers to identify the best fit-for-purpose, value for money solution.
Expenditure	Any outflow from the resources of a public authority and may include such things as the payment of money, the transfer of assets, the provision of services, the replacement of an obligation with another obligation, or the conversion of an obligation to equity
Green procurement	Purchasing products and services that cause minimal adverse environmental impacts, and it involves consideration for end-of-life disposal practices and waste reduction.
Greenhouse gases	Substances contributing to global warming, measured in carbon dioxide equivalent (CO ₂ e). Examples include methane (CH ₄), hydrofluorocarbon (HFC) and nitrogen dioxide.

Term	Definition
Heads of Procurement (HoP)	Committee established by the Department of Treasury of Finance comprising public authority procurement leaders which gathers regularly to discuss emerging issues and changes relating to government procurement. HoP has a strategic role in assisting Procurement Services SA to deliver improved procurement outcomes across the public sector.
Invitation to Supply (ITS)	A formal request inviting offers to supply goods and/or services from suppliers. A standard Invitation to Supply template has been issued by Procurement Services SA.
Procurement	Process undertaken by a public authority for— (a) acquiring goods or services for the public authority, including the acquisition of goods or services on behalf of another public authority or third party (including members of the public); or (b) engaging in a construction project; or (c) disposing of or distributing an asset of the public authority, which involves expenditure by a public authority
Procurement process	Includes procurement planning, sourcing, and contract management, as well as disposal.
Procurement SA	Business unit within the Department of Treasury and Finance responsible for strategic advice to government relating to procurement, and administering the procurement policies and guidelines applicable to public authorities.
Purchasing	Process of acquiring goods and/or services (including by way of license or lease) in exchange for payment, including ordering, entering into contract terms, receipting and payment of goods and/or services.
Renewable energy	Energy that is derived from natural sources that are replenished at a higher rate than they are consumed such as solar, wind, biomass, wave, tidal and hydro power.
Social Procurement	Generation of positive social outcomes through purchasing and procurement processes which are over and above the delivery of the goods or services required.
Sourcing Policy	Policy approved by the Treasurer and administered by Procurement Services SA, establishing the requirements for an approach to market, evaluating a supplier offer, awarding contracts and undertaking post-sourcing reviews.
Specification	A statement of requirement defining what the public authority wants to buy and, consequently, what the supplier is required to provide. Three common types of specifications are functional, performance and technical. Specifications can be simple or complex depending on the procurement objective and outcome sought. Specifications should avoid the use of proprietary standards and specify the requirements to maximise the opportunity for competitive offers from a variety of suppliers.
Spend Analysis	Systematic review of the public authority's spending with a view to identifying opportunities for improvement and to create value in a category. The key activities include acquiring the data, cleansing the data, and analysing the data. The term can be considered to be synonymous with expenditure profile.
Stakeholders	Interested parties who are involved in, or impacted by, choices that are made during the procurement process. Within public authorities, stakeholders will include end-users as well as decision-makers who review proposed acquisition plans, or officers who manage contracts. Suppliers will have sales managers or account managers who are responsible for client relationships, as well as staff involved in service delivery.
Supplier	An entity that could provide, is providing or has provided goods, services or works to, or on behalf of, a public authority.
Sustainability	Meeting the needs of the public authority while also taking into account external and future costs, including costs to the environment, human health and depletion of resources. In practice this means adopting a broader range of decision-making criteria than traditional economic criteria to include environmental merits, as well as the social impacts of alternative solutions.
Sustainable Procurement	Environmental and social features that are incorporated into the procurement process, including the development of appropriate specifications and the evaluation of suppliers against these requirements.
Value for Money	Achievement of a desired procurement outcome at the best possible price based on a balanced judgement of financial and non-financial factors relevant to the procurement.
Value-add	An enhancement or additional feature to a good or service offered by a supplier. It is over and above a specification or requirement and may attract an additional cost
Waste	Byproducts associated with the production, distribution, use and disposal of the procurement.
Whole-of-Life Cost	Total costs and expenses associated with the purchase of the good or service, from planning, supply/usage through to disposal. It estimates the accumulated costs of acquiring, operating, maintaining and disposing of or decommissioning the good or service, and includes any revenue from disposal.

Appendix A: ESP Policy resources

Examples of model clauses

The below extracts are reproduced from [Model Clauses – Environmentally Sustainable Procurement Policy](#).

Approach to market clauses

1.2 Environmentally Sustainable Procurement Policy

(a) Tenderers should note that the Environmentally Sustainable Procurement Policy applies to this approach to market. The Environmentally Sustainable Procurement Policy aims to improve environmental sustainability across three focus areas – climate, the environment and circularity. More information on the Environmentally Sustainable Procurement Policy can be found at www.dcceew.gov.au/sustainable-procurement.

(b) The successful Tenderer's Supplier Environmental Sustainability Plan will be attached to the resultant contract, and the successful Tenderer will be required to comply with and report against the Supplier Environmental Sustainability Plan during the term of the resultant contract.

(c) The Supplier Environmental Sustainability Plan requires that certain information about the procurement and the delivery of any resultant contract be reported to the Customer to enable the Customer to evaluate the environmental sustainability progress and outcomes of the procurement, and assess and report on environmental sustainability.]

...

1.4 Evaluation

Note: Include the following Evaluation Criterion. You may include it as part of another Evaluation Criterion or as a stand-alone Evaluation Criterion. You may also include additional criterion related to environmental sustainability, as best suits your procurement needs.

(a) In evaluating a response, the Customer will take into consideration the Tenderer's:

- i. proposed approach to optimising environmental sustainability outcomes in the delivery of the resultant contract;
- ii. proposed approach to substantiating environmental sustainability claims;
- i. proposed environmental outcomes in the Tenderer's completed Supplier Environmental Sustainability Plan and how they align with the Environmental Sustainability Principles; and
- ii. corporate commitment to environmental sustainability.

Contract clauses

X.2 Supplier Environmental Sustainability Reporting

X.2.1 The Supplier must submit a report to the Customer in the form of a completed Reporting Template:

- i. at least once every six (6) months during the term of this contract;
- ii. within [x] Business Days after the end of the term of this contract; and
- iii. at any other time during the term of this contract as reasonably requested by the Customer.

X.2.2. The Supplier agrees the Customer may update the Reporting Template from time to time, and that the Supplier will use the latest version of any Reporting Template.

X.2.3. Where requested by the Customer, the Supplier must provide the Customer with evidence verifying any details or information included within a report submitted under clause

X.2.1 within [x] Business Days of the request.

X.2.4. Where the Customer considers that a report submitted under clause

X.2.1 does not contain the information or details requested in the Reporting Template, the Customer may by written notice to the Supplier reject the report. Where the Customer rejects the report, the Customer will provide the Supplier with reasons for the rejection.

X.2.5 Where the Customer has rejected a report under clause

X.2.4, the Supplier must provide the Customer with a report amended to address the reasons advised by the Customer and that otherwise provides the information and details requested in the Reporting Template within [x] Business Days of the date the notice is issued under clause

X.2.4. This clause will apply to any re-submitted report.

Instructions to Procuring Officials

USE THIS TEMPLATE WHEN APPLYING THE BASE METRICS TO THE PROCUREMENT AND INCLUDE IT AS PART OF THE APPROACH TO MARKET DOCUMENTATION

The Supplier Environmental Sustainability Plan (SESP) details the Tenderer’s approach to delivering environmentally sustainable goods and services in accordance with the Principles of the Environmentally Sustainable Procurement Policy (ESP Policy).

The SESP is made up of two parts: this document and the Reporting template.

TAILORING THIS TEMPLATE

This template can be used for the following procurement models:

- architectural or engineering design only
- design and build/construct
- build/construct only
- managed contractor (for above approaches to market)

Procuring Officials should delete sections not relevant to their procurement in accordance with this table:

Design only	Construct only	Design and Construct
Delete Sections: 3: Climate 4: Environment 5: Circularity Remove Instructions 2-6 in How to complete this SESP	Delete Section: 2: Design	N/A

Once the relevant sections have been deleted, the **SESP** and **Reporting template** must be included in the approach to market documentation.

The metrics are detailed in full in the ESP Policy Reporting Framework.

These instructions should be read in conjunction with the ESP Policy document and associated guidance material. Further information and templates are available on the [DCCEEW website](#).

<<delete this guidance once inserted into approach to market documentation>>

Instruction to Tenderers

The Supplier Environmental Sustainability Plan (SESP) details the Tenderer’s approach to delivering environmentally sustainable goods and services in accordance with the Principles of the Environmentally Sustainable Procurement Policy’s (ESP Policy’s) objectives.

In addition to the SESP, the Reporting template (included in this ATM) will be used to capture additional information from **sections 3 and 5**. Reporting against the metrics will be completed by successful Tenderers only.

This document includes guidance notes in **blue text** – these notes can be deleted in the final SESP which is submitted as part of your Tender Response.

Responses detailed in this SESP will inform the entity’s evaluation and value for money assessment.

You are required to complete this SESP to address:

- a. your corporate sustainability performance – that is, how do you address environmental sustainability impacts associated with your business.
- b. how you will optimise environmental sustainability in delivery of the goods or services being procured, referencing the Policy’s Focus Areas and Principles in the table below.
- c. opportunities for innovation and how you will consider these throughout delivery of the contract.

If you cannot optimise environmental sustainability throughout the contract, you must explain why not.

Table 1: Environmental Sustainability Focus areas and Principles

Focus Areas	Principles
Climate	<ul style="list-style-type: none"> • Minimise greenhouse gas emissions • Optimise energy efficiency • Use low embodied emissions materials
Environment	<ul style="list-style-type: none"> • Optimise water efficiency • Use safe and renewable inputs • Safely use and dispose of chemicals • Actively minimise the creation of waste and the amount that is sent to landfill
Circularity	<ul style="list-style-type: none"> • Buildings and fit-outs use less materials, minimise waste, can be deconstructed and reused, are designed for adaptability and flexibility • Goods are durable, repairable, reusable, and/or recyclable • Goods have been refurbished or existing goods are reused • Goods contain recycled content/recycled materials are used • Goods are recycled at the end of useful life • Goods are returned for resource recovery through a take-back or end of life scheme • Goods are available for lease, rent or product-as-a-service as an alternative to buying outright

HOW TO COMPLETE THIS SESP

1. Tenderers must address all sections in this SESP.
2. Tenderers must address Principles that directly relate to the Reporting metrics in this table:

Focus Area	Principle:	Metric:
Climate	Use low embodied emissions materials	Proportion of low embodied emissions materials purchased
Environment	Actively minimise the creation of waste and the amount that is sent to landfill	Proportion of waste recovered for recycling
Circularity	Goods contain recycled content/recycled materials are used	Proportion of products and/or materials purchased containing recycled content

3. Tenderers must complete the **Reporting template** detailing the low embodied emissions products or materials that are proposed for use (**Climate section**). The Reporting template will become an Attachment to this SESP.
4. Tenderers must complete the **Reporting template** detailing the products and/or materials containing recycled content that are proposed for use (**Circularity section**) which will become an Attachment to this SESP.
5. Tenderers can select additional Principles to further optimise environmental sustainability outcomes. Where no additional Principles are selected, Tenderers must provide an explanation in the section provided.
6. Tenderers must address **at least one** of the four Innovation categories (**Innovation section**).
7. **Delete** the [blue guidance text](#) once you have completed this SESP.

Reporting Requirements

Successful Tenderers are required to report against their commitments made in the SESP using the Reporting template included in the approach to market documentation. This includes the metrics in the above table and the application of Innovation.

Reported data should be actuals and not estimates. Data should be supported (where applicable) by product specifications, Environmental Product Declarations, product labelling or product invoices.

At the close of the contract the Supplier must use the Reporting template to complete the final:

- **Project Report** on innovations and climate, environment and circulatory principles delivered
- **Metrics Report** to report on any actuals delivered since the last 6-monthly report.

The metrics are detailed in full in the ESP Policy Reporting Framework.

Supplier Environmental Sustainability Plan

Based on the [Instructions to Tenderers](#), Tenderers must complete the following sections:

1. Corporate environmental sustainability performance	
Detail the actions your organisation is taking to minimise your environmental impact including any accreditations/certifications, Environmental Management Systems, policies and / or processes as applicable.	
Insert answer here (500-word limit no links to external websites or attachments):	
Summarise your actions (for example):	
<ul style="list-style-type: none"> • any relevant results/data demonstrating your organisation’s commitment to improving its own environmental sustainability performance. • internal commitments, may include: <ul style="list-style-type: none"> ○ third party certification of environmental performance e.g. ISO14001* ○ business policies that support environmental sustainability e.g. environmental statements or ESG initiatives ○ emissions reduction e.g. hosting meetings virtually vs flying between cities ○ employee engagement in sustainable practices within the offices e.g. recycling, waste management, water use reduction, decreased printing targets, use of environmentally sustainable products • supply chain visibility e.g. identifying opportunities and risks related to environmental impact 	
* Where you refer to any third-party certifications, such as International Organization for Standardization (ISO) ISO14001:2015 Environmental Management Systems or a NABERS Energy rating, you should supply a copy of the third-party certificates with the completed SESP.	

2. Design	
Detail your previous experience in designing for optimal environmental sustainability outcomes in Construction Services, with reference to the Principles in Table 1 . If applicable, detail how your design contributed to obtaining a rating or certification and what rating or certification was obtained.	
Insert answer here (250-word limit):	
Detail how you will embed environmental sustainability into the design of this project including positioning the project to optimise environmentally sustainable outcomes with reference to the Principles in Table 1 during the delivery stage.	
Insert answer here (500-word limit):	
Detail how you would work with the entity to help the project succeed.	

3. Climate	
Principle:	Use low embodied emission materials
Tenderers are required to provide a list of low embodied emissions products and/or materials proposed for use under the Contract.	
Tenderers must document their proposed low embodied emissions products and/or materials in the Reporting template (following the instructions provided).	
REPORTING REQUIREMENTS: Successful Tenderers will report on the value and amount of low embodied emissions products and/or materials against their total materials used during the Contract. This will be done using the Reporting template. Reported data should be actuals and not estimates and should be supported by a product specification, Environmental Product Declarations or third party verified lifecycle carbon footprint.	
Insert answer here (500-word limit):	
Detail how you propose to identify opportunities and prioritise the use of low embodied emissions products and/or materials in the delivery of the Contract to the maximum extent possible without compromising quality, safety, and/or capability.	

Tenderers can select additional Climate Principles where they can further optimise environmental sustainability outcomes ([tick all boxes that apply](#)):

Additional Principles	
Optimise energy efficiency	
Minimise greenhouse gas emissions	

No additional Principles selected – explanation must be detailed in Section 6	<input type="checkbox"/>
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Detail how you will deliver on the additional Climate Principles you have selected, during the contract.
Please note: Contract Managers may request the successful Tenderer to provide evidence of how these commitments have been achieved during the Contract period.

Insert answer here (500-word limit):
 Describe how you will apply the principles and how you will demonstrate/verify that you have achieved those commitments including any supporting evidence.

4. Environment

Principle:	Actively minimise the creation of waste and the amount that is sent to landfill
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Tenderers must detail how they will minimise or avoid waste to landfill over the term of the Contract, including how they will increase the level of resource recovery or extend the useful life of material through recycling, reuse, repurposing, or other activities.

NOTE: Where a *Waste Management Plan (WMP)* or equivalent is required for this Tender, Tenderers must provide consistent information in the WMP and SESP and include cross-references where appropriate.

REPORTING REQUIREMENT: Successful Tenderers will report on the amount of waste avoided being sent to landfill against their total waste generated during the Contract using the Reporting template. All data should be actuals and not estimates and should be supported by a record of waste data and resource reuse/recovery/recycling for the project.

Insert answer here (500-word limit):

Detail your approach to waste and resource recovery management for the project site/s including:

- estimated proportion (as a percentage) of waste you will divert from landfill
- forecasting waste streams
- actions that will be taken to minimise waste to landfill and increase resource recovery
- opportunities to utilise buy-back schemes or options for re-use or re-purpose

Tenderers can select additional Environment Principles where they can further optimise environmental sustainability outcomes (tick all boxes that apply):

Additional Principles	
Optimise water efficiency	
Use safe and renewable inputs	
Safely use and dispose of chemicals	<input type="checkbox"/>

No additional Principles selected – explanation must be detailed in Section 6	<input type="checkbox"/>
---	--------------------------

Detail how you will deliver on the additional Environment Principles you have selected above during the contract.
Please note: Contract Managers may request the successful Tenderer to provide evidence of how these commitments have been achieved during the Contract period.

Insert answer here (500-word limit):

Describe how you will apply the additional principles and how you will demonstrate/verify that you have achieved those commitments including any supporting evidence.

5. Circularity

Principle:	Goods contain recycled content/recycled materials are used
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Tenderers are required to provide a list of products and/or materials containing recycled content proposed for use under the Contract, including the proportion of recycled content used in each product or material.

Tenderers must document their proposed products and/or materials containing recycled content in the Reporting template (following the instructions provided).

REPORTING REQUIREMENTS: Successful Tenderers will report on the value and amount of products and/or materials containing recycled content against their total materials used during the Contract using the Reporting template. Reported data should be actuals and not estimates. Data should be supported (where applicable) by product specifications, Environmental Product Declarations, product labelling or product invoices.

Insert answer here (500-word limit):

Guidance: Detail how you propose to identify opportunities and prioritise the use of recycled content in the delivery of the Contract to the maximum extent possible without compromising quality, safety, and/or capability.

Tenderers should consider and include in the Reporting template, the:

- estimated value of the products and/or materials containing recycled content
- type of products and/or materials containing recycled content
- mass and proportion of recycled content used in each product and/or material
- overall mass and proportion of recycled content which could be used in the procurement
- country of origin of recycled content (where known)
- supplier of the recycled content products and/or materials, where it is a subcontractor
- any standards or specifications specific to the recycled content in the products and/or materials being offered.

Tenderers can select additional Circularity Principles where they can further optimise environmental sustainability outcomes (tick all boxes that apply):

Additional Principles:

Buildings and fit-outs use less materials, minimise waste, can be deconstructed and reused, are designed for adaptability and flexibility	
Goods are durable, repairable, reusable, and/or recyclable	
Goods have been refurbished or existing goods are reused	<input type="checkbox"/>
Goods are recycled at the end of useful life	<input type="checkbox"/>
Goods are returned for resource recovery through a take-back or end of life scheme	<input type="checkbox"/>
Goods are available for lease, rent or product-as-a-service as an alternative to buying outright	<input type="checkbox"/>

No additional Principles selected – explanation must be detailed in section 6	<input type="checkbox"/>
---	--------------------------

Detail how you will deliver on the additional Circularity Principles you have selected above during the contract.
Please note: Contract Managers may request the successful Tenderer to provide evidence of how these commitments have been achieved during the Contract period.

Insert answer here (500-word limit):

Describe how you will apply the additional principles and how you will demonstrate/verify that you have achieved those commitments including any supporting evidence.

6. Explanation for not selecting additional Principles

If you did not select any additional Climate, Environment or Circularity Principles, you must provide an explanation:

Insert answer here (250-word limit):

7. Innovation

Entities are seeking innovations that further minimise greenhouse gas emissions or environmental impact or ensure products/materials retain their value for longer. Innovation doesn't have to be new; it could be a different or improved way of doing things.

Detail your previous experience in identifying and delivering innovation in Construction Services projects that has led to improved environmental sustainability outcomes.

Insert answer here (250-word limit):

Tenderers are required to identify **at least one** Innovation opportunity and show how you will work with the entity to continually improve environmental sustainability over the Contract term.

Innovation Categories include:

- Innovative design e.g. minimisation of materials by designing out waste, or using less materials; or designing for improved durability, modularity or disassembly
- Innovative products e.g. using products that have been refurbished
- Innovative materials e.g. more environmentally friendly or safe materials or innovative ways to reuse materials as part of the project
- Innovative processes e.g. technology that will add value to the project

Innovation category
Specify a category
Provide a description of the issue that would be addressed by your proposed Innovation.
Insert answer here (250-word limit):
Detail how you will work with the entity to continually improve the environmental sustainability over the Contract term.
Insert answer here (250-word limit):
Detail how you will evidence and report on your Innovation over the Contract term.
Insert answer here (250-word limit):

[Instructions to Tenderers: Copy and paste the above Innovation table to address multiple Innovation Categories, if required.](#)

Appendix B: Example ESP criteria

This table highlights some example minimum requirements and award criteria from the Netherlands case study, relating to the recommended priority procurement categories for SA. More criteria have been provided in the excel 'Appendix B – Example SPP criteria from case studies' issued along with this report.

Product/ service type	Sustainability subject	Example criteria	Ambition level	Environmental outcomes
Construction: Wood-based materials	(Processed) Wood must meet the sustainability requirements	Wood to be supplied or wood processed in (wood) products to be supplied must meet the 'Dutch Procurement Criteria for Timber' with regard to <u>sustainable forest management and the supply chain</u> , including the associated assessment method. Wood supplied subject to a certification system must be accompanied by the tenderer's invoice and/or packing slip relating to the delivery. Invoices must include: name and address details of the client and tenderer; date of issue; type of wood and/or product description; volume or quantity of the product supplied; name of the certification system and claim (e.g. FSC 100% or PEFC certified); Chain-of-Custody certificate number of the supplier. Explanation for the purchasing organisation As a tool in producing alternative evidence, the tenderer can use 'Documents for Category B evidence'. More information can be found on the website of the Timber Procurement Assessment Committee (TPAC) and the website of Purchasing sustainable wood & paper. <i>Potential Substantiation</i> Certificate of approved certification systems from the State Secretary responsible for this file, valid on the date of announcement. For all approved certification systems, see the right-hand column of the judgements table Alternative and verifiable evidence showing that the stated requirement is met. As a tool in producing alternative evidence, the tenderer can use Documents for Category B evidence.	Basic	Circularity
Construction: Asphalt and aggregate	Low-temperature asphalt	The temperature for laying bituminous mixtures for top and binder courses <u>must be as low as possible</u> , while the civil-engineering properties demonstrably continue to meet the set requirements. As the temperature is lower than 140°C, the higher the offer will be rated. Explanation for the purchasing organisation It is recommended to use the award criterion 'Environmental performance of civil-engineering works'. This award criterion can be an alternative if award criterion 'Environmental performance civil-engineering works' is not applied. <i>Potential Substantiation</i> Type of test for the asphalt (test 62 RAW Standard 2015). This lists all relevant properties of the low-temperature asphalt. Technical report and work plan of the design activities, indicating the mixing and installation techniques used and the maximum temperature required by these techniques, including technical data sheets regarding the formulation of the binder and asphalt mix provided by the manufacturer(s). This includes, for example, a validation certificate from the CROW asphalt quality desk. Or equivalent. Based on EU GPP	Significant	Emissions
ICT: Monitors	Screen switches off when computer is shut down	The screen automatically and completely switches off after a certain time if the computer is switched off. Explanation for the purchasing organisation Sometimes, screens remain on standby when the computer is switched off, but still connected to the power supply. This requirement prevents this. <i>Potential Substantiation</i> Technical product specifications or other documentation showing that this criterion has been met. Or equivalent.	Basic	Emissions
ICT: Data centres	Collecting, erasing data, reusing and recycling of products supplied	The contractor is responsible (through a subcontractor or otherwise) for the collection, reuse and recycling of the products to be supplied and ensures that: data-carrying products are collected in a secure environment, so data leaks are prevented; the data of all collected data-carrying products is erased; the used products are prepared for reuse (via refurbishment or otherwise), unless this is no longer technically possible; if reuse is not possible, the products are recycled, in accordance with the current WEEE Directive. The requirement for proper recycling is in any case met if: the products are offered for recycling to a processor that works according to the prevailing standard for appropriate processing in accordance with the national implementation of the WEEE Directive. If using a processor in the Netherlands, this means that the processor must be WEEELabEx/CENELEC-certified (Article 11 of the WEEE Directive) and that the processor is registered in the national WEEE register; and the supplier ensures, in accordance with the WEEE Directive and the WEEE Directive, that the products carry the WEEE quality mark; and the supplier is registered as a producer/importer in the national Dutch WEEE register. This criterion is (partly) based on draft criteria of Norway 2019 Corresponding contract provision Every six months, the contractor reports: what percentage of the collected products has been prepared for reuse and what percentage of the collected products has been recycled.	Significant	Circularity

Appendix C: Further detail on Netherlands Plan

The new National Plan, Commissioning with ambition, Procuring with impact: National Plan on Sustainable Public Procurement for 2021-2025 (National Plan) was developed to support the Dutch Government's ambitions to use its purchasing power to accelerate sustainable transitions, increase innovation, and drive engagement and support with vulnerable groups. The National Plan aims to increase SPP within the Netherlands Government following the identified improvements of the previous Action Plan which ended in 2015. Its four 'main outlines' are underpinned by seven 'lines of action' (Figure 2-5 Snapshot of main outlines and lines of action from the *National Plan on Sustainable Public Procurement for 2021-2025*)

1. Administrative agreements

The new National Plan, Commissioning with ambition, Procuring with impact: National Plan on Sustainable Public Procurement for 2021-2025 seeks to enable administrative agreements between the central government and the other levels of government (agencies) that achieve social and environmental targets. This represents a change from the SPP Manifesto which allowed agencies to independently establish goals. The new model focuses on establishing new agreements, aligned around collective action, with goals that are accessible to both leaders and agencies starting their SPP journey. This model outlines steps that agencies can follow to meet the objectives of such agreements (see below).

1. Map environmental footprint (ex. How much CO2 do they emit) and opportunities associated with the agency's operations through the available SPP Tools
2. Devise an action plan that reflects these insights – to be overseen by the central government
3. Agreements are entered into between the central government and agencies
4. Progress and results are to be reported to internal parties and the central government

At all levels, signatories must report annually on progress and results to the central government. While participation in the administrative agreements is voluntary, it now comes with obligations.

It is proposed that government agencies may be obliged to report on the achievement or shortfalls of meeting these objectives to enable revision of agreements and enhance accountability.

2. Commitment to impact

The Dutch government believe that focusing on high-spend sectors such as textiles, building materials and construction can significantly enhance the impact of SPP. Advancement of SPP in these sectors is achieved through networking and knowledge-sharing within buyer groups- forums where key buyers and clients collaborate on market strategies to develop SPP policy tools and support the transition. While this is particularly effective within the Netherlands, greater impact can be made on an international level, which is why they are pursuant of cross-border collaboration to eventually develop an integrated international SPP strategy.

3. Boost sustainable commissioning

Achieving the suitable and social goals of the new administrative agreements do not start at purchasing, but rather, it is already included in the current practices of the clients and other stakeholders' current practices. An organisational transition is necessary to enable better procurement. There are three ways in which the application of SPP can be improved and streamlined:

1. **Promoting and supporting sustainable commissioning:** to support the realisation and implementation of new administrative agreements, effective internal policies around social and environmental targets must be in place. Additionally, there is awareness to be had by intermediary parties like clients, lawyers, and accountants within government agencies, rather than the administrators of agreements themselves, to re-enforce and promote SPP implementation.
2. **Improving SPP funding:** A major barrier to the implementation of SPP is the limited availability of funding. Financial officers, however, may be hesitant to approve additional funding due to perceived notions that SPP is costly, complex, labour intensive, and prone to uncertain outcomes. However, these concerns can be alleviated by ensuring all staff are educated on the benefits and long-term values of SPP, helping to manage these uncertainties more effectively.
3. **Improving contract management and audits:** contract management is a necessity in concluding SPP implementation. Again, research has revealed that without it agencies become unmotivated in realising their SPP goals. Additionally, audits are a useful tool for enabling vulnerable sectors to implement SPP practices who would otherwise struggle.

4. Support

There are various modes of support that the Netherlands provide agencies with so that buyers and associated intermediaries can build their SPP knowledge and comply with agreements. The tools to facilitate this are the:

1. **PIANOO's SPP desk:** this is an online forum that acts as a central source of information and contact point for personalised, practical advice.
2. **SPP Criteria tool:** this tool is annually updated with criteria surrounding sustainable and circular procurement policies and differentiates between ambition levels such that the criteria are applicable to different organisation sizes (see Appendix B for further detail).
3. **Training for buyers:** Given the strong need for SPP knowledge for all parties involved, training is facilitated through meetings and knowledge-sharing networks. For example, various SPP courses are available through government and private organisations, and annual workshops are hosted by PIANOO to reinforce these insights in a practical setting.

5. Communication

Amongst the utilisation of existing communication channels, meetings, and networks, a new communication strategy will be developed for SPP that aims to broaden client engagement. Currently, communication is facilitated through expertise centres and networks like buyer groups, but the new communication strategy highlights the need for integration of SPP in conferences and regional meetings.

1. **SPP at Conferences:** annual national SPP conferences attract 300 visitors each year for networking and knowledge sharing, scoring high in the evaluation and receiving positive support from the central government. By integrating SPP discussions in conferences held for others audiences, such as the PIANOO conference dedicated to buyer groups, it's possible to engage wider audience including clients, lawyers, and administrators.
2. **Commitment to Regional Meetings:** the CE Delft evaluation suggested more regional meetings to

connect policy with procurement practice. Regional efforts align with the broader rollout of SPP and new administrative agreements by focusing on complex themes like ISCs and circular procurement. Instead of creating new networks, SPP will be embedded within existing regional networks such as Better Procurement, and those focused on regional energy strategies and social property sustainability.

6. Monitoring

Annual monitoring and reporting are required under administrative agreements to foster SPP accountability and transparency. Doing so demonstrates the effectiveness of SPP to administrators and vendors, allowing them to actively manage the alignment with the identified SPP objectives. *These objectives are defined and determined within the administrative agreement. An example may be to improve environmental impact through emissions reduction.* Reporting requirements will be detailed in the new administrative agreements. Central government will compile and send an annual summary of all reports to parliament, detailing national SPP progress and policy impacts. This supports compliance with agreements through the 'comply or explain' principle.

Control over Monitoring: new administrative agreements require organisations to establish clear KPIs linked to SPP ambitions. Reports need to be well-organized and accessible for effective management at the central government level. The central government is required to provide guidance on establishing KPIs.

SPP Self-Evaluation Tool: organisations are expected to use the SPP Self-Evaluation Tool for annual reporting under the SPP Manifesto. This tool, required by all government parties, provides insights into procurement efforts and helps form a national overview. Despite its recent introduction and limited adoption, it aims to be linked to new agreements if more widely used. It currently does not measure CO2 or job impacts, which would require more advanced tools.

Impact Monitoring RIVM: the impact monitor tracks the national effects of SPP on environmental, climate, circularity, and social themes. It informs national policy for sectors with great impact, demonstrates local impact, and guides companies in their procurement to achieve impact.