

# Sustainable Procurement Principles



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# Introduction and scope

This is our statement of intent for embedding sustainability through our procurement processes and introduces our:

- ✔ Definition of sustainable procurement
- ✔ Sustainable procurement priorities and processes
- ✔ Expectations of our suppliers and their supply chains
- ✔ Monitoring and measurement of outcomes and benefits.

These principles apply to all buying activities by us and our expectations of our suppliers. This includes consultants, specifiers, contractors, product manufacturers and product distributors.

These principles support the green thread of our [Environmental Sustainability Strategy 2023-26](#) and our [Social Impact Statement](#) and compliments our annual [ESG Report](#) which shows our environmental, social and governance performance against the Sustainability Reporting Standard (SRS) for Housing Standard.



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# What is sustainable procurement?

The International Organization for Standardisation (ISO) 20400 committee defined sustainable procurement as:

**“Procurement that has the most positive environmental, social and economic impacts possible over the entire life cycle.”**

We’ve adopted the commitment to the [United Nations Sustainable Development Goals](#) (UNSDGs).



## **SDG 12**

“Responsible Consumption and Production” recognises the importance of sustainable procurement practices as a mechanism to further sustainable development.

Sustainable procurement means making sure the products, services and works we buy are as sustainable as possible, with the lowest environmental impact and most positive social and economic impacts. It provides a mechanism to encourage ways of working and operational delivery that achieve social, economic and environmental benefits.

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## Priorities and processes

This section outlines where sustainability considerations enter our procurement processes.

Our approach generally, recognises the Cabinet Office’s Procurement Policy Note 06/20, [‘Taking Account of Social Value in the Award of Central Government Contracts’](#) and it’s anticipated guidance notes as a model of good practice. It acknowledges our obligations under the [National Procurement Policy Statement](#).

We’ll also meet the intention of PPN 06/21 in taking account of suppliers’ Net Zero Carbon Reduction Plans in the procurement of all future major (>£5m a year) contracts.

## Procuring and commissioning

We identify Southern Housing's procurement categories with the highest sustainability risks and the greatest scope for improvement in the following key sustainability areas:



Climate change,  
energy and green  
house gases (GHG)



Ethics and labour  
practices



Equality, diversity  
and inclusion



Employment,  
skills and training



Health and  
wellbeing



Local businesses



Biodiversity



Communities



Water  
efficiency



Waste



Materials



**Under each procurement exercise, we assess:**

- ✔ Sustainability risks and opportunities at Procurement Project Plan (PPP) stage
- ✔ How our Resident Procurement Panel can contribute to the design and awarding of projects
- ✔ Improvements on the economic, social and environmental well-being of the relevant geographical area
- ✔ Opportunities for innovation and technological improvements
- ✔ Sustainability across the whole life cycle of contracts
- ✔ Relevant and proportionate environmental, social and ethical evaluation criteria
- ✔ Means of supporting bidders in improving their sustainability performance through offering feedback
- ✔ Adapting processes, requirements and documents from lessons learned.

In essence, in purchasing and designing new procurements our focus is achieving longer term and sustainable benefits rather than immediate or short-sighted returns.

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## ENVIRONMENTAL SUSTAINABILITY

# Environmental sustainability

In supporting our Environmental Sustainability Strategy, we:

- ✓ Develop technical specifications, minimum standards and award criteria in line with best practices for green procurement
- ✓ Design environmental contractual measures and targets to address the impact of environmental issues such as:
  - Carbon in production, energy consumption, climate change adaptation and vehicle emissions
  - Minimising the use of scarce materials, using resources efficiently, prioritising the use of responsibly sourced materials and renewable resources
  - Waste reduction and prevention including reuse, recondition and remanufacture of products
  - Maximising/ prioritising the use of environmentally friendly materials and minimising the use of hazardous materials (including plastics & chemicals) and emissions
  - Biodiversity, protecting and enhancing the natural environment
  - Reducing water consumption.





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## SOCIAL PURPOSE AND VALUE





# Social purpose and value

In supporting our Sustainability Strategy, we'll:

- ✓ Identify and set social value opportunities at the design stage
- ✓ Establish evaluation criteria or contractual obligations in the tender 'bundle'
- ✓ Deliver these commitments through the contract in monitoring the social value key performance indicators
- ✓ Support established partnerships in exploring additional social value propositions.



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## ETHICAL AND ECONOMIC SUSTAINABILITY

# Ethical and Economic Sustainability

Our [Value for Money \(VFM\) Strategy](#) drives our approach to procurement and mirrors our broader stance on corporate responsibility and includes:

- ✔ Zero tolerance to fraud, bribery, corruption, modern slavery or exploitation of any kind
- ✔ Supporting our commitment as a Living Wage employer, wanting to work with businesses endorsing or [accredited](#) as a Living Wage Employer
- ✔ Promoting transparency and fair contract terms throughout the supply chain
- ✔ Consciously considering and encouraging Small and Medium sized Enterprises (SME's), social enterprises and supported businesses to bid for our opportunities (for instance, by publishing forward contracting plans, pre-market engagement, meet the buyer events or using lots)
- ✔ Publishing an annual Modern Slavery Statement and our forward goals – and insisting our suppliers contribute to our commitments and meet their obligations in their operations and supply chain.
- ✔ Only contracting with those who demonstrate commitments to equality, diversity and inclusion.





# Our Expectations of our suppliers and their supply chains

All suppliers must:



Have a full and relevant environmental policy.



Comply with all UK employment legislation including the Modern Slavery Act & Southern Housing Modern Slavery Statement.



Maintain a trained, safe and competent workforce appropriate to the duties they are carrying out - and provide evidence on request.



Minimise and monitor construction waste on all projects.

For instance, under 'Environmental impact and mitigation measures' of the PPP, suppliers will provide information on:

- ✔ A commitment to the promotion, creation and management of apprenticeship opportunities and/or training and development of staff and operatives
- ✔ Their carbon footprint, outlining sources of direct and indirect emissions, as well as the carbon impacts from products manufactured and supplied (Scope 3 emissions)
- ✔ The materials they use and whether they are responsibly sourced
- ✔ The type of waste they produce and how this is dealt with.

Environmental Reporting' we expect suppliers to record:

- ✔ Their annual carbon emissions (in tCO<sub>2</sub>e ), including embodied carbon on products purchased to deliver the contract
- ✔ The percentage of materials used which are responsibly sourced
- ✔ The amount of waste produced and what percentage is recycled and diverted from landfill.

We commission those suppliers able to demonstrate:

- ✔ A commitment to the promotion, creation and management of apprenticeship opportunities and/or training and development of staff and operatives
- ✔ Accreditation to (or evidence of securing) an environmental management system e.g., EMAS, BS8555 or ISO 14001 from a UKAS registered certification body, with targets, objectives and an improvement programme
- ✔ Commitment to working with their own supply chain to maximise the use of responsibly sourced materials via environmental standards e.g. FSC, BRE Green Guide, BES6001.

# Our Expectations of our suppliers and their supply chains

We'll identify and monitor sustainability benefits throughout the procurement and commissioning cycles:

## PPP

Carrying out a risk/opportunity assessment to determine sustainability targets, KPIs, relevance of Carbon Reduction Plans or forecasted benefits.

## Tender documentation

Addressing high risks and opportunities in specifications, contract clauses and evaluation criteria.

## Contract award

Identifying and securing proposed benefits and highlighted through our internal approval process and contract management plan.

## Contract management

Performance monitoring through KPIs, Carbon Reduction Plans (where applicable) and improvement plans with Contract Administrators/Owners supported by our Social Impact and Sustainability teams. Scrutiny of application and improvement will be available through annual performance reports.

## Reporting

Reporting - Contract Administrators/Owners will publish annual reviews to business owners; annually [SHIFT](#) review the sustainability of our supply chain (based on our sustainability audit of major suppliers and incorporating applicable supplier's Carbon Reduction Plans) and to our Board through the ESG Statement.

We'll align with our Social Impact and Sustainability teams to ensure business and resident scrutiny of our performance.

**We'll review our Principles of Sustainable Procurement annually and consult with key internal stakeholders and our Resident Procurement Panel.**



