



Australian Government



Sustainable Procurement Guide

An environmental focus for Commonwealth entities

April 2024

© Commonwealth of Australia 2024

Ownership of intellectual property rights

Unless otherwise noted, copyright (and any other intellectual property rights) in this publication is owned by the Commonwealth of Australia (referred to as the Commonwealth).

Creative Commons licence

All material in this publication is licensed under a Creative Commons Attribution 4.0 International Licence except content supplied by third parties, logos and the Commonwealth Coat of Arms. Inquiries about the licence and any use of this document should be emailed to copyright@dcceew.gov.au



Cataloguing data

This publication (and any material sourced from it) should be attributed as: DCCEEW 2024, Sustainable Procurement Guide, Department of Climate Change, Energy, the Environment and Water, Canberra, March. CC BY 4.0.

This publication is available at <https://www.dcceew.gov.au/environment/protection/waste/publications/sustainable-procurement-guide>

Department of Climate Change, Energy,
the Environment and Water
GPO Box 3090 Canberra ACT 2601
Telephone 1800 900 090 Web dcceew.gov.au

Disclaimer

The Australian Government acting through the Department of Climate Change, Energy, the Environment and Water has exercised due care and skill in preparing and compiling the information and data in this publication. Notwithstanding, the Department of Climate Change, Energy, the Environment and Water, its employees and advisers disclaim all liability, including liability for negligence and for any loss, damage, injury, expense or cost incurred by any person as a result of accessing, using or relying on any of the information or data in this publication to the maximum extent permitted by law.

Acknowledgement of Country

We acknowledge the Traditional Owners of Country throughout Australia and recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past and present.





Minister Foreword

In a world where our choices are echoed in the environment, the impact of product manufacturing and consumption carries profound consequences.

Nearly half of global greenhouse gas emissions stem from the creation and use of products.

And more than 70% of a product's environmental impact is locked in at the design stage, before a customer ever considers it. This means we need to get things right at the start, when we are designing products, to make sure they are made to be reused and recycled, not thrown out.

The Australian Government takes our responsibility as environmental managers seriously. That is why we have introduced the Environmentally Sustainable Procurement Policy, which takes effect in two stages from 1 July 2024 and 1 July 2025.

Sustainable procurement policies give businesses the confidence they need to make their products and services more sustainable, knowing there will be the demand to sustain it.

The policy sends a clear message that we want to drive a circular economy through the use of sustainable products. It promotes environmentally sustainable procurement best practices across our highest impact purchases: construction services, ICT products, uniforms and textiles, and fit outs of building and office interiors.

These four high-value areas were chosen because they already have existing ways of measuring their impacts on nature. Industry is ready and able to implement this policy without disruption.

The Australian Government's purchasing power will encourage producers and manufacturers to respond with innovative products and services that quantify their environmental impact and seek to reduce their demands on our natural world.

This guide will provide clarity and guidance for the government's sustainable procurement of goods and services.

It aligns with circular economy principles, including designing out waste, and the Australian Public Service net zero commitment.

Our mission is to leave nature better off for our kids and grandkids.

Globally, the colossal scale of government spending on goods and services means public purchases are responsible for 15% of greenhouse gas emissions.

Harnessing this financial might for positive environmental change is not just an opportunity, but a responsibility.

The Australian Government's \$75 billion expenditure in 2022-23 alone accounted for 17% of the country's gross domestic product.

Take furniture, for example, where the Australian Government spent over \$355 million between 2017 and 2022. While 90% of office furniture can be recycled, most of this waste ends up in landfill.

The environmental impact is clear, and it's time for conscientious action. We need to do better. If we take a more considered approach, we can reduce the environmental impacts of procurement, saving both money and the environment.



Hon Tanya Plibersek MP
Minister for the
Environment and Water

Table of Contents

Minister Foreword	3
Glossary	5
Scope	7
Introduction	8
Value for money	9
Transitioning to a Circular Economy	10
High opportunity categories	11
Procurement process overview	12
Step 1 Embedding environmental sustainability into your procurement practice	13
Before you start	13
Identify the need for the goods or services	13
Questions to ask	14
Step 2 Market research and engagement	15
Undertake market research	15
Engage with the market	16
Identify and prioritise environmentally sustainable outcomes	16
Step 3 Documenting environmental sustainability in a Procurement Plan	17
Analyse environmental opportunities for increased sustainability	17
Step 4 Approaching the market	20
Specify environmentally sustainable requirements	20
Set Key Performance Indicators (KPIs)	23
Step 5 Evaluate and Debrief	27
Evaluate environmental sustainability criteria and requirements	27
Step 6 Contract Management	29
Monitor sustainability compliance and performance	29
Identify opportunities to improve environmental impact	29
Disposal of goods	30
Step 7 Share your experience	31
Knowledge sharing	31
Appendix A: Using labels and schemes to verify environmental sustainability	32
Certifications and standards	32
Ecolabels	33
Greenwashing	39
Ecolabel matrix	40
How to use these model clauses	41
Appendix B: Model Clauses for Environmental Sustainability	41
A. Environmental Sustainability	42
B. Environmental Management Practices	43
C. Environmental Sustainability Plan	44
D. Waste Management	46
E. Use of Recycled Content	47

Glossary

Term	Definition
Approach to market documentation (ATM)	As defined in the Commonwealth Procurement Rules (CPRs), this is any notice inviting potential suppliers to participate in a procurement which may include a request for tender, request for quote, request for expression of interest, request for information or request for proposal.
Australian Government terms used in this guide	• Potential supplier (might respond to a tender) • Tenderer (has applied to a tender) • Supplier (has entered into a contract with the Australian Government) All terms as defined in the Commonwealth Procurement Rules.
Circular economy	For the purpose of this Guide, circular economy is the opposite of a linear 'throw away' society model, which depletes the resources of our planet and our economy. In a circular economy, nothing is wasted, rather it gets reused or transformed. At the broadest level, circular economy policies aim to change patterns of natural resource use in the economy (make, use, dispose) in order to achieve sustainable growth by slowing, narrowing and closing material loops (maintaining the value of resources for as long as possible).
Circularity	• 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, 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
Climate Impacts	For the purpose of this Guide, climate impacts refer to the reduction of greenhouse gas emissions, optimising energy use and using low embodied carbon materials.
Commonwealth Procurement Rules (CPRs)	A legislative instrument issued by the Finance Minister under section 105B of the Public Governance, Performance and Accountability Act 2013 (<i>PGPA Act</i>), which establishes the framework under which entities govern and undertake their own procurement. It also includes good practice guidance. All officials performing duties in relation to CPRs must act in accordance with the Commonwealth Procurement Rules.
Ecolabels	Ecolabels provide information on environmental and health standards for specific product categories. Ecolabels are usually awarded by an impartial third party for specific products or services that have been independently determined to meet transparent criteria based on life cycle considerations.
Embodied emissions	All greenhouse gas emissions that are released as part of creating and making a product for use. This is also referred to as 'embodied carbon'.
Environmental impact	For the purpose of this Guide, environmental impact refers to biodiversity conservation, minimised use of harmful substances and chemicals of concern, minimisation of waste, and water and energy efficiency.
Environmental Management System	An Environmental Management System (EMS) is a structured system which helps an organisation to identify the environmental impacts resulting from its business activities and to improve its environmental performance. The system aims to provide a methodical approach to planning, implementing and reviewing an organisation's environmental management.

Term	Definition
Environmental sustainability	State of a given system, including environmental and economic aspects, in which the needs of the present are met without compromising the ability of future generations to meet their own needs.
Environmental Sustainability Plan	A framework which outlines the measures and activities an organisation will undertake to satisfy environmental sustainability requirements or goals within nominated timeframes.
Greenhouse gas (GHG) emissions	Has the same meaning as set out in the <i>National Greenhouse and Energy Reporting Act 2007</i> .
Greenwashing	Greenwashing is the practice of making false, misleading and/or deceptive claims about the environmental practices of a company or the environmental attributes or benefits of its products or services. Greenwashing is often unintentional and can include claims that are vague, irrelevant or inaccurate or that only tell part of the story about the environmental impacts of a product.
International Organization for Standardization (ISO)	A non-government international organisation comprised of various representatives from national standard organisations. ISO develop and publish international standards. ISO:20400:2017 is the standard for sustainable procurement.
Life Cycle Cost (LCC) model	The LCC methodology is one tool available for practical support in calculating whole-of-life costs.
Material Circularity Indicator (MCI)	The MCI is an assessment tool used to identify the circular value of products and materials. It assesses trade-offs between material circularity and the economic, environmental and societal objectives of procurements.
Procurement	Procurement is the process of acquiring goods and services, and further defined in the CPRs.
Recycled content	As defined in AS 14021:2018, recycled content is a proportion by mass, of recycled material in goods or packaging. Recycled content can be either pre-consumer materials, diverted from waste during the manufacturing process, or post-consumer material, generated by households, commercially, or industrial and institutional facilities.
Specification	The CPRs (Appendix B: Definitions) defines Specification as 'a description of the features of the goods and services to be procured'.
Sustainable development	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
Sustainable procurement	Sustainable procurement looks beyond the up-front cost to make purchasing decisions based on the entire life cycle of the goods and services, taking into account associated costs, environmental and social risks and benefits, and broader social and environmental implications.
Value for money	Achieving value for money is the core rule of the Commonwealth Procurement Rules and price is not the sole factor when assessing value for money. When conducting a procurement, an official must consider the relevant financial and non-financial costs and benefits of each submission including, but not limited to the: - quality of the goods and services - fitness for purpose of the proposal - potential supplier's relevant experience and performance history - flexibility of the proposal - environmental sustainability of the proposed goods and services (such as energy efficiency, environmental and climate change impact and the use of recycled products) - whole-of-life costs.

Scope

The Sustainable Procurement Guide provides the steps for embedding environmental sustainability within all government procurements. It is designed for officials in non-corporate Commonwealth entities and prescribed corporate Commonwealth entities listed in *s30 of the Public Governance, Performance and Accountability Rule 2014*.

All Commonwealth entities are encouraged to apply this guidance.

The Guide supports officials to consider environmental sustainability at each step of the procurement process, from planning and identifying the business need through to contract management and reporting. It is designed to provide entities with the flexibility to apply the guidance within their own departmental procurement frameworks.

The Sustainable Procurement Guide also serves as a companion document to support implementation of the Environmentally Sustainable Procurement Policy. Specific guidance information on the Policy can be found at www.dcceew.gov.au/sustainable-procurement.





Introduction

Procurement is critical to our business. It is how we source the products and services we need to do our job and operate our workplaces.

What we buy in the Australian Government ranges widely. It includes stationery, computers, desks and office space, architectural, waste, cleaning, engineering, project management and recruitment services.

As public servants we are bound to procure these products and services in an efficient, effective, ethical and economic manner. This means making sure we get value for money. Value for money isn't about the lowest price. It is about the social, environmental and economic value that comes with the product or service.

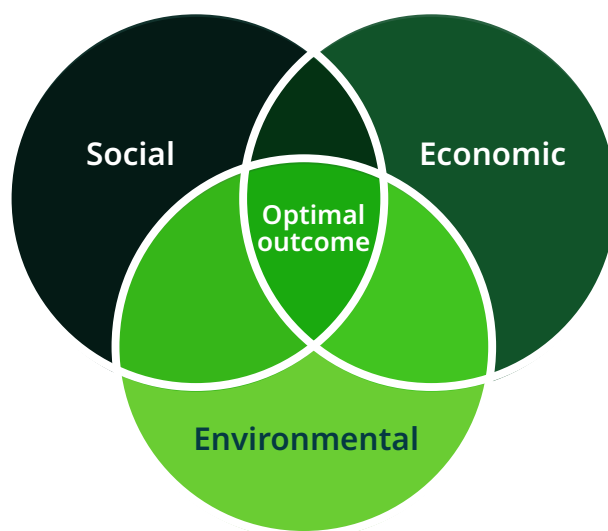
For example, the Great Barrier Reef Marine Park Authority recently transitioned to sustainable corporate uniforms. The procurement criteria included supplier ethical certifications, voluntary opt-in to the Modern Slavery Act, 100% compostable material and packaging, low waste and water use, low chemical use in manufacturing, product circularity initiatives to include a take-back program and a low emission profile of the product. The successful supplier, a small to medium sized business, is tracking the treatment of workers in their supply chain. The uniforms are made from Global Organic Textile Standard (GOTS) certified 100% Certified Organic cotton. The supplier makes products to order. This means they only make what they sell. Their products are certified by Ethical Clothing Australia and BCorp, and the supplier offsets any emissions with re-forestation carbon credits. When the uniforms are worn out, the supplier offers a take-back program where products are recycled into new products or re-purposed.

Environmental sustainability is not an add on to the procurement process. It should be considered alongside other requirements and government priorities when undertaking a procurement.

Collectively these policies and practices make our procurements sustainable.

To achieve better value for money, sustainability should be considered from the planning stage and include reporting requirements to measure results under the contract. This guide demonstrates how to integrate environmental sustainability into your procurement process for an optimal outcome. Case studies of Australian Government environmentally sustainable procurements are available on the Department of Climate Change, Energy, the Environment and Water (DCCEEW) website at www.dcceew.gov.au/sustainable-procurement.

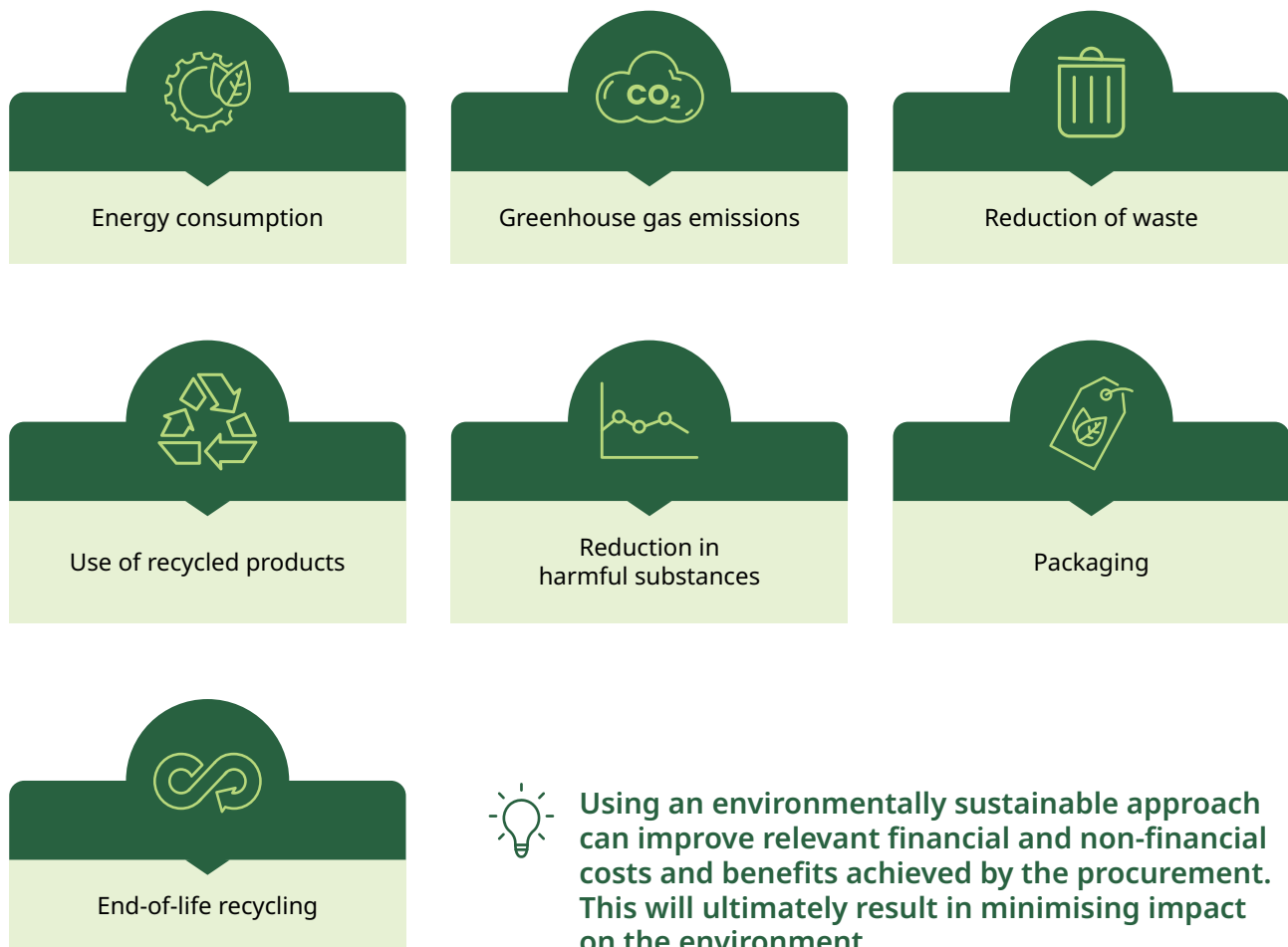
For assistance using this guide or implementing environmentally sustainable procurement, please contact the Commonwealth Sustainable Procurement Advocacy and Resource Centre (C-SPARC) in DCCEEW at sustainable.procurement@dcceew.gov.au.



Value for money

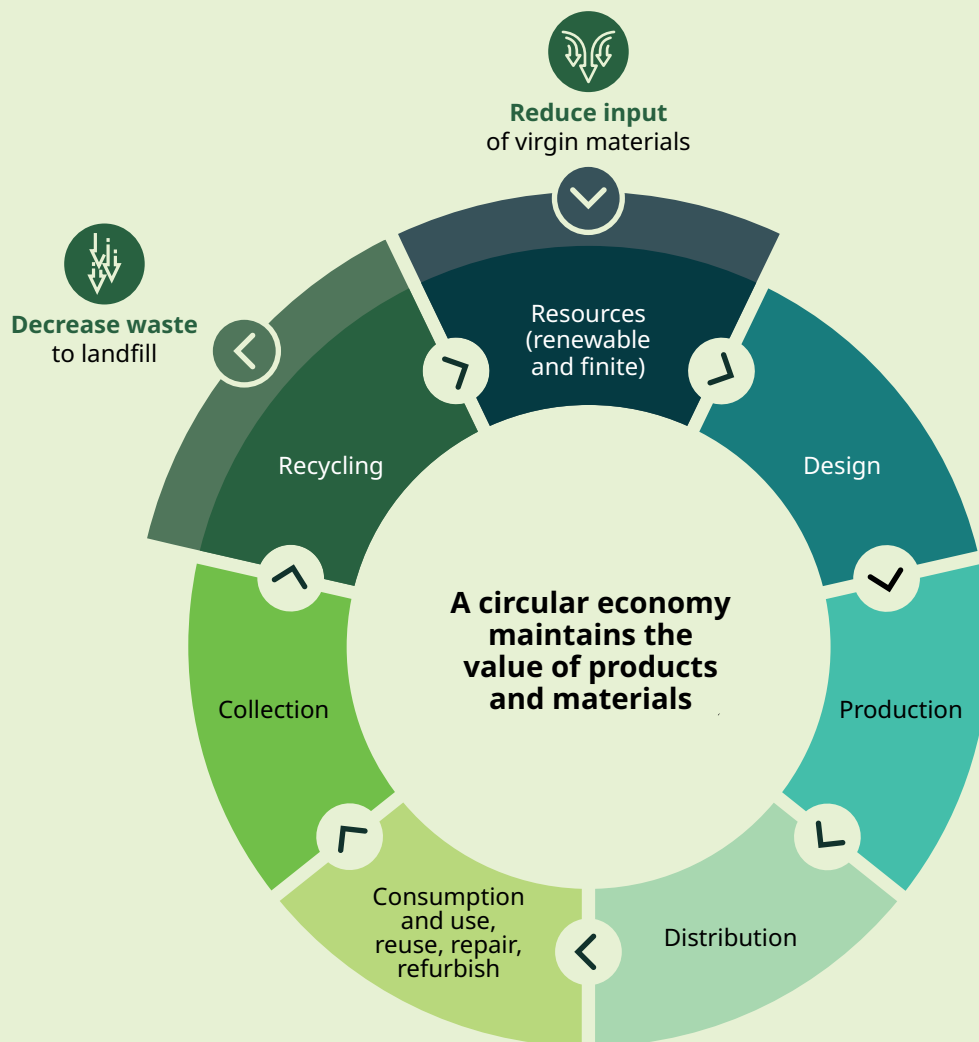
Value for money is the core principle underpinning Australian Government procurement (*Commonwealth Procurement Rules, paragraph 3.2*). Value for money is not simply the lowest price and encourages competition, efficiency, effective, economical and ethical procurement. Officials must consider all relevant costs and benefits over the entire life of the procurement. The Commonwealth Procurement Rules (CPRs) affirm that sustainability is an important consideration in this assessment.

Where appropriate, officials should consider factors such as:



Transitioning to a Circular Economy

The way government procures goods and services is shifting, where traditional procurement processes are modernising to align to circular economy principles. We are changing buying behaviour to optimise use of our limited resources and minimise the overall impact on the environment. Keeping our resources in the value chain for longer will put our economy on a more sustainable footing for growth over the long-term.



High opportunity categories

Although this Guide applies to any type of procurement, some areas will naturally be able to achieve higher levels of environmental sustainability. This will vary depending on what you are procuring and the market maturity in that category.

High opportunity categories are:	Construction Services	Consider the design through to end of life (disposal) of structures and installations, and determine where projects can optimise recycled content, address emissions reductions, and other environmental outcomes as addressed in the Guide.
	Fit-outs	Consider the use of recycled content in the materials and furniture contained in the fit-out and ensure the goods purchased have end-of-life options for re-use, refurbishment or disposal. Consider whether emissions can be reduced through sourcing goods and services locally, and by achieving energy efficiency through electrical products such as lighting and white goods. This also includes goods and services delivered under a property services contract that fall into this category.
	Textiles & uniforms	Consider uniforms made from certified sustainable sources, from non-mixed fibres to make reprocessing easier, and the take-back systems and remanufacture pathways available at end of useful life.
	ICT goods and services	Consider purchasing extended warranties to increase the serviceable life of the product and reduce e-waste. ICT goods can also contain recycled content and be energy efficient.
	Services	Ensure our suppliers of services are also committed to environmental sustainability through their own policies and procedures. For example they may have an ISO 14001 certified Environmental Management System, energy saving results or internal policies on the use of recycled content, water and waste minimisation, recycling, and emissions reduction initiatives.



Procurement process overview

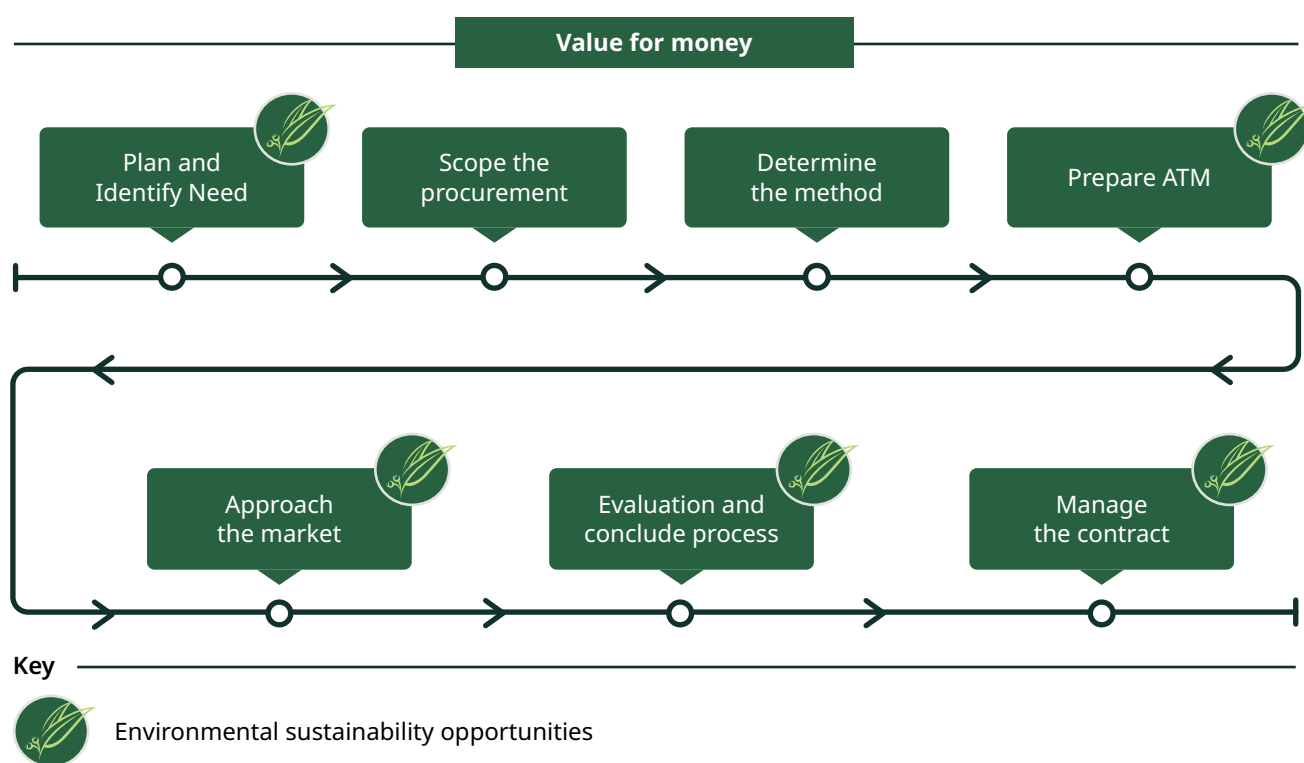
The Commonwealth government applies two principles to all procurement activities¹:

1. Irrespective of the size, scope or nature of a procurement, officials must seek to achieve value for money in accordance with the CPRs.
2. Officials must ensure they conduct procurements in accordance with their entity's Accountable Authority Instructions and relevant operational guidelines, which in turn must be consistent with the CPRs.

The procurement process generally consists of the following stages.

Figure 1 shows the stages where environmental sustainability has the most potential to be applied.

Figure 1 Procurement diagram



¹ www.finance.gov.au/government/procurement/buying-australian-government/procurement-process-considerations



01

Step 1

Embedding environmental sustainability into your procurement practice

- Before you start
- Identify the need for the goods or services
- Questions to ask

Applying environmental sustainability to your procurement can improve value for money. For example, energy efficient appliances use less energy which reduces power costs and reduces greenhouse gas emissions.

The best outcomes are achieved when environmental sustainability is addressed from the planning stage.

Before you start

- The very first step in considering environmental sustainability is to ask if the procurement is necessary. Are there alternatives to purchasing such as refurbishing, repairing, reusing, leasing or hiring?
- If you decide the procurement is necessary, what are the potential environmentally sustainable outcomes? Can you achieve any of the following:
 - minimisation of greenhouse gas emissions
 - increase in circularity
 - benefits or improvements to the environment
 - minimisation of waste to landfill.
- Check your entity's environmental sustainability policies and processes.
- Contact the Commonwealth Sustainable Procurement Advocacy and Resource Centre at sustainable.procurement@dcceew.gov.au for assistance.
- Look at case studies of how other government entities have approached sustainability in similar procurements.
- Consider opportunities for innovation, for example a change in processes, materials used, or type of goods.

Identify the need for the goods or services

Rethink the purchase - avoid and reduce waste by critically considering the business need for procurement.

By using demand management strategies you can avoid excess consumption and reduce unnecessary purchasing costs.

Strategies include:

- not buying the goods or service if they aren't critical or needed
- choosing an alternative to buying, including reusing, hiring/renting or sharing goods/services
- reducing the quantity of goods to be purchased
- defining the functional and performance requirements at strategic and operational levels to achieve your environmentally sustainable outcomes.

Questions to ask

Use the following questions to identify opportunities to achieve environmentally sustainable outcomes from the procurement.

- ✓ Have you identified how potential suppliers can demonstrate if their goods or services contribute to circularity, minimise greenhouse gas emissions and positively impact the environment?
- ✓ Are there comparable goods or services using more recycled content?
- ✓ What is the impact on operational greenhouse gas emissions, energy and water use?
- ✓ Do the goods avoid the use of harmful chemicals or materials?
- ✓ Are renewable resources used in the manufacture of the goods?
- ✓ What options are available to extend the longevity of the goods? For example, extended warranty, reuse, repair, repurpose, upgrade or modification.
- ✓ How will the goods be disposed at end of useful life? Does the potential supplier offer a take back scheme?
- ✓ Can the goods be procured as a service, rather than buying equipment outright? For example, photocopiers and printers are common goods procured as a service. Goods as a service is emerging as a new model for goods such as lighting and furniture.
- ✓ Is packaging minimised, is it made with recycled materials, and is it recyclable?



Steps 2-6 explore these questions and provide guidance on how to apply environmentally sustainable principles when planning and executing your procurement.

Step 01 checkpoint

- ✓ Are there alternatives to purchasing? For example, refurbishing, repairing, reusing, leasing or hiring.
- ✓ Have you checked your entity's environmental sustainability policies and processes?
- ✓ Have you read the 'Questions to ask' section and applied what is relevant to your procurement?





02

Step 2 Market research and engagement

- Undertake market research
- Engage with the market
- Identify and prioritise desired environmentally sustainable outcomes

Environmental sustainability focuses on achieving climate, circularity and environmental outcomes by applying a set of principles to the goods and services purchased by the Australian Government. These principles are listed in the table below.

Market research can help determine realistic outcomes and sustainable alternatives.

Undertake market research

Market research will help you to develop fit-for-purpose requirements in your Approach to Market (ATM) documentation and identify businesses offering environmentally sustainable goods or services.

Focus areas and principles to consider in your market research:

Focus Areas	Climate	Environment	Circularity
PRINCIPLES	• minimise greenhouse gas emissions • optimise energy efficiency • use low emissions materials	• 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	• 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, 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

The questions listed in Step 1 will help you to embed these principles in your procurement.

When engaging with the market, you should also investigate the potential for innovation or emerging technologies that meet the procurement need and increase environmentally sustainable outcomes.

Engage with the market

The market for environmentally sustainable goods and services is constantly evolving. Market research and engagement is important for keeping up with these changes. Industry briefings can provide potential suppliers with the time and information they need to respond to the proposed environmentally sustainable outcomes.

Before engaging with the market, check with your procurement team so that probity guidelines are followed. The [Department of Finance](#) website has guidance on how to approach the market and conduct effective market research.

Identify and prioritise environmentally sustainable outcomes

Market research and engagement will allow you to identify the possibilities for environmental sustainability that are particular to the goods or services you are procuring. This should be included in your procurement plan. During your research, you should:

- document the environmentally sustainable outcomes
- identify the requirements to achieve these outcomes
- determine desirable and mandatory requirements for your procurement.

Your priorities should reflect the Government's environmentally sustainable procurement principles, your entity's environmental sustainability policies, and be informed by your market research.

Step 02 checkpoint

- ✓ Have you researched environmentally sustainable options in the market?
- ✓ If appropriate, have you engaged with current or potential suppliers to research innovations or new technologies that would maximise environmental sustainability outcomes?
- ✓ Have you used the market research to determine the environmentally sustainable outcomes for your procurement?





03

Step 3

Documenting environmental sustainability in a Procurement Plan

- Analyse environmental sustainability opportunities
- Assess the risks

It is important to capture environmental considerations in your procurement plan so they can be included for opportunity identification, risk assessments, ATMs and other contractual documentation. Align the desired environmentally sustainable outcomes with your entity's environmentally sustainable procurement policies and processes.

Procurements need to be well planned and with sufficient time to give decision-makers a genuine choice¹.

Analyse environmental opportunities for increased sustainability

Environmental sustainability requirements contained in ATM documentation and supplier briefings must be well-defined, verifiable, and allow for fair competition. Environment, circularity and climate outcomes should be considered when setting requirements. Table 1 explains the different types of requirements.

Table 1 – Examples of requirements for increasing environmental opportunities

	Types of requirements	Examples	Outcome
PRODUCTS	Characteristic of the goods or service	Uniforms to be made from non-mixed fibres, from certified sustainable sources.	Improve circularity by selecting goods that can be re-manufactured Minimise environmental impacts by avoiding use of harmful chemicals
	Performance or functional requirements	Goods that use water must contain a minimum 3 star efficiency rating.	Minimise energy use Reduce greenhouse gas emissions in the entity's operations
	Minimum or optional requirements	The minimum requirement for a laptop warranty is three years, an extended warranty of four years is preferred.	Improve circularity of the goods by keeping materials in use for as long as possible Reduced landfill
SERVICES	Supplier demonstrates a commitment to environmental sustainability practices	Supplier to provide evidence, including any relevant results, of their organisation's commitment to improving its own environmental sustainability performance.	Suppliers have environmental sustainability policies and processes.

¹ source: www.anao.gov.au/work/audit-insights/procurement-and-contract-management

Assess the risks

Risk assessments are a requirement of procurement planning. Risk assessments should address the environmentally sustainable outcomes of the procurement. This may require technical input from stakeholders. Table 2 provides prompting questions to help you identify risks for environmental sustainability. These questions should be adapted to your specific need and you should follow your entity's procurement risk process.

Table 2: Example questions to identify risks

Experience	• Is technical expertise required in using the alternative sustainable goods and is this expertise available? • Is the supplier experienced in using the alternative sustainable goods? • Will extra support be required to enable innovative alternative sustainable goods use / development? • Can the environmental claims made by a supplier be verified?
Complexity	• Has the inclusion of environmentally sustainable outcomes increased the complexity of the procurement (technically, legally or financially)? • Is there a need to seek expert advice (internal/external)?
Sensitivity	• Are you unintentionally excluding SMEs from responding to the ATM as a result of the request for environmental sustainability? • Is the procurement project high profile with the potential to attract media attention for any negative environmental impact (from stakeholders and public)? • Does the desire for environmentally sustainable outcomes negatively or positively affect other policy considerations prescribed in the CPRs?
Product integrity	• Will an environmentally sustainable alternative meet required specifications (particularly regarding compliance/conformance)? • Is there a risk that the environmental claims of the goods are unsubstantiated (i.e. greenwashed)? • Are there foreseen risks or opportunities in using goods made from particular material types in different environmental settings? • Will disposal at end of useful life cause environmental concerns (e.g. chemical leakage, excessive waste, biodiversity impacts)? • Is there a risk associated with not using a verified environmentally sustainable good or methodology?
Price	• Do higher environmental sustainability requirements significantly impact price? • Do the potential financial benefits from environmental sustainability offset the price?

Step 03 checkpoint

- ✓ Does your procurement contribute to your entity's or whole-of-government objectives and targets for environmental sustainability?
- ✓ Does your risk assessment include environmental sustainability risks?
- ✓ Does the risk assessment consider the risks associated with:
 - a. choosing an environmentally sustainable goods or service?
 - b. not choosing an environmentally sustainable goods or service?
- ✓ Have you documented the environmentally sustainable outcomes in the Procurement Plan so they can be included in the ATM?





04

Step 4 Approaching the market

- Specify environmentally sustainable requirements
- Set Key Performance Indicators (KPIs)
- Develop evaluation criteria and reporting requirements
- Use Standard Clauses for guidance

When the environmentally sustainable requirements for your procurement have been specified, they can be introduced to potential suppliers. They can be included in relevant Approach to Market (ATM) documentation or presented at a supplier briefing, along with the associated KPIs and evaluation criteria if relevant.

**Don't simply ask for 'lower environmental impact'.
Be specific. Use your market research to set requirements.**

Specify environmentally sustainable requirements

To embed environmental sustainability successfully within the ATM documentation, you can include:

Physical requirements	▶ Describes characteristics of the goods or service	▶ Example: contains recycled content
Functional requirements	▶ Specifies the proposed function for the goods or service to fulfil	▶ Example: packaging must be made from a sustainable durable material
Performance requirements	▶ Defines the performance standards to be met by the goods or service	▶ Example: percentage of waste diverted from landfill
Management requirements	▶ Triggers an appropriate design and specification response	▶ Example: monitoring of specific sustainability risk such as ensuring a clean supply of recyclable material and what method/process they will use

When specifying sustainability requirements, it is better to be descriptive, outlining minimum or desirable requirements.

- ✗ Don't simply ask for 'lower environmental impact'.
- ✓ Consider these requirements as potential starting points:



Plastic, paper and glass packaging contain a set percentage of recycled content, aligned with the Australian Packaging Covenant Organisations' National Packaging Targets



Achieving a sustainability certification or ISO standards for buildings or fit outs.



Furniture and fittings include recycled content and are returned to the supplier at the end of useful life for recycling.



Service providers are to articulate how they address the principles of environmentally sustainable procurement and practices within their own operations.



Suppliers are participating in a validated product stewardship scheme where relevant.



Food waste generated from events and excess catering to be collected by a food and organic waste service.



Ecolabels (environmental labels) can provide information to set requirements and minimum standards.



Specifying use of a particular ecolabel cannot be set as a mandatory requirement, as it may exclude other equivalent goods from potential suppliers' proposals. Further information on how to address this can be found in Appendix A (Ecolabels, certifications, standards and product stewardship schemes).

Assessing whole-of-life costs

Whole-of-life costing generally refers to the process of estimating the cost of a good or service from acquisition, maintenance and operation, to the end of life (refer to table 3). Taking into account the whole-of-life cost can help officials make a holistic assessment of the potential costs during the lifetime of the good or service and identify any cost saving when comparing different options.

The option with the lowest up-front (acquisition) cost may not offer the lowest cost option over the life of the good or service. This is typically the case for goods that use power, water, fuel or other consumables, or goods where a disposal pathway or market does not exist or is cost prohibitive (e.g. goods containing harmful materials).

Table 3 Whole-of-life costing considerations

Whole-of-life costing			
Acquisition costs	Maintenance costs	Operating costs	End-of-life costs
Example: • Purchase cost • Delivery charge • Insurance and taxes • Installation and commissioning • Training and support • Internal costs associated with changing from the incumbent supplier (which should be identified prior to tenders being received)	Example: • Specialist labour • Specialist tooling • Spare and replacement parts • Reduced output with age • Frequency of maintenance and recommended downtime • Servicing and inspection regimes • Costs associated with equipment downtime	Example: • Labour • Materials • Consumables • Energy supply and consumption • Contract and supplier management • Transaction costs • Environmental costs • Cost of change (e.g. a decision to use alternative methods)	Example • Safe disposal • Resale • Ongoing liabilities • Decommissioning • Removal for sale of scrap • Reinstatement of land or buildings for alternative use

Life Cycle Cost (LCC) calculations are usually used during the planning stage to evaluate alternative options for a tender, or during the tender evaluation stage to compare different bids. However, the use of LCC will be guided by the individual characteristics of the procurement. It is best suited to procurements where a sustainability assessment has identified significant risks or opportunities.

The LCC method considers the following direct and indirect costs:			
Cost relating to acquisition, installation and commissioning	Maintenance and repair costs	Cost of use, including operating costs for the ongoing use of the goods, such as energy and consumable components	Disposal at the end of life, including collection, recycling costs, landfill fees and treatment of any harmful components.

There are tools available online for procurement officers. The decision to use a LCC tool will depend on the goods or services being procured and environmental factors determined in the market research step 2.

Further reading on LCC tools:

- [Life-Cycle Costing across the European Union](#)
- [Life-cycle costing tools and practices: Hungary and other European countries](#)

Set Key Performance Indicators (KPIs)

KPIs allow sustainability requirements to be measured and tracked. They should be included in both the ATM and the contract. For each KPI, remember to clarify who is responsible and accountable for ongoing adherence.

Refer to the table below for example outcomes, KPIs and targets.

Outcome	Example KPI	Target for overall performance (examples)	Evidence against outcome
 Use of recycled content	Identify optimal percentage of recycled content	Task chairs should include a minimum of 60% recycled content	Evidence of recycled content in materials purchased under contract e.g. recycled content certification
 Circularity	Extending standard useful life of good	Designed to be easily repaired, dismantled, and recycled locally	Parts of the goods are interchangeable and can be sent back to the supplier for repair/replacement
 Reduced waste to landfill	Tonnes of waste diverted from landfill	2000 tonnes per annum/contract	Evidence of waste landfilled and diversion amount
 Reduction of greenhouse gas emissions	CO ₂ reduced or avoided	Using goods and services that decrease emissions	Tonnes of CO ₂ reduced or avoided
 Energy efficiency	Continuous improvement in energy star ratings	Replacement electrical goods to meet 5-star rating or above, where applicable or where such goods exist	Audit of new appliances purchased and their energy rating, indicating, where possible, the improvement in star rating
 Water efficiency	Continuous improvement in water efficiency	Reduced water usage in building	Water Efficiency Labelling and Standards (WELS) rating

Develop evaluation criteria

Your ATM documentation typically includes evaluation criteria. In some cases, potential suppliers may be requested to provide supporting evidence with their tender submission. This also applies to environmental sustainability. All criteria must be clearly articulated so tenderers are treated equitably. You should also include any reporting that will be required under the contract.

Ideally, criteria should be weighted. This will indicate the importance of the criteria and where potential suppliers need to focus their efforts when responding to the ATM. The precise weighting of criteria depends on the entity's procurement priorities and opportunities for environmental sustainability.

Criteria can be qualitative, quantitative, rated or fit-for-purpose.

Table 4 Types of evaluation criteria

Criteria		Example
Qualifying	Set minimum standards for the procurement. These criteria must be met, or intended to be met, before the contract commences. If the tenderer cannot meet these criteria their submission does not qualify.	Tenderers must comply with the Australian Packaging Covenant Organisation's (APCO) packaging standard.
Rated	Use weightings to allow bids/proposals to be scored and ranked in order of merit.	Goods must contain 25% recycled content or higher. Goods that exceed the 25% requirement are ranked higher than goods that just meet the 25% requirement.
Quantifiable	To enable comparison between responses (e.g. energy consumption, greenhouse gas emissions or disposal of waste to landfill avoided).	Manufacturing and operation (tCO ₂ e). Goods that produce less tonnes of CO ₂ per annum are ranked higher than goods that produce more tonnes of CO ₂ per annum.
Fit for purpose	Used to identify and evaluate whether goods or services have limited performance, have higher repair or replacement costs, are over engineered or have unwanted functionality.	An efficient and effective heating, ventilation, and air conditioning (HVAC) system.



As defined in the CPRs, price is not the sole factor when assessing value for money. It is a requirement to consider the non-financial and financial costs and benefits. This includes environmental sustainability and whole-of-life costs.



When setting criteria, you should also consider how they will be captured in the contract. For example:

- leaving room for improvement and/or innovation over the life of the procurement if over multiple years
- if appropriate, ensuring there are clauses to allow opportunities for updating/negotiating the environmentally sustainable outcomes throughout the term of the contract if over multiple years
- managing them throughout the entire term of the contract,
- reporting against criteria in the contract management phase.

Refer to Table 5 for example criteria that could be used to evaluate the different aspects of environmental sustainability of a product.

Table 5 – Example evaluation criteria for measuring a goods environmental sustainability.

Criteria type	Criteria	Score – yes	Score - no
Qualifying	Third party certifications including relevant ecolabels that incorporate recycled content	All relevant certifications acquired	No certifications
Qualifying	Problematic or unwanted plastic content should be avoided	The goods do not include this material	The goods contain problematic or unwanted plastic. Submission does not qualify

Criteria type	Criteria	Score – high	Score – medium	Score - low
Rated	Recycled content to be greater than 25% (note that percentage will vary depending on product and material)	Greater than 80% recycled content	Between 51% to 80% recycled content	Less than 50% recycled content
Rated	Percentage of waste disposed to landfill at end of life	No disposal to landfill	Greater than 20% to landfill	Greater than 80% to landfill
Quantifying	Amount of carbon emissions produced during manufacturing and operation (tCO ₂ e)	Less than 10 tonnes per annum of CO ₂	Less than 25 tonnes per annum of CO ₂	Less than 50 tonnes per annum of CO ₂

Use standard clauses for guidance

Standard clauses have been developed as example environmental sustainability requirements for ATM documents and contract terms. These cover high level environmental sustainability requirements including environmental management practices, development of an environmental sustainability plan, waste management, and use of recycled content.

These standard clauses can be found in [Appendix B](#)



Consider reviewing case studies and masterclasses that are relevant to your procurement at www.dcceew.gov.au/sustainable-procurement.

Step 04 checkpoint

- ✓ Have you developed and included environmentally sustainable outcomes in your ATM documentation?

- ✓ Have you determined which environmentally sustainable outcomes are mandatory or desirable?

- ✓ Are environmental sustainability requirements and KPIs clearly stated in the ATM documentation?

- ✓ Have you developed relevant KPIs and/or targets to monitor and measure performance against the contract?

- ✓ Have you developed quantifiable and qualifying criteria for the criteria contained in the ATM?

- ✓ Have you included appropriate questions in the ATM to address the management of environmental sustainability risks?

- ✓ Have you identified what information is required from potential suppliers to enable decisions based on whole-of-life costs and the environmental priorities for your entity?

- ✓ Have you included disposal requirements (where applicable) to ensure the goods are refurbished, reused, recycled or disposed of responsibly?

- ✓ Have you developed evaluation criteria to assess responses to the environmental sustainability outcomes?

- ✓ Have you checked if any of the standard clauses are relevant to your procurement? Refer to [Appendix B](#)





Step 5

Evaluate and Debrief

- Evaluate environmentally sustainable criteria and outcomes
- Compare goods or services
- Debrief unsuccessful suppliers as per your entity's procurement policies and processes.

For the evaluation, the panel must review the tender responses to the environmental sustainability criteria set in the ATM and assess a tenderer's ability to deliver against these criteria.

Consider sourcing a subject matter expert to assist with tender evaluations, particularly for complex procurements

Evaluate environmental sustainability criteria and requirements

As with any tender evaluation, the potential suppliers' response to the environmentally sustainable outcomes or criteria need to be assessed. For complex or high-risk procurements, subject matter expertise may be required to inform evaluation.

When considering whole-of-life costs for value for money you include:

- acquisition
- maintenance
- operation
- end-of-life/disposal methods.

The option with the lowest up-front (acquisition) cost may not offer the lowest cost option over the life of the good or service. This is typically the case for goods that use power, water, fuel or other consumables or goods where a disposal pathway or market does not exist or is cost prohibitive (e.g. goods containing harmful materials).

Compare goods or services

Considering the circularity, environmental and climate impact related to the goods or service is the best place to start. In some cases, ecolabels, standards, and certifications are useful for supporting purchasing decisions but cannot be the sole determining information.

Ensuring you consider the circularity, environmental and climate impact related to the goods or service is the best place to start. Some goods use their specification to demonstrate their environmental credibility, and you should seek further information from the supplier to be sure you understand the specifications.

See [Appendix A](#) for information on ecolabels, certifications, standards and product stewardship schemes, as well as awareness of false environmental claims.

Debrief unsuccessful suppliers

Where environmentally sustainable outcomes or criteria were not met, use this as an opportunity to discuss these areas and raise awareness of ways to improve environmental outcomes of the goods or services offered in response to the ATM.



Feedback for unsuccessful suppliers reinforces the government's expectation for environmental sustainability to be embedded in all procurements. It helps these suppliers to improve their next tender.

Step 05 checkpoint

- ✓ Have you identified a person with subject matter expertise (if required) to assist in assessing the ATM responses?
- ✓ Can the supplier give you assurance of the environmental claims? If relevant, have you considered appropriate ecolabels, standards, certifications for assurance?
- ✓ When debriefing unsuccessful suppliers, did you provide feedback on their response to environmental sustainability criteria?





06

Step 6 Contract Management

- Monitor sustainability compliance and performance
- Identify opportunities to improve environmental impact
- Disposal of goods

Regular conversations with your supplier can improve sustainability outcomes.

Monitor sustainability compliance and performance

Any standards and specifications, KPIs and compliance measures identified in the ATM must be reflected in the contract and monitored throughout the contract's life. Advice on how to address underperformance and non-compliance on sustainability requirements should be sought from your entity's procurement and legal teams.

Remember to engage subject matter experts to assess performance on environmental sustainability, where necessary.

Identify opportunities to improve environmental impact

The contract management process provides a mechanism for you to raise any concerns or suggestions with your supplier. It allows your supplier to share ideas for innovations, technologies, or ways to improve sustainability.

You can ask your suppliers about evolving best practice and industry innovations or standards to ensure you are optimising environmental outcomes from your procurement.

Remember, the focus areas and principles for high environmental impact:

Focus Areas	Climate	Environment	Circularity
PRINCIPLES	• minimise greenhouse gas emissions • optimise energy efficiency • use low emissions materials	• 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	• 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, 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

Disposal of goods

As you come to the end of the contract term, it is good practice to review the end-of-life solution identified for the goods for compliance and best practice.

Where sustainability requirements for end-of-life solutions have not been documented in the original contract (and/or any variations), there is still opportunity to influence disposal of the goods.

The following options may be applicable to goods or materials used under your contract:

- reuse through refurbishment
- secondary market options for usable goods no longer required by the entity
- recycle through a commercial recycling collection service
- recycle with help from a specialist recycler (e.g. electronic waste recycler, textile recycler)
- the supplier takes back the product through a product stewardship scheme (e.g. computers, televisions, tyres) that ensures the goods will be recycled, refurbished or reused.

Step 06 checkpoint

- ✓ Are the ATM sustainability requirements included in the contract?
- ✓ Have you briefed the contract manager on the environmentally sustainable outcomes?
- ✓ Are there any metrics that need to be collated for reporting internally or externally?
- ✓ How often should metrics be reported i.e. quarterly, monthly, etc. Set clear and reasonable timeframes.





07

Step 7

Share your experience

Share your knowledge and experiences, both positive and negative.

The Sustainable Procurement in Action Masterclass series on the Department of Climate Change, Energy, the Environment and Water's website shares sustainable procurement practices.

Knowledge sharing

Knowledge sharing can encourage and incentivise positive behaviour. It empowers others to realise sustainable procurement outcomes in their procurements.

Successes and lessons can be shared in a variety of ways, including:

- articles in internal newsletters
- verbal updates at departmental meetings
- notices on the Sustainable Procurement page on the GovTeams Procurement and Contract Management community of practice
- Case studies shared with the APS.

Step 07 checkpoint

- ✓ Have you identified improvements for the next procurement?
- ✓ Have you shared with colleagues your successes and lessons from your recent procurement?
- ✓ Have you contacted C-SPARC to share your experience as a case study for the APS?



A

Appendix A: Using labels and schemes to verify environmental sustainability

This appendix provides information about

- ecolabels
- certifications and standards
- product stewardship schemes
- greenwashing.

Information on world ecolabels can be found at www.ecolabelindex.com

Certifications and standards

Certifications and standards can be used by suppliers to verify environmental sustainability of their products and services. This assists procurement officers in their value for money evaluations. Examples include:

- environmental product declarations (EPDs) published on websites such as [EPD Australasia](#)
- Australian standards available through [Standards Australia](#), and
- relevant [International Organization for Standardization](#) (ISO) standards such as:
 - ISO 14001 Environmental management systems
 - ISO 9001 Quality management systems
 - ISO 14020 Environmental statements and programmes for products.

Ecolabels

Ecolabels can help navigate the social and environmental benefits of the products and services you procure. They can be useful for confirming that products bearing a label meet a range of environmental standards.

There are three types of ecolabels with different characteristics that affect their efficacy, dependability, and diligence.

Type 1	Type 2	Type 3
Ecolabels (based on ISO 14024) are a third-party assessment of a product based on the environmental and social impacts throughout its lifecycle. Evaluation and selection requirements are available to the public.	Ecolabels (based on ISO 14021) are self-declared claims made by manufacturers or distributors and are not independently verified. These tend to focus on a particular quality of a product e.g. compostable.	Ecolabels (based on ISO 14025) are voluntary declarations of the sustainability of a product or service.

To verify an ecolabel, you should check it meets an internationally recognised quality standard such as the ISO standard referenced for each ecolabel type. It is recommended that you carefully consider and check the credentials and validity of any labels, certifications, standards or schemes.

Caution should be applied to ecolabels that do not verify specific qualities of products, include vague claims or rely on buyer's own conclusions about the sustainability of the product.

If specifying that a product carry a recognised ecolabel in your ATMs, the phrase 'or equivalent' should be used in addition to that ecolabel. For example 'Green Tag certified, or equivalent'.

Product stewardship schemes

Product stewardship requires all actors along the supply chain – including producers and retailers – to better manage the environmental and human health impacts of products and material streams throughout their life cycle.

Items regularly procured by the Australian Government covered by a product stewardship scheme include batteries, printer cartridges and electronic goods such as computers, mobile phones and tablets.

Mandatory and co-regulatory stewardship schemes are established by government regulation. Voluntary arrangements are funded and delivered by industry. Voluntary arrangements can operate independently, or apply for government accreditation.

The Minister for the Environment can accredit voluntary arrangements after their environmental and human health outcomes have been assessed by the Department of Climate Change, Energy, the Environment and Water. Accredited arrangements can demonstrate that their outcomes are supported through their reporting obligations to the Minister for the Environment. For example, Tyre Stewardship Australia (TSA), an accredited product stewardship scheme, develops new uses for end-of-life tyres, helping find ways to convert waste.

Examples of good product stewardship include:

- Companies who drive environmentally beneficial outcomes through good design and clean manufacturing
- Products designed for easier repair, dismantling, and/or recycling
- People who recycle products, and their packaging
- Companies that use more recycled materials and less virgin resources to make their products
- Companies that limit the harmful materials their products contain and remove chemicals of concern when manufacturing their products.

Choosing accredited schemes (and their members) helps you verify sustainability credentials of tenderers. Accredited arrangements are approved by government and sustainability claims are third-party verified which reduces the risk of greenwashing.

The following list provides information about a number of ecolabels, standards and certifications used in Australia.

Ecolabels/Certifications



The Australasian Recycling Label (ARL)

The ARL is an evidence-based system underpinned by the Packaging Recyclability Evaluation Portal design tool to provide a nationally consistent approach to packaging transparency. It has easy-to-understand instructions about how to correctly dispose of every part of a product's packaging. The ARL was developed by the Australian Packaging Covenant Organisation and Planet Ark. Further information on the ARL is available on the [Recycling Near You](#) website.



Compostable

The Australian Standard 4736-2006 for compostable and biodegradable plastics. It indicates that the product is suitable for composting and other microbial treatment. It is known as the seedling logo and is a certification system throughout Australia and New Zealand.



Energy Rating Label

The Energy Rating Label describes the energy efficiency of an appliance by awarding it a number of stars and displaying the annual energy consumption of the appliance. An appliance can receive a rating of up to six stars based on its efficiency compared to similar models of similar capacity or size. The more energy efficient the appliance, relative to similar models, the more stars on the Energy Rating Label.



EPEAT

EPEAT is a global ecolabel in the IT sector managed by the Green Electronic Council, which provides an independent verification on manufacturers' claims around sustainability. EPEAT criteria addresses the entire life cycle of the goods including design, production, energy use and recycling.



Fairtrade Australia New Zealand

The Fairtrade mark is a globally recognised label displayed on goods that have been independently certified along the supply chain to ensure they meet the social, economic and environmental standards set by Fairtrade International.



Forest Stewardship Council Certification

The Forest Stewardship Council Certification (FSC) is an internationally recognised certification system that provides a guarantee that processes and operations or the production and source of goods meet the FSC standards. Independent certification bodies certify forest managers or forest goods companies.

Ecolabels/Certifications

Fuel consumption label



The fuel consumption label is an Australian Government initiative to inform consumers of the fuel consumption of a car and the potential carbon emissions and allow purchasers to compare vehicles using a common basis. It is a requirement that model specific fuel consumption labels are to be placed on the windscreens of all new vehicles up to 3.5 tonnes gross vehicle mass. It is also a requirement that energy consumption labels are placed on the windscreens of all new electric and externally chargeable hybrid electric vehicles.



Good Environmental Choice Australia

Good Environmental Choice Australia (GECA) offers a suite of services, including Australia's only not-for-profit multi-sector ecolabelling program. Following ISO 14024 principles and ISEAL frameworks for global best practice in ecolabelling, all GECA standards are independently assessed. GECA's Claims Authentication service provides independent third-party assurance that a claim has been substantiated through an in-depth exploration.



Green Tag™ certification

Green Tag™ certification is a third party green building and goods certification and rating system that is underpinned by scientific and Life Cycle Assessment (LCA) processes. The purpose of the program is to allow the market to understand the degree to which a good is ecological, safe and socially responsible. Green Tag™ compares the goods to 'worst case, business-as-usual' goods with the same functional purpose.



Programme for the Endorsement of Forest Certification

Programme for the Endorsement of Forest Certification (PEFC) works to protect forests by promoting sustainable forest management through certification. It is an umbrella organisation that endorses national forest certification systems which have been developed and tailored to local priorities and conditions.



Recycled content

Recycled content is defined in Australian Standard 14021:2018. This logo can be used to indicate the percent of recycled content. Where recycled content has been claimed, the percent of recycled material based on the mass of the goods, is to be stated. The percentage of recycled content in goods and their packaging are to be stated separately, not aggregated. The use of the recycled content symbol is optional and may be accompanied by a percentage value.



Responsible Wood

Responsible Wood is an Australian certification scheme underpinned by the internationally recognised PEFC. The scheme and its standards promote environmentally sound, socially just, and economically viable management of forests. Certification of compliance with standards is carried out by independent third parties. Responsible Wood is relevant to wood sourced from Australia.

Ecolabels/Certifications



TCO Certified

TCO Certified is a global sustainability certification for IT products, covering both social and environmental responsibility. TCO Certified helps purchasers and the IT industry address the most important sustainability challenges connected to electronics, such as climate, circularity, hazardous substances and supply chain responsibility. Compliance with all criteria is mandatory and independently verified by accredited experts.



Water rating label

The label is part of the mandatory Water Efficiency Labelling and Standards scheme regulated by DCCEE, that applies to taps, toilets, showers, urinals, flow controllers, washing machines and dishwashers. All products for the Australian market must be registered (at www.waterrating.gov.au) and offered for sale labelled with their water efficiency rating so that consumers can compare products. The more stars, the more water efficient. When specifying sustainability requirements, minimum requirements for water fittings and appliance are 4-stars for showers and toilets, 5 stars for washing machines, and 6-stars for taps, urinals and dishwashers.

Certifications, building and construction



EnviroDevelopment

Environmentally sustainable developments can receive EnviroDevelopment certification in the form of leaves. Up to six leaves can be received and they represent six categories of sustainability—ecosystems, waste, energy, materials, water and community—for outstanding performance in four or more of these areas. Developments that have received certification have been designed to protect the environment and promote the responsible use of resources.



Green Star

Green Star is an internationally recognised holistic rating and certification scheme designed by Australian industry for the Australian built environment. The scheme assesses sustainability in design, construction, operation and fit outs. Buildings, refurbishments or precincts are awarded a star rating based on a numeric score that corresponds to the project's performance against a series of weighted credits. The scheme is administered by the Green Building Council of Australia and certified as compliant with the ISO 9001:2015 – quality management system. Projects that claim to meet the requirements of Green Star but are not certified are potentially in breach of trademark rules and may be accused of 'greenwash'.



Infrastructure Sustainability Rating Scheme

The Infrastructure Sustainability Rating Scheme was developed by the Infrastructure Sustainability Council (ISC) as a way to drive and evaluate sustainability in infrastructure projects and assets. ISC assess sustainability across the planning, design, construction, and operational phases based on the quadruple bottom line (governance, economic, environmental and social). Projects are assessed by third party verifiers and awarded an Infrastructure Sustainability (IS) rating based on an overall score.



National Australian Built Environment Rating System

The National Australian Built Environment Rating System provides simple, reliable, and comparable sustainability measurement across building sectors like hotels, shopping centres, apartments, offices, data centres and more.

The system uses 12 months of actual data and provides a rating from one to six stars to reflect the efficiency of the building across energy, waste, water and indoor environment. Projects that claim to meet the requirements of NABERS but are not certified are potentially in breach of trademark rules.

Standards



International Organization for Standardization

The International Organization for Standardization (ISO) is a non-governmental international organisation that, through its members, provides voluntary and market relevant international standards that support innovation and provide solutions to global challenges. A number of ISO standards have been developed to help organisations incorporate environmental outcomes, including: ISO:20400 for sustainable procurement, ISO:14020 for environmental labelling, ISO:15392 for sustainability in building construction – general principles, and ISO: 20245 for cross-border trade of second-hand goods.

Product stewardship schemes



The Australian Government implements a voluntary product stewardship accreditation program to recognise industry-led stewardship schemes. Accredited schemes are granted conditional use of the government's accreditation logo. Administrators of accredited schemes also have annual reporting requirements to the Minister for the Environment, which supports transparency of stewardship arrangements. A list of accredited schemes is available on the [DCCEEW website](#).

Australian Packaging Covenant Organisation



The Australian Packaging Covenant is a cooperative arrangement between industry and Australian, state and territory governments. It operates to reduce the environmental impacts of consumer packaging—including plastics, paper and cardboard—by changing the culture of businesses to design more sustainable packaging, increase recycling rates and reduce litter.

Mobile Muster



MobileMuster is the mobile phone industry's recycling program. Administered by the Australian Mobile Telecommunications Association (AMTA) on behalf of the mobile phone industry, MobileMuster provides a free collection and recycling service to consumers to help keep mobile phone products out of the general waste stream and to ensure they are recycled in a safe, secure and ethical way. Mobile Muster accepts new product streams: network connectivity (modems and routers, landline phones, TV streaming devices; smart home technology (smart speakers, smart digital hubs displays); wearables and peripherals (smart watches, tracking tags, VR headsets).

National Television and Computer Recycling Scheme

National Television and Computer Recycling Scheme

The National Television and Computer Recycling Scheme provides Australian households and small businesses with access to free industry-funded collection and recycling services for televisions and computers, including printers, computer parts and peripherals.



Tyre Stewardship Australia

Tyre Stewardship Australia (TSA) administers the national tyre product stewardship scheme. The scheme aims to increase domestic tyre recycling, expand the market for tyre-derived products and reduce the number of Australian end-of-life tyres that are sent to landfill, exported as baled tyres or illegally dumped. TSA also conducts education, communication and market development activities.

Greenwashing

Greenwashing is the practice of making false, misleading and/or deceptive claims about the environmental practices of a company or the environmental attributes or benefits of its products or services. Greenwashing is often unintentional and can include claims that are vague, irrelevant or inaccurate or that only tell part of the story about the environmental impacts of a product.

Environmental claims may be made in a variety of ways¹:

Product specific claims	Company-wide claims	Claims using logos and symbols (including certification trademarks)
These may appear on packaging, websites, advertisements or social media posts by influencers.	These will generally appear on websites or in corporate social responsibility statements and reporting documents.	These can appear on product packaging, websites, or advertisements.

Procurers using environmental claims to support purchase decisions should be aware of unsubstantiated statements. Using verified ecolabels, certifications and standards will help to avoid greenwashing.

Procurers must be aware of statements promoting a product's environmental credentials that may be misleading or even false. Examples of this may include statements such as:

- ✖ '100% recycled'
- ✖ 'lower environmental impact'
- ✖ 'non-polluting'
- ✖ 'zero emissions', or
- ✖ '100% plastic free'.

As a purchaser, you are entitled to ask suppliers for verification or evidence of these claims and must note in the ATM documentation that you may request this.

Procurers should also look out for suppliers who claim to have introduced environmental protection measures, where these measures are already required by law. Such measures should not be used to promote the sustainability of a product or company. An example of this would be a claim stating that 'we only provide computer monitors which carry an energy rating' when in fact this is a requirement by law.

¹ ACCC, *Greenwashing by businesses in Australia* March 2023

Ecolabel matrix

Example ecolabels and categories

ecolabel	Construction services	Energy and Water Efficiency	ICT & Appliances	Furniture and Fit out	General Goods and Services	Office supplies
Australian Carpet Classification Scheme (ACCS) - Environmental Certification				✓		
Australasian Recycling Label (ARL)					✓	✓
Cradle to Cradle				✓	✓	✓
Energy Rating Label	✓	✓				
EnviroDevelopment	✓					
Environmental Product Declaration (EPD)	✓	✓		✓	✓	
EPEAT			✓			
Fairtrade Australia New Zealand				✓	✓	✓
Forest Stewardship Council (FSC)	✓			✓	✓	✓
Global Green Tag	✓			✓	✓	✓
Good Environmental Choice Australia (GECA)			✓	✓	✓	✓
Green Star (Green Building Council Australia)	✓	✓		✓		
Infrastructure Sustainability Rating (Infrastructure Sustainability Council)	✓					
National Australian Building Energy Rating System (NABERS)	✓	✓				
Programme for the Endorsement of Forest Certification (PEFC)				✓	✓	✓
Recycled Content (Australian Standard 14021:2018)			✓	✓	✓	✓
Responsible Wood	✓			✓	✓	✓
TCO Certified			✓			
Water Rating Label		✓	✓			



B

Appendix B: General Clauses for Environmental Sustainability

The standard clauses contained in this appendix provide example environmental sustainability requirements for Approach to Market (ATM) documents as well as contract terms for Australian Government procurers.

How to use these standard clauses

All standard wording contained within this Guide is optional and can be amended to reflect the scope, complexity and risk of a particular procurement. Officials should consider the context of the procurement before using standard wording and ensure the wording complies with the Commonwealth Procurement Rules.

Key tips to interpret the standard clauses:

- Uses terms consistent with the Commonwealth Contracting Suite templates. For example: 'Supplier'; 'Customer'; and 'Contract'. Commonwealth entities can amend these terms if required by specific policies.
- Optional wording is indicated by square brackets with green highlight: **[annually]** or **[10]** business days.
- Standard wording for ATM requirements and contract clauses is written in italics.

Evaluating environmental sustainability

Note to Drafters: After specifying the environmental sustainability requirements in the ATM documents, it is recommended that environmental sustainability be assessed in the overall evaluation process alongside organisation-specific criteria such as cost, quality and reliability. If available, weightings should be assigned according to the agency's objectives, priorities and targets.

Sustainability reporting requirements

Note to Drafters: The Customer should identify their environmental sustainability reporting requirements early in the procurement process. Reporting requirements can include specific reporting metrics or a standardised reporting framework. These requirements should be included in the ATM documents and Additional Contract Terms. The Customer can use Key Performance Indicators (KPIs) to ensure the Tenderer/Supplier delivers environmental sustainability outcomes over the term of the Contract, and report regularly on this progress. Refer to the KPI examples under Step 2: Approach the market.

A. Environmental Sustainability

Best suited to Goods and/or Services procurements over \$80,000 (GST inclusive) where the Customer has identified potential sustainability and use of Recycled Content opportunities. Detailed information on opportunities may be unknown due to limited market information or subject matter expertise. For support with identifying sustainability opportunities contact sustainable.procurement@dcceew.gov.au.

Example procurements: office furniture, office fit outs and outdoor applications (pavements or park benches).

ATM Requirement	Contract Terms
Use the single clause: Reduce environmental impacts and / or use Recycled Content The National Waste Policy (2018) outlines Australia's strategy for transitioning to a circular economy. The National Waste Policy Action Plan (2019) details the actions required across government and industry to implement the National Waste Policy (2018). More information is available at: https://www.dcceew.gov.au/environment/protection/waste/publications/national-waste-policy-2018 Sustainability and use of Recycled Content is a priority within the Action Plan (2019) and is of particular importance for this procurement. The Response should detail how the Potential Supplier will deliver cost effective, practical and fit-for-purpose sustainability outcomes. The Potential Supplier should demonstrate in their Response how Goods and/or Services will be delivered in a way which: • reduces environmental impacts; and/or • uses Recycled Content in Goods and/or Services to the maximum extent possible without compromising the safety, quality or capability of the Goods and/or Services.	Use the single clause: Continuous improvement The Supplier must review and report to the Customer on further opportunities to improve environmental sustainability outcomes and increase use of Recycled Content over the term of the Contract as opportunities arise and at regular intervals with a frequency of no less than [annually]. The Supplier must use these opportunities when directed by the Customer to do so, subject to the parties agreeing any reasonable amendments to the fees and payment arrangements directly associated with the relevant opportunities.

An Ideal Response to the ATM Requirement

An ideal response would:

- Outline how the Potential Supplier will manage key environmental risks and the Potential Supplier's plan or process to deliver positive sustainability outcomes. Environmental impacts can include prevention of pollution, sustainable resource use, climate change risks and biodiversity, habitat or environmental protection.
- Outline how the Potential Supplier will identify opportunities and prioritise use of Recycled Content in Goods and/or Services. The Potential Supplier would also outline how it will meet and maintain safety, quality and capability outcomes while using Recycled Content, including how the Potential Supplier will manage any risks.

B. Environmental Management Practices

Best suited to Goods and/or Services procurements over \$200,000 (GST inclusive) where the Customer wants evidence on how the Supplier will manage direct environmental risks and impacts.

Example procurements could be:

- Infrastructure projects which involve development approval and environmental impact assessments.
- Manufacturing or production services which involve resource consumption or pollution. This could include printing, electricity and gas supply or lab research with hazardous chemicals.

ATM requirement	Contract Terms
Use the main clause and the additional clause as needed: Main clause - Environmental Management Practices The Potential Supplier should detail its environmental management practices including any Environmental Management Systems, policies and / or processes as applicable. Where the Potential Supplier has referred to any third party certifications, such as International Organization for Standardization (ISO) ISO14001:2015 Environmental Management Systems and ISO20400:2017 Sustainable Procurement, it should supply a copy of the third party certificates with its Response. Where environmental claims (such as “eco-label”, “green” or other environmental claims) are made in the Response, the Response should include the methodology used to evaluate the claim and any third-party certificates as applicable. Additional clause - Australian Packaging Covenant Organisation affiliation If the Potential Supplier is a member of the Australian Packaging Covenant Organisation (APCO), it should advise in its Response which category or categories its membership is under.	Use the main clause and additional clauses as needed: Main clause The Supplier must implement and maintain a documented Environmental Management System. Additional clause - meeting International Standards The Supplier’s Environmental Management System must address the requirements of ISO14001:2015 Environmental Management Systems. Additional clause - verifying against International Standards The Supplier’s Environmental Management System must be third party certified to ISO14001:2015 Environmental Management Systems.

An Ideal Response to the ATM Requirement

An ideal response would include an Environmental Management System framework which outlines:

- Planning – identifies significant environmental impacts, legal environmental obligations and key environmental objectives
- Implementation and operation – an environmental policy as well as documented roles, responsibilities and other records to deliver environmental obligations and objectives. Other resources may include environmental training, external communication plans for environmental impacts and records of management review.
- Quality control – processes to monitor and measure environmental performance, evaluate compliance, undertake corrective action for environmental issues and conduct internal audits on the Environmental Management System.
- Third party certificates for any ISO or other environmental claims.

International Standards

Note to Drafters: ISO14001:2015 Environment Management Systems sets out a framework for establishing an effective environmental management system. The standard wording does not need the Customer or Potential Suppliers to have access to ISO14001:2015. Rather, the standard wording allows Potential Suppliers to provide assurance to the Customer on their efforts to reduce environmental impacts by providing certification.

C. Environmental Sustainability Plan

Applicable to most Goods and/or Services procurements regardless of value.

Ideal for a Customer seeking:

- a Supplier to actively pursue Recycled Content and sustainability outcomes over the term of their contract; and
- a transparent and accountable reporting system for Recycled Content and sustainability impacts.

ATM requirement	Contract Terms
The single clause: Request draft Environmental Sustainability Plan Potential Suppliers should include a draft Environmental Sustainability Plan in its Response to demonstrate how it will satisfy the specified environmental sustainability requirements, including: • [add sustainability plan requirements outlined below]	Use both clauses: Main clause - timeframes & approval The Supplier must deliver to the Customer an Environmental Sustainability Plan within [20] business days of Contract execution for Customer approval. The Customer must within [10] business days notify the Supplier of its approval of the Environmental Sustainability Plan or outline required changes for the Environmental Sustainability Plan. The Supplier must resubmit a revised Environmental Sustainability Plan which addresses the required changes within [10] business days of being notified of the required changes for approval. This clause will apply to any resubmitted Plan. The Supplier must report against the Environmental Sustainability Plan on a [annual] basis or when otherwise directed by the Customer to do so. Main clause - sustainability plan obligations The Environmental Sustainability Plan must describe: • a. [add sustainability plan requirements]

Add the sustainability plan requirements as needed:
• How it will work with suppliers and the Customer to minimise or avoid waste to landfill throughout the life cycle of Goods delivered or consumed in delivery of Services under the Contract, including what happens to Goods at end of life; • How it proposes to use Recycled Content in Goods and/or Services delivered under the Contract to the maximum extent possible without compromising quality, safety or capability; • A list of Recycled Content products proposed for use under the Contract, including the proportion of Recycled Content used in each product and Recycled Content product supplier details; • How any Recycled Content proposed to be used under the Contract will be recorded, reported and verified; • How it will work with the Customer to continually improve the environmental sustainability of Goods and/or Services delivered under the Contract over the term of the Contract; • Any standards or specifications specific to use of Recycled Content in Goods and/or Services delivered under the Contract; • Any whole-of-life and /or life cycle costing tools proposed to be used under the Contract; and • Any risks associated with the Environmental Sustainability Plan, and proposed risk management methodology.

An Ideal Response to the ATM Requirement

An Environmental Sustainability Plan that addresses all the applicable points, allowing the Customer to clearly understand the environmental risks and opportunities associated with the procurement. The evaluation team should have confidence that the Potential Supplier understands their environmental impacts and has processes in place to manage its environmental impacts, and to monitor and continually improve their environmental performance.

The Response may include:

- A waste management plan in which the Potential Supplier details their approach to manage waste associated with their goods and/or services.
 - Innovative end of life opportunities for goods, such as buy-back schemes or options for re-use or re-purpose.
 - Information on the financial costs and environmental impacts associated with suggested end of life options.
 - Recycled Content product options applicable to the procurement, including the proportion of Recycled Content used in the product, therefore detailing the proportion of waste the Potential Supplier will divert from landfill in the delivery of their Goods and/or Services.
-

D. Waste Management

Best suited to procurements of good or material-intensive services. For example:

- Catering (reduce food wastage)
- Uniforms (use recycled fabrics and recycle clothing at end of life)
- ICT hardware (use recycled metals and dismantle product at end of life to reuse or recycle components)

ATM requirement	Contract Terms
Use the single clause: Minimising waste to landfill The Potential Supplier should detail how it will minimise waste to landfill over the term of the Contract, including how it will work with suppliers and the Customer to reduce waste and increase use of Recycled Content. The Potential Supplier should also detail end of life disposal pathways for products to be used over the term of the Contract, through resale, reuse, repurpose or other product stewardship activities.	Use the single clause: Continuous improvement The Supplier must review and report to the Customer on further opportunities to improve its waste management performance through the term of the Contract as opportunities arise and at regular intervals with a frequency of no less than [annually]. The Supplier must use these opportunities when directed by the Customer to do so, subject to the parties agreeing any reasonable amendments to the fees and payment arrangements directly associated with the relevant opportunities.

An Ideal Response to the ATM Requirement
An ideal response would include: • A waste management plan in which details how the Potential Supplier intends to manage waste associated with their Goods and/or Services. • Innovative end of life opportunities for goods, such as buy-back schemes or options for re-use or re-purpose. • Information on the financial costs and environmental impacts associated with suggested end of life options. • Detailed Recycled Content product options applicable to the procurement, including the proportion of Recycled Content used in the product, therefore detailing the proportion of waste the Potential Supplier will divert from landfill in the delivery of the goods and/or services.

E. Use of Recycled Content

Best suited primarily to goods. However, may also be suited to some services over \$80,000 (GST inclusive) where the Customer can identify high opportunities to use Recycled Content through market research. For example:

- Office stationery (recycled paper and plastic in pens, notepads, document trays and folders)
- Laying roads (recycled glass in road base or recycled rubber in asphalt)
- Building fit out (recycled plastic or metal in chairs, desks and dividers)

ATM requirement	Contract Terms
Use one or both requirements as needed: Request Recycled Content products and data The Response should include the: • products containing Recycled Content; • mass and proportion of Recycled Content used in each product; • overall mass and proportion of Recycled Content which could be used in the procurement; • country of origin for Recycled Content; and • supplier of the Recycled Content product Environmental sustainability or Recycled Content Standards and Specifications The Response should include any known environmental sustainability or Recycled Content Standards and Specifications associated with delivery of Goods and/or Services under the Contract including, but not limited to, the following: [Insert key environmental sustainability and Recycled Content standards and specifications relevant to this procurement here]	Use one or a combination of clauses as needed: Optimising appropriate use of Recycled Content Recycled Content must be used where reasonably practicable and where that use will not compromise the safety, quality or capability of the Goods and/or Services. Recycled Content Standards and Specifications The Supplier must comply with all relevant Recycled Content Standards and Specifications associated with delivery of Goods and/or Services under the Contract including, but not limited to, the following: a. [Insert key environmental sustainability and Recycled Content standards and specifications relevant to this procurement here] Reporting use of Recycled Content The Supplier must provide a [monthly] report on the use of Recycled Content under the Contract, that includes at least the following information: • A list of products containing Recycled Content and the mass and percentage of Recycled Content within each product. • [Add Recycled Content reporting requirements as required]

An Ideal Response to the ATM Requirement
An ideal Response would: • Outline how the Potential Supplier intends to incorporate Recycled Content into the Goods and/or Services. • Detail Recycled Content product options applicable to the procurement, including the proportion of Recycled Content used in the product, and the product supplier. • Provide an outline of how the Potential Supplier will report on its use of Recycled Content in Goods and/or Services to the Customer, including what information will be reported, and when. • Advise how the Potential Supplier will monitor and improve its use of Recycled Content over the term of the contract to use Recycled Content to the maximum extent possible.

