

# Corporate social and environmental responsibility

DFID will strive to purchase goods and services which are;

- Produced and delivered under conditions that do not involve abuse or exploitation.
- Have the least negative impact on the environment.

In addition we will:

- Continue to enhance our standard terms and conditions for procurement to ensure suppliers and consultants abide by local laws.
- Discuss the Ethical Trading Initiatives with our major suppliers.
- Investigate allegations of our suppliers/consultants breaching the following ILO and environmental principles/standards and take appropriate action. Potential outcomes could be working with the supplier or consultant to address the situation or seeking alternative sources of supply.

## **ILO principles:**

- Employment is chosen (no forced labour). Employees should be free to choose to work for the supplier i.e. their employer and be free to leave the supplier after reasonable notice is served. Suppliers should not use forced, bonded or involuntary labour.
- Employment Relationship. Suppliers should establish recognised employment relationships with their employees that are in accordance with their national law and good practice. Suppliers' employees should be provided with an easy to read contract of employment with particular clarity in relation to wages. In the event that employees are unable to read; the contract of employment should be read and explained to them by a union representative or another appropriate third party.
- Freedom of Association. Suppliers should not prevent or discourage employees from joining trade unions. Suppliers' employees should be able to carry out reasonable representative functions in the workplace and should not be discriminated against for carrying out representative functions. If the law restricts freedom of association and collective bargaining, suppliers should positively facilitate alternative means of representation.
- Living Wages are Paid Wages and benefits should at least meet local industry benchmarks or national legal standards. At minimum, the wages paid to suppliers' employees should meet their basic needs. Suppliers should not take deductions from wages unless permitted by national law or with the permission (without duress) of the employee. Suppliers should pay in cash and not in kind e.g. goods, vouchers.
- Suppliers' Employees' Working Hours Working hours should comply with national laws or industry standards. Suppliers' employees should not be expected to work more than 48 hours per week on a regular basis. On average, suppliers' employees should be given at least one day off approximately every seven days. Suppliers should not pressurise employees into working overtime; overtime should be voluntary and not demanded on a regular basis; where overtime is requested by the employer it

should be reimbursed at an appropriate rate and should not exceed 12 hours in any week.

- Suppliers' Treatment of Employees Under no circumstances should suppliers abuse or intimidate employees. Any disciplinary measures should be recorded. Suppliers should have a grievance/appeal procedure that is clear and understandable and this should be given to the employee in writing. In the event that suppliers' employees are unable to read, the grievance/appeal procedure should be read and explained to them by a union representative or another appropriate third party.

## **Health and Safety**

### **Suppliers must:**

- have appropriate health and safety policies and procedures and these should be evident in the workplace,
- monitor compliance with health and safety policy,
- provide employees (at the supplier's expense) with necessary health and safety equipment e.g. gloves, masks, helmets and identify specific hazards for example substances or equipment and should implement processes to minimise risk.
- Working conditions should be comfortable and hygienic.

### **Employees should:**

- be trained in health and safety policy and procedures,
- have access to clean toilets and
- have regular breaks and have access (at minimum) to clean water.

## **Child Labour**

DFID is against the use of child labour and believe its long-term elimination is ultimately in the best interests of children. However, the elimination of child labour must always be undertaken in a manner consistent with the best interests of the children concerned. DFID suppliers should comply with the following:

### **Suppliers must:**

- develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.
- Suppliers must not employ any person under 18 at night or in hazardous conditions.
- Discrimination Suppliers should have a policy of equality for all in the workplace with no discrimination on the basis of race, caste, religion, nationality, age, gender, marital status, sexual orientation, disability, union membership or political affiliation.

## **Environmental factors:**

DFID endorses UK Government policy on greening government operations as stated in procurement circular 02/2000, issued by the Department for Environment, Food and Rural Affairs (DEFRA). Overall guidance to Sustainable Public Purchasing can be found on the [Defra Environment](#) site. Your attention is drawn to two guidance notes issued by DEFRA : Greening Government Commitments: Operations and Procurement, and The Action Plan for Driving Sustainable Operations and Procurement across Government, both of which can be located on the [Sustainable Development in Government website](#).

# UK government timber procurement policy

To help public sector buyers and their suppliers implement the procurement policy, Defra works with ProForest to provide [Central Point of Expertise on Timber \(CPET\)](#), which includes a helpline and case specific advice free of charge.

Within the UK, Defra and CPET is developing a promotional strategy with WWF and the Timber Trade Federation TTF to encourage local authorities to voluntarily adopt sustainable timber procurement policies. The [Government Buying Standard for construction](#) and the Olympic Development Authority's procurement policy recognise the merit of responsible timber purchasing. (Defra Website)

## DFID Procurement and the Environmental Agenda

This Circular introduces revised procedures which ALL those involved in a procurement (i.e. those in the originating spending department as well as the procurement staff) must follow.

### Background

The environmental agenda is becoming increasingly important. Good progress has been made - particularly in procurement. The procurement framework and the need to achieve greening government objectives are compatible. For example, reduced greenhouse gas emissions, waste minimisation and water conservation can be achieved by specifying:

- Energy efficient IT equipment which helps to reduce CO2 emissions;
- Presence detectors for controlling lighting in offices;
- Environmentally preferable refrigerants to reduce ozone depletion and global warming;
- Recycled paper to reduce the impact on landfill;
- Low flush toilets for conserving water;
- Packaging to be reduced or returned.

The government's procurement policy is based on value for money, which is defined as "the optimum combination of whole life cost and quality (or fitness for purpose) to meet the user's requirement".

### Business Case and the Invitation to Tender

The procurement officer must "think green - buy green". But responsibility for putting into practice the Department's corporate policies for greening its operations also rests with the user. Departmental policy must therefore inform the business case for each procurement. The procurement officer should work with the user to develop the business case before the requirement is finalised.

The business case must address green issues and identify whether there is scope to improve the environmental impact of the proposed contract. The key principles are: "reduce, reuse, recycle and rethink"- including thinking about whole life costs.

The early consideration of green issues with its emphasis on whole life costs may result in a different requirement providing better value for money. Whether it does or not, the optional model clause in the Invitation to Tender letter, asking tenderers to identify environmental impacts and how they propose to minimise them, should now always be used. This will allow a

wider consideration of the issues during the evaluation of tenders and may result in new ideas. The invitation should also state the general award criteria, which should include environmental issues as shown below. Highlighting this requirement as part of the contract award criteria, should also help to raise awareness, indicate the department's commitment and may lead to better solutions as tenderers will now be specifically asked to address green issues.

### **Contract Award Criteria**

The appropriate contract award criterion for almost all public procurement, and certainly where there is any environmental impact involved, will be the "most economically advantageous tender to the contracting authority". This consists of two main elements: qualitative issues and whole life costs. All tenders, should, of course, be considered on a consistent basis against the stated criteria. The qualitative issues should include specific reference to relevant environmental issues in any advertisement, (i.e. the Contract Notice for an EU tender) and the invitation to tender.

Relative merits of environmental benefit, over and above any minimum mandatory requirements, do have to be carefully considered and justified. Whether this will result in any "green premia" for a better environmental solution, after any whole life costs have been considered, is a matter of judgement in each case. Care must be taken that any potential wider environmental benefit that is included, i.e. that is not of direct benefit to the Department, does NOT potentially discriminate against firms, for example distance to travel to deliver goods, is NOT allowed. Evaluation also needs to take into account whole life costs, which can bring longer term savings, where these fall to the department, as shown below. The end of the evaluation should produce a value for money solution, having considered both the qualitative aspects, including environmental ones and whole life costs.

### **Costs including Whole Life Costs**

Wider costs, (e.g. costs of traffic congestion to the economy or long term pollution on local communities,) outside of those that the department directly pays for, must NOT be considered at the evaluation stage as part of the financial analysis. However, these wider aspects can be considered at the specification stage. This means that, for example:

The cost to the country of acquiring new landfill sites, caused by our waste paper, cannot be factored into the cost analysis of our stationery contract. But the landfill problem can be addressed by specifying that we will only buy recycled paper, so reducing the amount of waste that has no value;

The cost to the NHS of treating pollution-related illnesses also cannot be directly taken into account in the evaluation but can be addressed by specifying more efficient and cleaner vehicles which are also likely to cost less over the longer term.

But relative environmental aspects, as part of the non-financial qualitative assessment, can be taken into account as explained above.

Whole Life Costing provides the means of determining if it is cost effective to invest in a more expensive product initially to reduce costs in the long run. The important elements for buyers (with examples) are:

- Direct running costs - resources used over the life time of the product or service;
- Indirect costs - loading on cooling plant arising from energy inefficient equipment;
- Administration costs - COSHH overheads from buying hazardous products requiring additional control and special handling and disposal;

- Spending to save - investing in higher levels of insulation to save heating and reduce bills;
- Recyclability - creating markets for our own waste by buying recycled products;
- Cost of disposal - paying a premium at the outset to reduce waste, i.e. by choosing a product which is more durable, re-usable, recyclable, includes disposal costs or is free of hazardous materials requiring its disposal in a special way.

Some cases will be straightforward but it is expected that in a number of areas, green issues will not be so clear. Nevertheless, at the very least, the department will now be able to demonstrate that consideration was given to environmental impacts even if the conclusion was that there was none. This must be clear to readers of the contract file.